

MINUTES

Council on Postsecondary Education

Type: Finance Committee Meeting
Date: April 12, 2022
Time: 2:00 p.m. ET
Location: Virtual Meeting by ZOOM Webinar; Public viewing hosted on CPE YouTube Page

CALL TO ORDER

The Finance Committee met Tuesday, April 12, 2022, at 2:00 p.m., ET. The meeting occurred virtually via ZOOM teleconference. Members of the public were invited to view the livestream on the CPE YouTube page.

Chair Lucas Mentzer presided.

ATTENDANCE

Committee members in attendance: Kellie Ellis, Eric Farris, Lucas Mentzer, and Richard Nelson.

Committee members not in attendance: Colby Birkes, Madison Silvert and Elaine Walker.

Heather Faesy, CPE's senior associate for Board Relations, served as recorder of the meeting minutes.

2022-24 BUDGET OF THE COMMONWEALTH (HB 1)

Dr. Bill Payne, CPE's Vice President of Finance and Administration, and Mr. Shaun McKiernan, Executive Director of Finance and Budget, presented a review HB 1, the 2022-24 Budget of the Commonwealth which passed via Free Conference Committee Report (FCCR) on March 30. Areas reviewed included the campus operating funds, capital investment, trust funds, and the CPE agency budget. In its entirety, the 2022-24 FCCR budget represents one of the best budgets for higher education in decades.

MOTION: Vice Chair Eric Farris moved that staff draft a resolution in which the Council could adopt at the April 15, 2022, Council meeting that commends the Governor and the General Assembly for prioritizing postsecondary education in its budget. Mr. Nelson seconded the motion.

VOTE: The motion passed.

APPROVAL OF THE MINUTES

The minutes of the January 19, 2022, Finance Committee meeting were approved as distributed.

TUITION SETTING FOR ACADEMIC YEAR 2022-23

Dr. Payne presented for approval the Tuition and Mandatory Fee Policy for Academic Year 2022-23. The only change reflected was the year referenced in the header; no substitutive changes were made to the policy. A copy of the tuition setting timeline was included as reference.

MOTION: Mr. Nelson moved the Finance Committee approve the Tuition and Mandatory Fee Policy for Academic Year 2022-23 and recommend approval by the full Council at its April 15, 2022, meeting. Dr. Ellis seconded the motion.

VOTE: The motion passed.

Dr. Payne presented for approval the campus-proposed tuition and mandatory fee rates for Northern Kentucky University (NKU) and the Kentucky Community and Technical College System (KCTCS). The NKU Board of Regents approved the proposed tuition and fee charges at their March 16, 2022, meeting. The KCTCS Board of Regents approved the proposed tuition and fee charges at their March 25, 2022, meeting.

- NKU proposed to increase its annual base-rate charge for resident undergraduate students by \$196.00, or 2.0 percent. NKU will present rates for graduate and doctorate students at the June Council meetings.
- KCTCS proposed to increase its annual base-rate charge for resident students by \$3.00, or 1.7 percent.

Staff reviewed the proposed 2022-23 tuition and fee charges for every degree level, residency, and attendance status and determined that they comply with Council approved ceilings approved at the May 13, 2021, meeting. In addition, staff determined that proposed prices for nonresident undergraduate students adhere to provisions of the Council's Policy, or a previously approved Memorandum of Understanding between the Council and an institution.

MOTION: Mr. Farris moved the Finance Committee approve the tuition and mandatory fee proposals for academic year 2022-23 submitted by Northern Kentucky University and KCTCS and recommend approval by the full Council at its April 15, 2022, meeting. Dr. Ellis seconded the motion.

VOTE: The motion passed.

INTERIM CAPITAL PROJECT – EKU UPGRADE BUILDING MANAGEMENT CONTROL SYSTEMS

Mr. McKiernan presented Eastern Kentucky University's request for an interim capital project to improve building system reliability, and indoor ventilation and air quality. The project will replace an aging system with a security-compliant operating system. Federal funds provided to EKU to respond to the Coronavirus pandemic (i.e., CARES Act, CRRSA, and ARP Act) will be used to fund this \$1,150,000 project, which will upgrade building management system controls at the following buildings: Burnham, Cammack, Campbell, Corbin, Donovan, Moberly, Wallace, and Whitlock. Additional federal funds may become available to expand the scope of this project.

MOTION: Mr. Nelson moved the Finance Committee approve EKU's request to upgrade its building management control systems with federal funds and recommend approval by the full Council at its April 15, 2022, meeting. Mr. Farris seconded the motion.

Dr. Ellis notified the Committee that her office is located in one of the buildings being impacted by the upgrade. It was determined that because the recommendation of the Finance Committee is not the final action, that this fact should not impact the approval of the motion.

VOTE: The motion passed.

KSU SPECIAL APPROPRIATION (HB 250)

Mr. Travis Powell, CPE's Vice President and General Counsel, provided an overview of HB 250 as it pertains to the special appropriation of funds for Kentucky State University. Appropriations in the bill include:

- \$23.0 million non-interest-bearing loan for KSU in the current year (i.e., 2021-22) to address financial instability due to prior year deficits and structural imbalances.
- \$5.0 million in 2022-23 and \$10.0 million in 2023-24 to be distributed as goals and benchmarks are met in accordance with a new management improvement plan.
- \$1.5 million to fund CPE oversight of KSU in 2022-23

HB 250 requires CPE to approve all expenditures by KSU over a \$5,000 threshold and provide periodic updates to the General Assembly on KSU's progress in meeting goals and benchmarks. The bill declares that KSU is in a state of financial exigency, which will allow the institution to take extraordinary measures to meet its budgetary goals. CPE will be engaged in a review of academic programs, faculty, and staff, and will contract with an independent third party, who will make recommendations regarding KSU's governance and operational structures and evaluate the university's performance.

HB 250 also requires CPE to conduct a three-year performance evaluation of KSU based on a new management improvement plan and provide a report on that assessment to LRC staff and the State Auditor by November 1, 2025. HB 250 requires CPE to provide recommendations for a transition plan to a new governance and operational structure for the institution for consideration by the General Assembly, if the analysis finds a continuing significant lack of efficiency and effectiveness. If recommended by the Council, the General Assembly may extend the Council's involvement with, and oversight of, the university beyond 2025.

Mr. Powell stated that several action items related to this bill will be brought before the full Council at its April 15, 2022, meeting.

ADJOURNMENT

The Finance Committee adjourned at 3:10 p.m., ET.

MINUTES REVIEWED AND APPROVED BY THE COMMITTEE: June 14, 2022