MINUTES
Council on Postsecondary Education
February 3, 2003

The Council on Postsecondary Education met February 3, 2003, at 8:30 a.m. at the council offices in Frankfort, Kentucky. Chair Adams presided.

WELCOME

Ms. Adams welcomed everyone to the first meeting of 2003 and introduced the council's new president, Tom Layzell, for comments.

Mr. Layzell said that he was glad to be at the meeting and looks forward to joining the council full-time in mid-April.

UNIVERSITY PRESIDENTS

Ms. Adams recognized two new university presidents. James R. Ramsey became the president of the University of Louisville in November 2002. William Turner is serving as the interim president of Kentucky State University.

ROLL CALL

The following council members were present: Norma Adams, Walter Baker, Steve Barger, Peggy Bertelsman, Bart Darrell, Ron Greenberg, Chris Pace, Joan Taylor, and Charles Whitehead. Richard Freed, Susan Guess, John Hall, Esther Jansing, Charlie Owen, Lois Combs Weinberg, and Gene Wilhoit did not attend.

APPROVAL OF MINUTES

The minutes of the November and December 2002 meetings were approved as distributed.

2002-04 BUDGET UPDATE

The first agenda item was a report on the current budget situation. Sue Hodges Moore, interim president, said that on January 29 she and the university and KCTCS presidents testified before the Education Subcommittee of the House Appropriations and Revenue Committee on the impact of budget cuts to postsecondary education. She said that six points were collectively made at that meeting:

1. The investment already made in postsecondary education in these first years of reform is paying off with record enrollments, increased retention and completion rates, and increased standards on national indicators.
2. Despite this progress, Kentucky is still behind and has a long way to go. The state ranks 49th in the percent of population with the bachelor's degree and 42nd in research and development expenditures per capita.

3. The state is using the resources it has more efficiently – cooperation has increased among the institutions, cost saving measures have been put in place on campuses, academic programs have been closed.
4. Despite the increases in postsecondary education funding, Kentucky's institutions lag behind their benchmark institutions in other states.
5. Budget cuts of this magnitude will result in tuition increases, frozen positions, loss of faculty, and larger classes. The cuts will be felt in all corners of Kentucky because postsecondary education prepares the workforce for the 21st century.
6. Cuts to postsecondary education will hurt all sectors of education since the institutions prepare the early childhood and adult educators and train and provide development of elementary and secondary teachers. The reverse is also true – budget cuts to the other sectors of education will harm postsecondary education.

Sherron Jackson, council interim vice president for finance, discussed the activities of the council staff and the institutions in response to requests from the state budget director and the Legislative Research Commission about various budget reductions in FY 03 and FY 04. The governor on December 12 issued an executive order asking state government agencies to further restrain their expenditure activities to assist the administration in creating additional savings that could be applied to any budget deficits in the current fiscal year. The executive order did not necessarily apply to the institutions but, in the spirit of cooperation, the presidents agreed to implement, where possible, cost saving measures on their campuses. A summary of these actions was included in the agenda book.

Dennis Taulbee, council associate vice president for information, technology, and operations, said that the council staff reserved 3 percent in agency operations and in the Kentucky Virtual University in anticipation of a budget cut. If the cut of 2.6 percent is implemented by the administration and the General Assembly, the agency will be in good shape. He said that the difficulty is with the pass-through programs – programs that receive funding through the council. If cuts are taken, they will occur in the fourth quarter allotment of the current fiscal year. Mr. Taulbee said that he is hopeful that the program administrators of the pass-through programs have taken steps to adjust their expenditures in anticipation of a cut.

Mr. Greenberg said that if the institutions must impose cuts this year or next, the presidents should make sure that low-income students continue to have access to college, that students have the courses needed to graduate, and that universities continue to expand their research capacities.

Ms. Adams said that the council members have a great deal of confidence in the presidents and the budget directors of the institutions, and they should work together to ensure that any cuts do as little damage as possible to the total system of postsecondary education in Kentucky. She said that the council is most concerned about access for students, need-based scholarships, enrollment and retention, and research. She said the council also recognizes that if any part of education suffers – from early childhood development through adult education and family literacy – that all parts of education will suffer.

