

KY COUNCIL ON POSTSECONDARY EDUCATION EXECUTIVE COMMITTEE



MEETING AGENDA

Monday, August 12, 2019 - 11:00 AM
CPE Offices, Conf Rm C

- I. **Call to Order and Roll Call**
- II. **Updates since last Executive Committee meeting**
- III. **Discussion Items**
 - A. Contract Review Process
 - B. President Evaluation Process
- IV. **Other Business**
- V. **Adjournment**

Next Meeting: September 5, 2019 – 3:30 PM

TITLE: Contract Review Process

DESCRIPTION

During the last two Executive Committee meetings, members have indicated an interest in ensuring that the Council is engaged appropriately with the expenditure of agency funds. Staff will bring for discussion some thoughts and ideas as to how that might be best accomplished with an eye toward developing a policy for the Committee to review at its next meeting.

The 2019-2020 annual budget approved by the Council on June 28, 2019 has been attached as reference.

APPROVED BY COUNCIL - JUNE 28, 2019

KY COUNCIL ON POSTSECONDARY EDUCATION

ACTION ITEM

June 28, 2019

TITLE: 2019-20 Agency Operating Budget

RECOMMENDATION: The Finance Committee reviewed and approved this item on June 14, 2019 and recommends the full Council accept the proposed 2019-20 CPE Agency Operating Budget.

PRESENTERS: Ben Brandstetter, Chair of the Finance Committee
Bill Payne, Vice President for Finance and Administration, CPE
Shaun McKiernan, Director of Finance and Budget, CPE

SUPPORTING INFORMATION

Each year, staff asks the Council to review and approve the agency's revenue and expenditure budget for the upcoming fiscal year. Below is a description of CPE's budget as proposed for 2019-20. The enacted state budget for 2018-20 (HB 200), along with CPE's 2018-20 biennial budget request, submitted to the state budget office and Legislative Research Commission in November 2017, provide a framework for each fiscal year's Agency Operating Budget. Budgeted figures for the current year (fiscal year 2018-19) are included for comparison.

CPE General Fund Budget

In FY 2017-18, CPE's General Fund appropriation was reduced 5.1% through a mid-year Budget Reduction Order. This cut was applied strategically by the state budget office in consultation with CPE staff to minimize the impact on students, institutions, and key programs. Contract Spaces and the SREB Doctoral Scholars programs were spared from cuts, since participating students were already enrolled and had been awarded funds. Funding for the State Autism Training Center also was not reduced. Some Pass-Through programs in the CPE budget received a 50% reduction, in anticipation of phasing out these programs entirely. All of the General Fund cuts to programs were considered non-recurring.

For 2018-19 (the current year), like many areas of state government, CPE's agency General Fund budget was reduced 6.25%. This cut was applied to the original 2017-18 enacted budget. In addition, funding for several programs was eliminated in 2018-19, include the Professional Education Preparation Program (PEPP), Governor's Minority

Student College Preparation Program, and Washington Intern Program. As can be seen in the table below, this cut represents the seventh reduction that the agency has sustained over the past decade. Cumulatively, the impact of the cuts since 2010 is -28.2%.

Agency Operating Budget
 Change from Prior Year in Agency General Fund Appropriation
 Fiscal Years 2011-2019

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
-5.00%	-3.00%	-8.40%	0.00%	-5.00%	-4.50%	0.00%	-5.10% *	-6.25%

**non-recurring*

In 2018-19, two areas of CPE’s budget were transferred to other entities: (1) the Science and Technology Program (primarily the Kentucky Science and Technology Corporation) and its funding were transferred to the Cabinet for Economic Development; and (2) funding for the State Autism Training Center was transferred to the University of Louisville, where that program is housed.

Additional funds were added to CPE’s budget to maintain the current number of Contract Spaces seats (for Kentucky residents pursuing degrees in veterinary medicine and optometry) and to provide funding to cover retirement system and technology cost increases.

Finally, state General Fund was added to fund ovarian cancer screenings, which previously had been funded with Tobacco Funds. Through an Executive Order, Kentucky Adult Education was transferred on December 16, 2018 to the Education and Workforce Development Cabinet. The table on the next page shows CPE’s original and revised current year (2018-19) General Fund budget and the 2019-20 budget by major category (allotment).

