

MINUTES

Council on Postsecondary Education

Type: Finance Committee Meeting
Date: June 9, 2020
Time: 3:00 p.m. ET
Location: Virtual Meeting – Committee member by ZOOM teleconference. Public viewing at: <https://youtu.be/thzcz457zZU>

CALL TO ORDER

The Finance Committee met Tuesday, June 9, 2020, at 3:00 p.m., ET. Pursuant to Executive Order 2020-243 and a memorandum issued by the Finance and Administration Cabinet dated March 16, 2020, and in an effort to prevent the spread of Novel Coronavirus (COVID-19), the Committee met utilizing a video teleconference. Members of the public were invited to view the meeting virtually on the CPE YouTube page: <https://youtu.be/thzcz457zZU>. Chair Ben Brandstetter presided.

ATTENDANCE

Members in attendance: Ben Brandstetter, Kim Halbauer, Grant Minix, Richard Nelson, Carol Wright, and Sherrill Zimmerman. All attended by teleconference.

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

APPROVAL OF THE MINUTES

The minutes of the April 20, 2020 Finance Committee meeting were approved as amended to reflect the attendance of Robert Staat.

CAMPUS TUITION AND MANDATORY FEE PROPOSALS

At the April 24th meeting, the Council approved to allow the postsecondary institutions the discretion to determine their own tuition and fee increases for resident undergraduate students for the upcoming academic year. Each institution was allowed to submit proposals that balance the needs of students and families and the resource needs of the institution. Additionally, the Council approved institutions to submit for approval market competitive rates for graduate and online courses.

Between then and June 9th, six institutions submitted tuition and mandatory fee proposals. Dr. Bill Payne, CPE's Vice President of Finance and Administration presented each of the institution's proposals:

- Kentucky State University: No increase in resident undergraduate base rate for the 2020-21 academic year, and a decrease to their non-resident rate by 37.6 percent.
- Morehead State University: No increase to either the resident or nonresident base rates.
- Murray State University: No increase in resident and non-resident undergraduate base rates and approval of their effort to simply the nonresident base rate by combining the out-of-state and regional rates for students admitted during the summer of 2020 and thereafter.
- Northern Kentucky University: No increase to either the resident or nonresident base rates.
- Western Kentucky University: No increase to either the resident or nonresident base rates.
- Kentucky Community and Technical College System: A 2.9% increase in the base rates for both resident and nonresident base rates, which equates to an increase of \$5.00 per credit hour for residents and \$10.00 per credit hour for nonresidents.

MOTION: Ms. Wright moved the Finance Committee approve 2020-21 tuition and mandatory fee proposals from Kentucky State University, Morehead State University, Murray State University, Northern Kentucky University, Western Kentucky University, and the Kentucky Community and Technical College System. Ms. Zimmerman seconded the motion.

VOTE: The motion passed.

DELEGATE TUITION APPROVAL AUTHORITY TO FINANCE COMMITTEE

Three institutions were unable to submit tuition and mandatory fee proposals because their boards had not yet met to review and approve them. Those universities are the University of Kentucky, the University of Louisville, and Eastern Kentucky University.

Mr. Shaun McKiernan, CPE's Director of Finance and Budget suggested the Finance Committee request delegation authority from the full Council to review and finalize those rates on its behalf at a special meeting in July.

UPDATE ON CARES ACT FUNDING

Ms. Lee Nimocks, CPE's Chief of Staff and Vice President for Strategy, presented an update on the funding related to the CARES ACT and the Governor's Emergency Education Relief Fund.

The CARES Act includes more than \$30 billion for education, with at least \$13.5 billion for the nation's K-12 schools and more than \$14 billion for higher education. Funding for colleges and universities will run through the Higher Education Emergency Relief Fund. Kentucky colleges and universities that are Title IV eligible will receive a share of \$156 million based on formula established by the U.S. Department of Education (USDOE). Ninety percent (90%) of the Higher Education Emergency Relief Fund flow to campuses in two equal distributions: Emergency Cash Grants for Students and grants to help campuses respond to costs incurred due to the pandemic. Ten percent (10%) of the Higher Education Emergency Relief Fund will be directed to minority serving campuses and campuses with significant unmet need after receiving funds from other pools.

Governor's Emergency Education Relief Fund (GEERF) provides \$3 billion in flexible emergency block grants to governors to help them meet the needs of students, schools, postsecondary institutions, and other education-related organizations. The funding is being distributed to states on a formula basis: 60% based on relative share of population ages 5-24 and 40% based on relative share of population counted under Elementary and Secondary Education Act. Kentucky will receive \$44 million of the \$3 billion total. Governor Beshear determined that \$13.8 million in GEER funding will be directed to postsecondary education, under the administration of CPE.

FISCAL 2020-21 PERFORMANCE FUND DISTRIBUTION

Dr. Payne presented the performance funding distribution for the 2020-21 fiscal year. The enacted budget provided an appropriation of \$14,994,800 for the Postsecondary Education Performance Fund (PEPF). Using an allocation method defined in statute, CPE staff determined that the distribution of those funds between sectors should be an \$11,679,600 allocation to the public universities and a \$3,315,200 allocation to KCTCS institutions, based on sector share of system total adjusted net General Fund appropriations.

Using the funding models defined in statute for each sector, CPE and KCTCS staff members determined that the distribution of 2020-21 PEPF appropriations among institutions should be as follows:

	2020-21 Distribution
<u>Public Universities</u>	
University of Kentucky	\$6,621,600
University of Louisville	2,938,900
Eastern Kentucky University	394,200
Kentucky State University	0
Morehead State University	0
Murray State University	0
Northern Kentucky University	967,000
Western Kentucky University	757,900
KCTCS	3,315,200
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Total	\$14,994,800

	2020-21 Distribution
<u>KCTCS Institutions</u>	
Ashland	\$0
Big Sandy	0
Bluegrass	611,500
Elizabethtown	314,200
Gateway	285,200
Hazard	0
Henderson	0
Hopkinsville	201,800
Jefferson	468,400
Madisonville	0
Maysville	266,800
Owensboro	284,400
Somerset	327,400
Southcentral	291,900
Southeast	0
West Kentucky	263,600
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KCTCS Total	\$3,315,200

UPDATE ON PROPOSED 2020-21 AGENCY OPERATING BUDGET

On June 4, 2020, the Executive Committee approved the proposed 2020-21 CPE Agency Operating Budget. It is scheduled to be presented to the full Council for

approval at its June 19, 2020 meeting, and a summary was provided in the agenda materials.

ADJOURNMENT

The Finance Committee adjourned at 2:42 p.m., ET.

MINUTES REVIEWED AND APPROVED BY THE FINANCE COMMITTEE: July 9, 2020