Ms. Bertelsman stressed the need for systemwide enrollment increases rather than increases for individual institutions. She encouraged the institutions to be creative to accomplish this without diminishing quality.

Mr. Layzell said that in these times of limited resources it is important to continue to advocate to eliminate or mitigate reductions so they may not be as severe as expected and, at the same time, continue to press vigorously for full and continued funding of the postsecondary reform movement. It is imperative to continue to make progress toward the objectives of House Bill 1 even if it is only slight progress.

Morehead State University President Ron Eaglin thanked the council for the confidence placed in the presidents. He said that giving the institutions flexibility in how they might approach the budget cuts would result in the system going forward in a positive direction.

PARTNERS FOR KENTUCKY'S FUTURE

Ms. Adams said that the council has joined with a group of education leaders to push for continuation of reform at all levels of education in Kentucky. This group, called the Partners for Kentucky's Future, held a press conference January 22 to formally adopt a resolution asserting the goals of the group and to state publicly that they are united behind reform efforts at all levels. Ms. Adams had signed the resolution on behalf of the council.

MOTION: Ms. Adams moved that the council confirm her signing the resolution on behalf of the council. Mr. Barger seconded the motion.

VOTE: The motion passed.

Ms. Bertelsman, as chair of the P-16 Council, will send a letter to the members of the Kentucky General Assembly urging them to think P-16, to not cut one segment of education in favor of another because ultimately all will suffer.

DEVELOPMENT OF 2004-06 BUDGET

The process for developing the budget for the 2004-06 biennium was discussed. Revisions to the 2002-04 Points of Consensus document began in August with discussions with the presidents, chief budget officers, and chief academic officers. The document has been revised slightly and the final document was included in the agenda book. A new clarifying statement is included in the capital budget section that acknowledges the intent that the council and the institutions will work together to identify ways to maximize institutional authority to issue debt supported by agency funds. A small work group has been appointed to pursue this issue. The calendar outlining the process and timetable for developing the 2004-06 recommendations also was included the agenda book.

MOTION: Mr. Barger moved that the council adopt the points of consensus document. Ms. Taylor seconded the motion.

VOTE: The motion passed.

TRUST FUND REPORTS

House Bill 1 established investment and incentive trust funds to advance the goals of reform. The council developed programs supported by these funds with matching dollars from the institutions. These programs, though only a small percentage of postsecondary funding, have had a dramatic impact on the direction of institutional work and Kentucky's progress in addressing the council's five questions of reform.

Jim Applegate, the council's vice president for academic affairs, said that the council has an ongoing responsibility to ensure effective institutional use of these funds. For the first time, the trust fund reports are presented collectively, integrating program outcomes and finances. Reports were offered on the following programs:

1. Research Challenge and Regional University Excellence Trust Fund – Endowment Match Programs
2. Research Challenge Trust Fund
3. Regional University Excellence Trust Fund – Programs of Distinction
4. Regional University Excellence Trust Fund – Action Agenda Programs

5. Technology Trust Fund – Faculty Development Programs
6. Workforce Development Trust Fund – Workforce Development/Training Program

Dr. Applegate said that the council staff's review of institutional annual and biennial reports show the trust fund programs are, on the whole, addressing the five questions of reform. The programs are attracting top faculty into the state, creating high-quality research and teaching programs, increasing student enrollment and retention, providing workforce training, supporting teacher quality, and providing faculty development programs that help faculty do a better job of supporting reform.

Dr. Applegate said that the review raised some areas of concern, and the council staff will continue to work with the institutions on these issues. For example, several programs include participation of underrepresented groups of faculty and students in particular areas. These programs have been put in place but the results to date have not been dramatic, so the staff will work with the institutions to ensure that the programs create a more diverse faculty and student body.

A second concern is that some programs show a significant amount of carry forward funds. Dr. Applegate explained that some programs are new and were not fully developed by the end of the reporting period (June 30, 2002). Thus, a carry forward would be expected. He said that since June the bulk of these funds have been spent or are obligated to ongoing programs. The council staff will continue to work with the institutions to specifically identify the sources of carry forward funds and their plans for using the carry forward funds in FY 2002-03.