Council on Postsecondary Education
Agency General Fund Budget

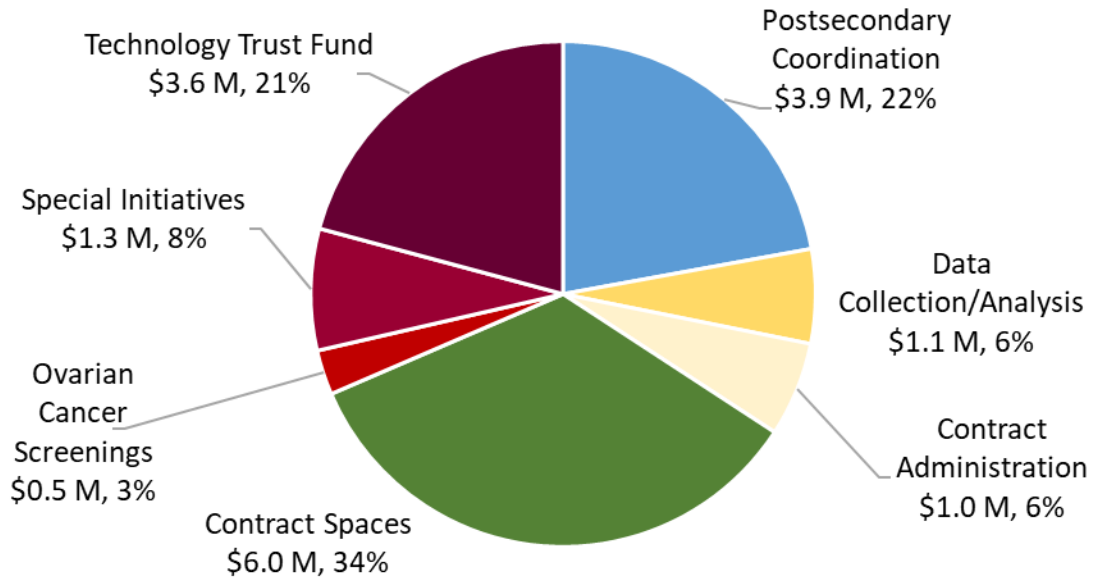
	A	B	C	(C/A)-1
	Original 2018-19	Revised 2018-19	Proposed 2019-20	Percent Change
Operations				
Enacted/Beginning Base	6,686,500	6,686,500	6,686,500	0%
KERS Cost Increases	689,900	689,900	750,400	9%
COT Cost Increases	250,000	250,000	250,000	0%
Reduction (Adult Education)		(840,500)	(1,728,000)	
Subtotal Operations	7,626,400	6,785,900	5,958,900	-22%
Contract Spaces	5,981,400	5,981,400	5,982,000	0%
Strategic Investments				
Adult Education	16,550,100	16,550,100	-	
Transfer to EWDC	-	(12,280,317)	-	
Subtotal Adult Education	16,550,100	4,269,783	-	-100%
Ovarian Cancer Screenings	500,000	500,000	500,000	0%
Special Initiatives (SB1)	1,351,300	1,351,300	1,355,300	0%
Technology Trust Fund	3,628,300	3,628,300	3,628,300	0%
Subtotal Strategic Investments	22,029,700	9,749,383	5,483,600	-75%
Total General Fund	35,637,500	22,516,683	17,424,500	-51%

Similar information is shown in the next chart which provides a breakdown of the Agency Operations budget, showing data collection, contract administration, and adult education statewide coordination as discrete units separate from the more traditional Postsecondary System coordination function.

Personnel expenses make up 82 percent of the total Operations budget. General Fund appropriations support 55 employees, down from 97 staff in 2007-08. Fourteen staff, down from 27 in fiscal 2007-08, work for Adult Education and are funded through the Agency Operations budget.

The category Technology Trust Fund includes funding for the Kentucky Virtual Library (KYVL) and Kentucky Postsecondary Education Network (KPEN).

**Kentucky Council on Postsecondary Education
2019-20 General Fund by Budget Category
Total = \$17.4 Million (M)**



CPE Tobacco Fund, Federal Funds, and Restricted Funds Budgets

In addition to state General Fund appropriations, the Council’s budget contains other sources of revenue, including tobacco settlement funds, cigarette tax revenue, federal grant funds, and agency receipts.

