CALL TO ORDER

The Finance Committee met Tuesday, September 10, 2019, at 9:00 a.m., ET, at the CPE offices in Frankfort, Kentucky. Committee Chair Ben Brandstetter presided.

ATTENDANCE

Attendance in person: Ben Brandstetter, OJ Oleka, Grant Minix, and Robert Staat

Attendance by teleconference: Kim Halbauer, Brandon Wilson and Sherrill Zimmerman.

Did not attend: Carol Wright

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

DRAFT 2020-22 BUDGET RECOMMENDATION

Presenters: Bill Payne, Vice President for Finance and Administration
            Shaun McKiernan, Director of Finance and Budget

Dr. Payne reviewed the developing components of the 2020-22 Biennial Budget Recommendation that had changed since the August 12 committee meeting. The updated version’s funding components included requests for operating funds (including performance funding), funding for mandated KSU Land Grant Match, and funds for Asset Preservation. It did not contain any endowment match funding components.
NONRESIDENT STUDENT TUITION POLICY

Presenter: Bill Payne, Vice President for Finance and Administration

At the August 12 Finance Committee meeting, staff presented a revised tuition policy for nonresident undergraduate students for its consideration. The revised policy required that average net tuition and fee revenue per nonresident undergraduate student at each institution equal or exceed 130% of the resident undergraduate published tuition and fee price. According to the revised policy, institutions may enter into a Memorandum of Understanding (MOU) with the Council to go below the 130% threshold, provided they can demonstrate that no in-state students will be displaced as a result and that going below the threshold benefits their institution and the Commonwealth of Kentucky.

MOTION: Mr. Oleka moved the Committee recommend approval of the Nonresident Student Tuition Policy to the full Council at its October 31, 2019 meeting. Dr. Staat seconded the motion.

VOTE: The motion passed.

CAMPUS PRESENTATIONS

There were three campus presentations on the following programs: Endowment Match Program, a potential KCTCS Nursing Program Expansion, and the development of EKU’s Income Share Agreement Program.

ENDOWMENT MATCH PROGRAM
At its August 12 meeting, Finance Committee members asked for more information regarding the Endowment Match Programs before they would approve a budget request that included it. In response, Dr. Angie Martin and Dr. Lisa Cassis from the University of Kentucky and Dr. Rick Graycarek and Dr. Rob Keynton from the University of Louisville presented to the Committee on the history of the program, the impact it has made on their campus, and why it was important to continue requesting funding for the program.

Following the presentations, discussions between the Committee and presenters focused on how the program impacts student research and whether the programs could continue without the assistance of government funding. Ms. Halbauer stated she is not in favor of a funding request that would create indebtedness to the state. Chair Brandstetter was in agreement with Ms. Halbauer. Ms. Zimmerman stated she was in favor of the program because of its impact and income-producing capability. She also sees it as a positive vision for the future, and Dr. Staat agreed.
KCTCS NURSING PROGRAM EXPANSION
KCTCS President Jay Box and Chancellor Kris Williams presented to the Committee on a special funding request for a Nursing Program Expansion at KCTCS. If approved by the legislature, it would allow KCTCS to expand their programs already at capacity in order to better meet the ongoing and future nursing shortage. The request includes non-recurring costs for simulation equipment and recurring costs for additional faculty and salaries, simulation coordinators, instructional designers, and tutoring funds.

Following the presentation, discussions centered on the role of the community hospitals and their willingness to provide financial support in these program expansions. Chair Brandstetter asked for written commitments from the hospitals and also a more detailed breakdown of the potential additional tuition income they expect the program would generate as well as additional expenses it would incur.

INCOME SHARE AGREEMENT DEVELOPMENTS AT EKU
Mr. David McFaddin, Dr. Tanlee Wasson, and Dr. Barry Pointer from Eastern Kentucky University presented and discussed EKU’s development of an Income Share Agreement (ISA) program. In this program, students may only use ISA monies for tuition; it is not available for housing expenses, books, or meal plans. They anticipate launching the program in the fall of 2020.

CPE AGENCY BUDGET

Presenters: Bill Payne, Vice President for Finance and Administration
Shaun McKiernan, Director of Finance and Budget

Staff presented the latest developments on the CPE Agency Budget proposal. The proposal includes a potential request for funds to create a Center for Higher Education and the Workforce, and Dr. Payne stated he will provide more information on that proposal before the formal recommendation.

ADJOURNMENT

The Finance Committee adjourned the meeting at 12:25 p.m., ET.