Ms. Bertelsman thanked the institutions and the council staff for improved reporting. She asked that future reports include information on collaboration between institutions and the KYVU and the statewide application of programs of distinction.

Mr. Greenberg asked for a report on the credibility of the Endowment Match Program to avoid future negative comments about reporting from the State Auditor's Office. He asked if there is a need for the council members to assist in the collection of outstanding pledges to the institutions for the Endowment Match Programs. He also asked the staff to report on national recognition of the programs of distinction.

INSTITUTE FOR EFFECTIVE GOVERNANCE	Dr. Moore reported that the Institute for Effective Governance will hold its first spring seminar May 19 and 20 in Lexington. The topic is improving board/president relationships, including presidential evaluation and compensation. All governing board members, presidents, and council members should attend.
LEGISLATIVE UPDATE	Information was distributed pertaining to legislation introduced in the 2003 General Assembly affecting postsecondary education.
P-16 COUNCIL REPORT	Dianne Bazell, council senior associate for academic affairs, gave a report on activities of the P-16 Council. At its December meeting, it reviewed a draft vision statement, action agenda, goals, and objectives and began a discussion of indicators to measure progress in achieving objectives. The group heard a first-year report on the research phase of the American Diploma Project. Kentucky is one of five states participating in this national project designed to define high school work that prepares students for work or college. In other P-16 Council developments, the Kentucky Department of Education approved the Kentucky Virtual University for its list of providers of supplemental services to schools designated as Title I improvement schools in accordance with the federal *No Child Left Behind Act of 2001*. Improvement schools are low-achieving schools in which all students are permitted to transfer to other schools, and low-income students are given access to supplemental academic services. More than 1,700 seventh-grade students attended the fall GEAR UP Kentucky expos at the University of Louisville and the University of Kentucky. These events encourage low-income middle school students to plan for college. Dr. Bazell said that Kentucky is one of five states selected to participate in a research project sponsored by The Education Trust to examine course-taking patterns of middle and high school students to determine the effect of college preparatory courses, especially mathematics, on college placement, as well as the effect of college-level remediation on retention and graduation rates. It also is conducting a study of student "flow" patterns and the links between teacher preparation and student achievement in selected rural districts. Ms. Adams said that the P-16 Council has been an unqualified success with a very small expenditure of money. A great deal of the initiative has been through

volunteer work at the state and the local level through the development of local P-16 councils.

ENROLLMENT, RETENTION, AND TRANSFER INFORMATION

Sherri Noxel, council senior associate for information, announced official fall 2002 enrollment figures. There are 36,336 more students enrolled at Kentucky's public and independent colleges and universities than there were in 1998, an increase of almost 20 percent. That brings Kentucky's enrollment to a record 221,182 students. The Kentucky Community and Technical College System showed the largest increase since 1998 with 22,283 more students, an increase of almost 49 percent.

In addition to enrollment, official figures for student retention and transfer were announced:

- The percentage of GED completers enrolling in postsecondary education rose between 2001 and 2002. Among 1999-2000 GED completers, 17.8 percent enrolled in a Kentucky college or university within two years, up from the 16.5 percent college-going rate among 1998-1999 GED completers.
- Between 2001 and 2002, the retention rate among the public colleges and universities rose from 65.9 percent to 68.3 percent.
- The number of students transferring from a community or technical college to a university increased in 2002 to 2,877, an increase of 5.3 percent.

KEY INDICATORS

Christina Whitfield, council associate for research and information, said that updated results for the council's key indicators show that the state continues to make significant progress toward reform. She provided information on seven indicators under Questions 1, 2, and 3.

- Indicator 1.5 (number of college-level courses per 1,000 juniors and seniors): The system exceeded the 2002 goal. In 2001-02 there were 220 students enrolled in college-level work per 1,000 juniors and seniors.
- Indicator 2.1 (undergraduate enrollment): Undergraduate enrollment continued to increase at the statewide level, rising nearly 5 percent to 193,638 students in fall 2002. Seven institutions (Morehead, Murray, Northern, UK, Western, KCTCS, and Lexington Community College) exceeded their 2002 enrollment goals. Although the University of Louisville's goal is to decrease undergraduate enrollment, its enrollment levels also increased

slightly. The state exceeded not only the 2002 goal but the 2003 goal as well.