The next table provides a summary of the Council’s 2018-19 expenditure budgets for these funds and the 2019-20 proposed expenditure budgets. The enacted budget (HB 200) specifies the expenditure limits for each fund. Expenditure levels are also impacted by the availability of funds (carryforward plus current year receipts received).

Tobacco Fund Budget				
	A	B	C	(C/A)-1
	Original 2018-19	Revised 2018-19	Proposed 2019-20	Percent Change
Cancer Research (UK/UofL)				
Enacted/Beginning Base	7,000,000	7,000,000	6,686,500	-4%
Revenue Estimate Reduction		(143,975)		
	<u>7,000,000</u>	<u>6,856,025</u>	<u>6,686,500</u>	-4%
Federal Funds Budget				
	A	B	C	(C/A)-1
	Original 2018-19	Revised 2018-19	Proposed 2019-20	
Adult Education	12,322,000	12,322,000		
Transfer to EWDC		(8,978,125)		
Subtotal Adult Education	<u>12,322,000</u>	<u>3,343,875</u>	-	-100%
GEAR UP	-	2,000,000	4,000,000	
Improving Educator Quality	450,000	450,000	-	
	<u>450,000</u>	<u>2,450,000</u>	<u>4,000,000</u>	789%
Total Federal Funds	12,772,000	5,793,875	4,000,000	-69%
Restricted Funds Budget				
Cancer Research Match	4,110,000	4,110,000	4,110,000	0%
Adult Education (GED receipts)	300,000	300,000		
Transfer to EWDC	-	(253,811)		
Subtotal Adult Education	<u>300,000</u>	<u>46,189</u>	-	-100%
Licensure	362,000	362,000	313,300	-13%
Agency Operations	596,000	596,000	550,000	-8%
Total Restricted Funds	5,368,000	5,114,189	4,973,300	-7%

For the current biennium (the current year and next fiscal year), the enacted budget specifies that Tobacco Fund appropriations in CPE's budget are to fund cancer research at UK and UofL (divided equally), rather than funding the Lung Cancer Research Program. This change allows these institutions greater flexibility. Ovarian Cancer Screenings are funded with \$500,000 in state General Fund which was added to CPE's appropriation. Previously, screenings were funded with a carve-out of CPE Tobacco Funds.

The only program supported with Federal Funds in CPE's 2019-20 budget is GEAR UP. The Kentucky Adult Education grant was moved to the Education and Workforce Development Cabinet, and the Improving Educator Quality (IEQ) grant has closed and will not be renewed.

Restricted Funds support several areas of CPE's budget including the Cancer Research Match program, the Licensure program, and Agency Operations.

- Cigarette tax proceeds (one cent from each pack of cigarettes sold in Kentucky) fund the Cancer Research Match program, which goes to UK and UofL equally, provided that the institutions are able to match the disbursements with institutional funds spent on cancer research.
- The Council licenses all Kentucky non-profit and for-profit baccalaureate degree granting and above-institutions, and out-of-state public institutions operating or soliciting in the Commonwealth. The Licensure unit also has duties related to the State Authorization Reciprocity Agreement (SARA), which allows Kentucky public and licensed institutions to do business in other SARA states. Licensure revenue of about \$350,000 per year supports two full-time staff who ensure the Council's licensure duties are performed.
- Finally, the Council receives funds related to the administration of federal grants and is authorized to spend those funds. With CPE's award of the new GEAR UP grant, these receipts can be expected for the next several biennia.

CPE Other Funds

The Council manages several other state funds, including the Equine University Program Trust Fund, the Revolving Loan Fund, and funds housed in the Technology Trust Fund (namely, KYVL receipts and smaller grants). The Equine Program receives funds collected by the state related to pari-mutuel betting. The funding, about \$600,000 per year, is distributed to five institutions that have Equine programs (UK, UofL, MoSU, MuSU, and WKU) to help fund capital investments in their programs.

The Revolving Loan Fund was created to provide start-up funds for expensive information technology programs at Kentucky public colleges and universities. Three years ago, \$600,000 was spent from this fund for KPEN upgrades. Staff recommends Council approval to use the Revolving Loan Fund, if requests are made, to fund technology projects at postsecondary institutions or at the Council. CPE made the third

of four annual payments to reimburse the fund in 2018-19, and will make the fourth and final payment of \$150,000 in 2019-20.

