

MINUTES

Council on Postsecondary Education

Type: Finance Committee Meeting
Date: February 19, 2020
Time: 9:00 a.m. ET
Location: CPE Offices, 100 Airport Road, Frankfort

CALL TO ORDER

The Finance Committee met Wednesday, February 19, 2020, at 9:00 a.m., ET, at the CPE offices in Frankfort, Kentucky. Committee Chair Ben Brandstetter presided.

Chair Brandstetter formally appointed Council Member Richard Nelson to the Finance Committee, effective February 15, 2020. He will announce the appointment to the full Council at the April 24, 2020 meeting.

ATTENDANCE

- Attendance in person: Richard Nelson and Robert Staat
- Attendance by teleconference: Ben Brandstetter, Kim Halbauer (joined at 9:20 a.m.), Brandon Wilson, Carol Wright, and Sherrill Zimmerman.
- Did not attend: Grant Minix.
- Heather Faesy, CPE's senior associate for Board Relations, served as recorder of the meeting minutes.

APPROVAL OF THE MINUTES

The minutes of the December 6, 2019 and January 9, 2020 Finance Committee meetings were approved as presented.

NONRESIDENT STUDENT TUITION MOUs

Presenter: Bill Payne, CPE's Vice President for Finance and Administration

Dr. Payne presented three Memorandum of Understandings (MOUs) between the Council and following universities regarding nonresident student tuition: Northern Kentucky University (NKU), University of Louisville (UL), and Murray State University (MuSU). Staff reported that the goals and structures of each agreement were

consistent with the Nonresident Student Tuition Policy approved at the October 31, 2019 meeting.

NKU's MOU targets 12 states and 12 countries. It specifies that students must have a 2.5 unweighted grade point average and students from the targeted states and countries may receive a tuition scholarship lowering their net cost to the resident tuition rate plus \$500. Mike Hales, NKU's Chief Financial Officer, provided additional context.

UL's MOU specifies the following: (1) Active military students, most of whom are nonresident, are charged \$250 per credit hour, (2) Students taking online courses, regardless of residency, are charged the same rate, (3) Prior to transfer to the university, students from Panama taking classes in their home country pay nothing to the university, but are counted as non-resident students, and (4) The university offers focused, institutional financial aid to nonresident students with academic qualifications that exceed specified levels and indicate a strong likelihood of success. Rick Graycarek, UL's AVP of Budget and Financial Planning, provided additional context and answered questions regarding the online tuition component.

MuSU's MOU currently targets 6 surrounding states in an effort to ensure a geographically diverse student body and access, particularly for first-generation and underrepresented minorities. Jackie Dudley, MuSU's Vice President for Finance and Administration, provided additional comments and thanked the Council for their work on the matter.

MOTION: Dr. Staat moved that the Committee accept the three individual MOUs between the Council and Northern Kentucky University, the University of Louisville and Murray State University regarding nonresident student tuition, and recommend approval of each to the Council at its April 24, 2020 meeting. Ms. Wright seconded the motion.

VOTE: The motion passed.

INTERIM CAPITAL PROJECT REQUEST - KCTCS

Presenters: Shaun McKiernan, CPE's Director of Finance and Budget

Mr. McKiernan presented the interim capital project requested by the Kentucky Community and Technical College System (KCTCS) for the Fire Commission's National Responder Preparedness Center Parking Lot. The original scope of the project was \$2,000,000, but after beginning the project, it was discovered that soil conditions on the site required extensive remediation, and KCTCS requested a scope

increase of \$1,000,000 in agency funds. Historically, scope increases have not required Council approval; however, since the magnitude of the increase exceeds 15% and the source of funds is agency restricted funds, the Council must review the request. At its January 24, 2020 meeting, the Council delegated the final review of, and accompanying action on, this request to the Finance Committee.

MOTION: Ms. Wright moved the Committee approve the \$1,000,000 agency fund scope increase for the Fire Commission's National Responder Preparedness Center Parking Lot on behalf of the Council. Ms. Zimmerman seconded the motion.

VOTE: The motion passed.

2020-22 EXECUTIVE BUDGET REVIEW

Presenter: Bill Payne, CPE's Vice President for Finance and Administration

Dr. Payne presented a comprehensive review of the Governor's proposed executive budget as it pertains to the Council on Postsecondary Education and Kentucky's college institutions. He answered several questions from the Council concerning the Governor's proposals on performance funding and asset preservation and next steps in the legislative process. It is expected that the House will present their budget in early March 2020 and the Committee will receive another update at its March 18, 2020 meeting.

TUITION AND MANDATORY FEE SETTING UPDATE

Presenter: Bill Payne, CPE's Vice President for Finance and Administration

Dr. Payne presented key issues for the 2020-22 tuition setting cycle and policy relevant data the Committee will need to consider during the setting process. Dr. Payne will present additional data at the next meeting in anticipation of the Committee's final recommendation at its April 20, 2020 meeting. The Committee also discussed HB 171, the act related to retirement costs for KERS employers.

ONLINE TUITION DISCUSSION

Presenter: Bill Payne, CPE's Vice President for Finance and Administration

Dr. Payne referred to the agenda materials regarding the questions on online tuition posed by Committee Chair Brandstetter. Council member questions that were posed included online course development costs and whether it's more expensive to provide

an online course instead of an in-person course. Dr. Payne stated the institutions would also like to provide additional information to the Committee regarding the process used to determine the implemented online fees. Chair Brandstetter asked that the Committee members review this information as well as the additional data being compiled in the next month and be prepared to discuss it at the next meeting.

ADJOURNMENT

The Finance Committee adjourned at 10:45 a.m., ET.

MINUTES REVIEWED AND APPROVED BY THE FINANCE COMMITTEE: March 18, 2020