

MINUTES
Council on Postsecondary Education
October 10, 2001

The Council on Postsecondary Education met in a special meeting October 10, 2001, at 8:30 a.m. at the council offices in Frankfort, Kentucky. Chair Whitehead presided.

ROLL CALL

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

**JOINT MEETING WITH
INDEPENDENT
COLLEGES AND
UNIVERSITIES**

Mr. Whitehead said that October 9 the council had a historic meeting with the presidents of the independent colleges and universities. He said that discussions about collaboration will continue.

Mr. Davies said that this is a special meeting of the council primarily to discuss issues around the budget recommendation that the council will make in November to the Governor and the General Assembly.

**ADULT EDUCATION
PLAN**

RECOMMENDATION: The staff recommends that the council approve the Adult Education Local Needs Assessment and Community Development Pilot Project, authorizing the allocation of up to \$200,000 of the Adult Education and Literacy Trust Fund for 2001-02.

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

Dr. Cheryl King, the council's associate vice president for adult education, said that the council's Adult Education Action Plan approved last year includes a component for Local Needs Assessment and Community Development. In conjunction with the public communications campaign, ten Kentucky communities will serve as pilot sites. Once local assessment is completed, community organizers are expected to identify systemic solutions and create a strategic plan to increase participation in education programs at all levels. The communities will be encouraged to form a local P-16 council if they do not have one. If the community decides to organize a P-16 council, it must go through the same application process as the P-16 councils that have already been organized.

The communities were selected based on low levels of literacy, high dropout rates, the demonstrated strength and leadership of the adult education program, participation in GEAR UP Kentucky, geographic distribution, county population, and proximity to media markets. The communities are: Boyd County (Ashland), Fayette County (Lexington), Hardin County (Elizabethtown), Hopkins County (Madisonville), Jefferson County (Louisville), McCracken County (Paducah), Northern Kentucky (Boone, Campbell, Kenton), Perry County (Hazard), Pulaski County (Somerset), and Warren County (Bowling Green).

VOTE: The motion passed.

UK
CAPITAL PROJECT

RECOMMENDATION: The staff recommends that the council approve the University of Kentucky's request to install a new heating, ventilation, and air conditioning system to serve the Shively Sports Center with \$475,000 of private funds.

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

VOTE: The motion passed.

HIGHER EDUCATION
FINANCE

Dennis Jones, president of the National Center for Higher Education Management Systems, gave an overview of how revenues flow into colleges and universities and the relationships of those revenues to one another and to institutional operations. He urged council members to consider the "interrelatedness" of their policy decisions (for instance, tuition policy, need-based student aid, state appropriations), particularly as they develop budget recommendations for 2002-04.

PROJECTED BUDGET
SHORTFALL

Ron Carson, the council's senior fellow for policy development, discussed the projected budget shortfalls. He distributed a chart showing the history of revenue shortfalls since 1980-81 and how much of those general fund appropriations actually took place in the postsecondary education sector.

This fiscal year the Consensus Forecast Group (CFG), the group established by state statute that makes the revenue forecast upon which the budget is based, came forth with a revised forecast June 14. At that time, the group indicated that the state would have an approximate \$295 million shortfall. There were some items on the expenditure side that needed to be addressed that resulted in a series of budget actions totaling about \$326 million. Those cuts were made as the fiscal year began. At that time and, as it exists today, the state budget is balanced as a result of those various actions.

Since then, a budget planning report, required under House Bill 1, has provided a sneak preview of the revenue situation for the ensuing budget period. This report was completed in mid-August and was presented by State Budget Director Jim Ramsey to the September 26 meeting of the Strategic Committee on Postsecondary Education. Numbers for a five-year period (FY 02-06) were presented. While it does not represent an official forecast, it did indicate that in the current year, above and beyond the \$326 million shortfall, it appeared that the state might be down another \$60 million in General Fund revenue.

The CFG met October 3 and will meet again the afternoon of October 10 to issue an official revised forecast for this year as well as numbers for both FY 03 and 04 upon which the agency budget requests will be based. It is very likely that the additional shortfall for this year will range from \$175-\$200 million.

According to statute, the council is required to submit a budget request on behalf of the system no later than November 15. Sometime between now and then, or perhaps subsequent to November 15, the council could be asked to participate in a budget cutback process along with other areas of

state government that have thus far this fiscal year been spared. Mr. Carson said that if the shortage is in the \$175-\$200 million range that would mean the growth for this year in the general fund over last year would be only about 1 percent or perhaps less. He said that as late as the budget planning report in August, the forecasters thought the state might get 2.5 percent growth this fiscal year. Things have dramatically deteriorated during the last two months.

**BUDGET
WORK SESSION**

At the November 5 council meeting, members will take action on funding issues that will lay the groundwork for postsecondary education reform for the next biennium. Material was provided for information on the five primary 2002-04 budget components:

- operating recommendation
- strategic investment and incentive trust funds recommendation
- special funding requests
- capital outlay recommendation
- agency/KYVU/KYVL operating and capital recommendations

Angie Martin, the council's vice president for finance, discussed each component and answered questions.

NEXT MEETING

The next meeting is November 5 in Frankfort.

ADJOURNMENT

The meeting adjourned at 11:55 a.m.

BUDGET HEARING

At 12:30 p.m., the institutions presented to the council members their special requests and highest priority capital projects. In addition to the nine public institutions and KCTCS, presentations were made by the Association of Independent Kentucky Colleges and Universities, the Kentucky Higher Education Assistance Authority, and the Kentucky Virtual University. Council members Norma Adams, Walter Baker, Peggy Bertelsman, Richard Freed, Shirley Menendez, Joan Taylor, and Charles Whitehead attended.

Gordon K. Davies
President

Phyllis L. Bailey
Secretary