Finally, smaller grants from private foundations and state government agencies, along with KYVL receipts and are housed in the Technology Trust Fund. These funds will be spent in 2019-20 as allowed by terms of the funding.

TITLE: President Evaluation Process

DESCRIPTION

Since 2010, the Council has conducted annual evaluations of its president. These evaluations included responses from the Council members, Council senior leadership staff, University and KCTCS presidents, state policy leaders, members of the Governor's Administration and key members of the Legislature. (See attachment 1)

The following is a summary of the process that has been used annually between 2010 and 2017 (an evaluation did not occur in 2018):

Timeline (end-of-fiscal year evaluation; after the legislative session)

- March/April – Exec Committee reviewed & approved the surveys and constituents to which they would be distributed.
- April/May – On behalf of the Chair, Heather would send out the surveys either through SurveyMonkey or by mail. The responses collected by mail would be mailed directly to our auditor, Blue & Co.
- Early-May – Members of the Exec Committee would follow-up with key constituents and legislators by phone (persons assigned by Chair at the March/April meeting).
- Mid-May – President would submit a self-evaluation to the committee
- Late May/Early June – Chair and vice chair would meet at Blue & Co. to review mailed-in surveys.
- Prior to June meeting – Heather would formally compile the responses into a report.
- June Council meeting – Exec committee would meet to discuss and evaluate the survey responses report. Then the Chair would report the results to the full Council; Council would vote to approve them. Any follow-up actions were taken as needed/desired.
- Next fiscal year work plan – Following the approval of the results, the Council would then review and approve the next year's work plan.

Survey Questions (altered as needed according to audience)

1. Does President _____ have a clear understanding of the goals of postsecondary and adult education reform, and has he translated that understanding into progress and achievement?

2. Does President _____ work effectively with *key policy leaders*, maintaining good communication and a collegial, professional environment?
3. To the extent of your personal knowledge, has President _____ established a positive, professional reputation in the state and built effective relationships with *CPE members, campus leaders, the Governor and members of his staff, and members of the General Assembly*?
4. Has President _____ responded well to unanticipated or difficult situations, and to the specific challenges associated with this position?
5. The Council approved the CPE President's Plan of Work for the months of July 2016 through June 2017 at its June meeting. A copy of it can be viewed here. To your knowledge, has President _____ advanced the objectives and priorities set by the CPE members for the performance period?

Each question was given a rating scale of:

- 5 = Exceptional
- 4 = Exceeds Expectations
- 3 = Meets Expectations
- 2 = Needs Improvement
- 1 = Unsatisfactory

Additionally, all questions included a space for additional narrative comments.

Survey Responses

- All survey responses are considered public documents and thus subject to open records requests. As such, the results were posted to the public-view board books for review by anyone. (This included the president's self-evaluation.)
- Trend Data: Results were also compared annually to allow for an analysis of trend data. (See Attachment 2)

The Process – What seems to have worked well

1. Incorporation of SurveyMonkey - Responses are much easier to compile and folks were more likely to complete the survey.
2. Short survey length – There were a few instances where even the 5-6 questions weren't finished.
3. Month-long response window – Gave plenty of time for everyone to complete.
4. Timing – Having after the end of the legislative session allowed for an evaluation while actions of the president were still fresh in their mind.
5. Anonymity – All responses (even by SurveyMonkey) are anonymous and only identified by one of the 6 categories of folks surveyed.

6. Generalized questions – keeping the questions non-specific allowed the constituents to comment on items openly.

FROM THE EXPERTS (aka...research from the interwebs)

A presidential evaluation should:

- Provide the board of trustees and the president with an honest assessment of the president's strengths and areas that need improvement, in a manner that is fair, objective, confidential, and constructive.
- Follow fair procedures agreed upon in advance that are informed by relevant information and input.
- Protect confidentiality of all discussions among board members so that individual statements cannot be identified.
- Provide a fact-based assessment that relies as much as possible on documentable results as well as subjective assessments.
- Provide a fact-based assessment that evaluates actions and leadership style in terms of their results and impact on the institution and its mission.
- Relate the assessment to achieving the college mission, goals, and objectives as expressed in the board-adopted strategic plan.
- Help to identify ways to improve future performance.