- Indicator 2.2 (graduate and first-professional enrollment): The graduate and first-professional enrollment rose 6.5 percent at the system level to 23,127 students, exceeding the 2004 goal. Five universities exceeded their 2002 goals – EKU, NKU, UK, UofL, and WKU.
- Indicator 2.9 (college-going rate of GED completers within two years): The college-going rate rose from 16.5 percent in 2001 to 17.8 percent in 2002. The goal for 2002 was 15 percent so the system is well over its goal for this indicator.
- Indicator 3.1 (one-year retention rates of first-time freshmen): In fall 2001, the retention rate for the entire system was 65.9 percent. The fall 2002 rate has improved to 68.3 percent. Five institutions exceeded their goals for 2002 – NKU, UK, UofL, WKU, and KCTCS. The retention numbers are based on the new definition of retention adopted by the council in March 2002 – any student who enrolls in her native institution the following fall, transfers to another Kentucky institution, or graduates is considered retained.
- Indicator 3.3 (community and technical college transfers): There are two goals for this indicator. The first goal is for the KCTCS and LCC to increase the number of students that transfer out to any four-year institution in Kentucky, public or private. The number of students transferring from both institutions increased in fall 2002 to 2,877 students. LCC exceeded its goal for 2002. The second goal is for the universities to increase the number of community and technical college students they accept in as transfer students. This number rose significantly to succeed 2000 goals at two institutions – UofL and WKU. Numbers for KSU and UK went down slightly between 2001 and 2002 but in both cases remained above their 2002 goals.
- Indicator 3.4 (credit hours transferred by students transferring from the KCTCS and LCC to a public university): 2002 results for this indicator are mixed; the average number of credit hours transferred increased at the KCTCS and decreased at LCC.

Dr. Whitfield said that both the system and the individual institutions have exceeded many of the goals established for 2002 and beyond. Over the next several months, the council staff will work with the institutions to develop

recommendations for new goals that reflect the strong performance in 2002.

Ms. Bertelsman asked that the institutions report on what they are doing to improve the goals for indicators with red lights. She also asked for narrative information from the institutions about progress on student retention.

CAPITAL PROJECTS

There was no objection to considering under a consent agenda items 17 through 19 pertaining to capital projects.

RECOMMENDATION: The staff recommends that the council approve the University of Louisville request to expand the Research Resources Center by constructing a Cardiovascular Innovation Institute at the Health Sciences Campus with $21,500,000 of state, private, and federal funds.

RECOMMENDATION: The staff recommends that the council approve the Murray State University request to construct the Western Regional Center for Emerging Technologies on its main campus with Economic Development Cabinet Innovation and Commercialization Center Program funds.

RECOMMENDATION: The staff recommends that the council approve the University of Kentucky request to construct a Swine Feed Mill at the Animal Research Center in Woodford County, Kentucky, with $870,000 of federal funds.

MOTION: Ms. Bertelsman moved that the three items pertaining to capital projects be approved. Mr. Barger seconded the motion.

VOTE: The motion passed with Mr. Greenberg abstaining.

e4ky.org

A new Web site profiling educational reform in Kentucky, www.e4ky.org, was demonstrated. The site brings together selected performance indicators from Kentucky's four educational sectors – early childhood education, elementary and secondary education, adult education, and postsecondary education – and allows visitors to explore the full scope of education reform in the state. Along with Christina Whitfield and Cheryl King of the council staff, Kim Townley, executive director of the Governor's Office of Early Childhood Development, and Debbie Schumacher, associate commissioner, Office of Results Planning, Kentucky Department of Education, participated in the presentation.

CEO REPORT

Mr. Barger gave an update on the activities of the Committee on Equal Opportunities. Institutions are evaluated annually on their progress in meeting the objectives of *The Kentucky Plan for Equal Opportunities*. An institution's progress toward achieving the plan objectives determines its eligibility to add new degree programs each year. More institutions qualified for the most favorable category of eligibility for new degree programs in 2003 than in the last three years.

