

MEMO OF RECORD
Council on Postsecondary Education

Type: Postsecondary Education Working Group on Performance Funding
Date: October 7, 2020
Time: 9:00 a.m. ET
Location: Virtual Meeting – Working group members by ZOOM, Public viewing hosted on CPE YouTube Page.

CALL TO ORDER

The Postsecondary Education Working Group met Wednesday, October 7, 2020, at 9:00 a.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/66n8vAqJLc>.

Chair Aaron Thompson presided.

ATTENDENCE

Working Group Members in attendance:

- CPE President Aaron Thompson, Chair of the Working Group
- State Budget Director John Hicks, representing Governor Beshear
- Senate President Pro Tem David Givens, representing Senate President Robert Stivers
- Representative James Tipton, representing Speaker of the House David Osbourne
- ECU President David McFaddin
- KSU President M. Christopher Brown, II
- KCTCS Interim President Paul Czarapata
- MoSU President Jay Morgan
- MuSU President Robert Jackson
- NKU President Ashish Vaidya
- UK President Eli Capilouto
- UL President Neeli Bendapudi
- WKU President Tim Caboni

Speaking CPE staff members in attendance:

- Dr. Bill Payne, Vice President for Finance and Administration
- Mr. Shaun McKiernan, Director of Budget and Finance
- Heather Faesy, Senior Associate of Board Relations and Special Projects, who served as recorder of the memo of record.

FINANCIAL IMPACT INFORMATION

Dr. Bill Payne, CPE's Vice President for Finance and Administration, presented Financial Impact Information for Kentucky's four-year and two-year institutions. Data presented included the change of state funds provided to educate students between fiscal years 2016-17 and 2020-21 and the trends in full-time student enrollment between 2013 and 2019.

CAMPUS SUMMARY STATEMENTS

Each campus provided written statements prior to the meeting on how they believe the current model is functioning, unintended consequences that have occurred as a result of the model, and potential adjustments. Mr. Shaun McKiernan, CPE's Director of Budget and Finance, presented a summary review of those statements.

Following the presentation, the working group members provided additional comments regarding:

- The STEM+H metric and how it impacts institutions focused on liberal arts and humanities.
- Potential changes to several metrics, especially since the future of higher education is changing rapidly due to the pandemic.
- The potential inclusion of an adult learner metric.
- The limited ability of an institution to continue to raise tuition when public support is decreasing, especially when the institution serves primarily low-income students.
- How the recently approved non-resident tuition policy aligns with the 50% weighting of nonresident student credit hours in the model.

REVIEW OF MuSU PROPOSAL

Dr. Payne presented the proposal brought forth by Murray State University, which was developed with input from other campus presidents and the following in mind: economic uncertainties caused by the pandemic, unknown status of additional federal stimulus, the potential for a significant mid-year budget cut, and rising

pension costs. The working group members provided the following comments to each of the proposal components.

- The majority of the presidents were in agreement with the first proposal, but it was pointed out that any changes adopted by the legislature would mostly likely not be effective until the 2022-23 year.
- To run the model in 2021-22 but with no financial gain or loss to any institution in General Fund (i.e., a 0% stop loss) had conflicting comments. Because the statute does away with hold-harmless and stop-loss provisions, absent any action by the General Assembly, after fiscal 2020-21, several comprehensive institutions would be severely affected without some level of stop-loss. There was concern that having a “0% stop-loss” for 2021-22 would set a precedent of abandoning the model, however there was discussion regarding a potential inclusion of a permanent stop loss provision.
- Overall, there were comments made regarding the many unknowns in this continuing pandemic and how the state’s budget process might unfold with the possible infusion of federal dollars. The overall sentiment expressed was that without a better idea of what the future holds and when the pandemic will end, it is difficult to recommend long-lasting changes to the model.

Following the discussion, President Thompson asked the working group members to review the proposal and accompanying data and provide their written comments for review at the next meeting.

ADJOURNMENT

The working group adjourned at 11:08 a.m., ET.