Steps to conducting an assessment

1. Decide who will lead and participate in the assessment.
2. Develop the assessment criteria - should be directly tied to the expected outcomes in the strategic plan, expectations with other relevant issues or concerns, the president's job description, and any specific directives articulated to the president by the board.
3. Have the president complete a self-evaluation.
4. Review progress/performance indicators.
5. Conduct interviews, as needed.
6. Compile the results.
7. Meet with the president.
8. Board review of the findings.

Survey Takers - President Evaluation 2017

CPE members (E-mail)

- | | | |
|------------------------|------------------------|-------------------------|
| 1. Ronald C. Beal | 7. Lucas Mentzer | 13. Sebastian Torres |
| 2. Ben Brandstetter | 8. Pam Miller | 14. Sherrill Zimmerman |
| 3. Glenn D. Denton | 9. Donna Moore | 15. Carol Wright |
| 4. Maryanne H. Elliott | 10. Joseph Papalia | 16. Stephen Pruitt, KDE |
| 5. Joe E. Ellis | 11. Vidya Ravichandran | |
| 6. Dan E. Flanagan | 12. Robert H. Staat | |
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Presidents (E-mail)

- | | | |
|------------------------|-------------------------|-----------------------|
| 1. Michael Benson, ECU | 5. Robert Davies, MuSU | 9. Gary Ransdell, WKU |
| 2. Jay Box, KCTCS | 6. Geoffrey Mearns, NKU | 10. Gary Cox, AIKCU |
| 3. Aaron Thompson, KSU | 7. Eli Capilouto, UK | |
| 4. Wayne Andrews, MoSU | 8. Greg Postel, UofL | |
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CPE senior leadership staff (E-mail)

- | | | |
|-------------------|-------------------|----------------------|
| 1. Mary Allison | 5. Doyle Friskney | 9. Bill Payne |
| 2. Melissa Bell | 6. Jay Morgan | 10. Travis Powell |
| 3. Rebecca Bowman | 7. Lee Nimocks | 11. Reecie Stagnolia |
| 4. Ron Carson | 8. Sue Patrick | |
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State Policy Leaders (Mail)

1. Dave Adkisson, Chamber of Commerce
2. Kris Kimel, KSTC
3. Carl Rollins, KHEAA
4. Bridgette Blom Ramsey, Prichard Committee

Governor's Administration (Mail)

1. Governor Bevin
 2. Scott Brinkman, Secretary Exec Cabinet
 3. John Chilton, State Budget Director
 4. Hal Heiner, Education & Workforce Development Cabinet
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Legislature (Mail)

Senate

1. Robert Stivers, President
2. David Givens, President Pro Tem
3. Mike Wilson, Chair, Education
4. Chris McDaniel, Chair, Senate A&R Committee

House

1. Jeff Hoover, Speaker of House
2. Steve Rudy, Chair, House A&R Committee
3. James Tipton – Chair, Budget Review Subcommittee on Postsecondary Education
4. John Carney, Chair, Committee on Education

Performance Evaluation - Years 2010-2017

Mr. Robert L. King, President

Average Overall Rating - Trend Data

(giving equal weight to all respondents within group)

	2010	2011	2012	2013	2014	2015	2016	2017
General Assembly	3.4	2.3	2.8	3.7	4.0	4.6	3.6	4.3
Governor's Office Staff ⁽¹⁾	3.9	3.3	3.3	3.8	3.8	3.8	4.3	3.8
Presidents	3.7	4.0	3.5	3.3	3.3	3.4	2.8	4.3
CPE Members	4.4	4.4	4.5	4.5	4.6	4.4	4.6	4.5
CPE Senior Staff	4.2	4.4	4.7	4.5	4.5	4.5	4.6	4.8
Policy Leaders ⁽²⁾	4.2	4.9	4.5	4.0	4.0	3.9	3.8	3.9

⁽¹⁾ The Governor's office staff did not respond in 2014 or 2015. Assumed same rating as 2013

⁽²⁾ Policy leaders were not surveyed in 2014 - assumed same rating as 2013