The Commonwealth's partnership agreement with the U.S. Office for Civil Rights ended December 31, 2002. Since the majority of the commitments have not been implemented due to budget constraints, the Commonwealth will not be released from the agreement at this time.

KSU COMPREHENSIVE ASSESSMENT

The council agreed in November 2001 to join with the Kentucky State University board of regents to complete a comprehensive assessment of KSU's academic programs and the adequacy and use of financial resources. The KSU Comprehensive Assessment Oversight Committee, co-chaired by Mr. Barger and Marlene Helm, selected Baker & Hostetler, LLP, of Cleveland, Ohio, to complete the assessment.

Dr. Helm said that the board of regents is grateful for the partnership with the council to conduct this thorough, independent analysis of KSU's programs and policies. She said that the board considers itself stewards of the institution and believes that this information is needed in order to make informed decisions to help move the university back to the level of excellence that the institution is capable of.

Raymond Pierce with Baker & Hostetler said that a nine-person team has been assembled and has begun the assessment. The group will examine information; conduct interviews; have follow-up conversations with council members, members of the KSU board of regents, the KSU staff, and some members of the Kentucky General Assembly; submit a report by the end of February; and then talk to the council about a plan of implementation.

GO HIGHER, EDUCATION PAYS WEB PORTAL

Information was included in the agenda book about the *Go Higher, Education Pays* Web portal, a comprehensive Web site under construction to support college going. The site will help people plan for, pay for, and apply to college. The target audiences of the site are middle and high school students, school counselors, parents, and adults who are potential postsecondary education students or in need of

skill upgrades and educational opportunities as displaced workers.

COMMUNICATION CAMPAIGN UPDATE

Jack Guthrie, chairman and chief executive officer of Guthrie/Mayes Public Relations, presented the council with two prestigious awards received for work performed as part of its *Go Higher, Education Pays* campaign. A 2002 "Globe Award" from the Worldcom Public Relations Group recognized the GO GED rallies and news conferences held in May 2001. The second was a "Landmarks of Excellence" award of merit from the Public Relations Society of America/International Association of Business Communicators for the planning and staging of the 2001 GEAR UP Kentucky Expo.

STUDENT ADVISING CONFERENCE

Dr. Moore said that the council and Northern Kentucky University will co-host a statewide conference on student advising in northern Kentucky February 20-21. The conference will allow state advising staff and faculty to learn about successful advising models being used in Kentucky, as well as "best practices" in other states.

NEW ECONOMY INITIATIVES

The council has contracted with the Kentucky Science and Technology Corporation to administer knowledge-based economy programs overseen by the council. The programs are the Research and Development Voucher Fund, Rural Innovation Fund, Commercialization Fund, the Kentucky Science and Engineering Foundation, and the Experimental Program to Stimulate Competitive Research (EPSCoR). KSTC staff members discussed ways the programs are promoting research and development and entrepreneurship in the state. The discussion was led by Kris Kimel, KSTC president; Jim Clifton, executive director of KSTC's Innovation Group; Mahendra Jain, executive director of the Kentucky Science and Engineering Foundation; and Rick Kurzynske, statewide director of EPSCoR.

Mr. Barger requested a periodic written report on the nature of the jobs created and the impact of these efforts on specific industries.

COUNCIL BYLAWS

RECOMMENDATION: The staff recommends that the council approve changes to the council bylaws.

MOTION: Ms. Taylor moved that the changes be adopted. Mr. Baker seconded the motion.

Mr. Taulbee said that the council requested the staff to review the bylaws pertaining to four issues: attendance at council meetings, the composition of the nominating

committee, a limitation on the terms of the chair, and the starting date for the student member of the council.

AMENDMENT TO MOTION: Mr. Pace amended the motion that the nominating committee be composed of four members (Section III.2.A).

The motion died for lack of a second.

VOTE: The original motion passed.

NEXT MEETING The next meeting is March 24, 2003.

ADJOURNMENT The meeting adjourned at 11:40 a.m.

Sue Hodges Moore
Interim President

Phyllis L. Bailey
Associate, Executive Relations