

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 1st Meeting of the 2019 Interim

June 4, 2019

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Appropriations and Revenue was held on Tuesday, June 4, 2019, at 1:00 PM, in Room 160 of the Capitol Annex. Representative Steven Rudy, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Steven Rudy, Co-Chair; Senators Matt Castlen, David P. Givens, Alice Forgy Kerr, Stephen Meredith, Gerald A. Neal, Dennis Parrett, Dan "Malano" Seum, Robin L. Webb, and Phillip Wheeler; Representatives Lynn Bechler, Danny Bentley, Myron Dossett, Joseph M. Fischer, Jim Glenn, David Hale, Mark Hart, Angie Hatton, Dennis Keene, Russ A. Meyer, Jason Nemes, Ruth Ann Palumbo, Phillip Pratt, Melinda Gibbons Prunty, Brandon Reed, Sal Santoro, John Sims Jr, Wilson Stone, James Tipton, and Susan Westrom.

Guests: Dr. Eli Capilouto, President, University of Kentucky; Dr. Sharon Walsh, Professor and Director of the Center on Drug and Alcohol Research, University of Kentucky; Dr. Neeli Bendapudi, President, University of Louisville; Dr. Calvin Johnson, Dean, College of Veterinary Medicine, Auburn University; and Dr. Daniel Givens, Professor and Associate Dean for Academic Affairs, Auburn University.

LRC Staff: Jennifer Hays, Cynthia Brown, Kevin Branscum, Morgan King, and Chase O'Dell.

Introduction of Member's Guests

Senator Parrett introduced his guest, Jeff Noel, Pastor at Grace Heartland Church in Elizabethtown.

Senator Givens introduced his brother, Dr. Dan Givens from Auburn University.

The University of Kentucky's Research Projects on Dementia and Opioids and Budgetary Requests for the 2020 Regular Session

Dr. Eli Capilouto, President, University of Kentucky; and Dr. Sharon Walsh, Professor and Director of the Center on Drug and Alcohol Research, University of

Kentucky, discussed the university's research on dementia and opioids and budgetary requests for the 2020 regular session.

President Capilouto discussed the assumptions made in UK's five-year budget plan. There are expected to be fixed cost increases. Additionally, UK recognizes that there are a declining number of high school graduates across Kentucky. There are also disruptive innovations in how people teach and learn. UK is also experiencing growing health care and other benefit costs. Lastly, Mr. Capilouto stated that UK expects continued strained state financial support.

During phase one of UK's 'Path Forward', the university has grown first-time and first-year enrollment, improved first-to-second year student retention rates, developed 26 new online programs, expanded opportunities for summer coursework and certificate programs, recruited and enrolled near-degree students through 'Project Graduate', and partnered through an innovative carbon reduction program in the Robinson Forest.

President Capilouto stated that nearly \$400 million in awards to UK have led to nearly \$700 million of economic impact, over 4,000 jobs created, and intellectual property and discovery in the form of patents. The top three national institutes that fund the University of Kentucky through the National Institutes of Health (NIH) are the National Institute on Drug Abuse, National Institute on Aging, and the National Cancer Institute.

Since UK received its National Cancer Institute Center designation, nearly 60 percent of all new cancer diagnoses in Kentucky have come through the Markey Cancer Center and its affiliates. President Capilouto expressed that UK has the "trifecta" of NIH designation and support through its National Cancer Institute Designation, the Clinical Translational Sciences Award, and its Alzheimer's Disease Center.

In 1985, the Sanders-Brown Center on Aging was named one of the first ten centers in the country designated as an Alzheimer's Disease Center. In the last five years, awards to the center have increased from \$8 million to \$20 million dollars. Last year, UK provided 22,000 specimens to specialists around the world studying aging diseases. In addition, last year, UK requested \$8 million for a new clinical research facility to serve more patients, conduct more trials, and garner more external support.

The University of Kentucky has identified the areas of substance abuse, neuroscience, cancer, diabetes, obesity, cardiovascular disease, and energy as areas of priority for research. These areas align with the challenges faced in Kentucky, the capabilities within the university, and the partnerships that have developed leverage.

President Capilouto testified that UK was recently awarded an \$87 million grant for the HEALing Communities Study. UK was one of four universities in the country that were

granted the funds. Within three years, the university hopes to reduce opioid deaths by 40 percent for the counties within which the university intervenes within three years.

Dr. Walsh testified that there are three main aims of the HEALing Communities Project. The first goal is to improve the cascade of care for Opioid Use Disorder (OUD). The second main goal is to expand overdose prevention. The third main goal is to reduce opioid supply. Community interventions are expected to be launched on October 1st, 2019.

In response to a question from Representative Tipton, President Capilouto expressed his belief that the current performance-based funding model is an advantageous approach.

In response to another question from Representative Tipton, Dr. Walsh stated that many of the jails in Kentucky do not have substance abuse programs where treatment can be delivered. She continued to discuss the efficacy of different drugs used to treat substance abuse. Dr. Walsh also testified that partnerships with health care partners are needed so that jails can provide treatment and transition for people to go into care when they are going in-and-out of the jails.

In response to the second part of Representative Tipton's question, Dr. Walsh stated that there are many structural barriers to getting people into care that go beyond whether there are enough spaces in a treatment program.

Representative Palumbo stated that everyone should be proud of the University of Kentucky research program on Parkinson's.

Chairman Rudy applauded UK for its hard work and thanked Dr. Walsh and President Capilouto for the presentation.

Overview of the University of Louisville's General Research Initiatives and Budgetary Requests for the 2020 Regular Session

Dr. Neeli Bendapudi, President, University of Louisville, presented an overview of the University of Louisville's general research initiatives and budgetary requests for the 2020 Regular Session.

President Bendapudi testified that the University of Louisville (UofL) was given a charter to be a premier, nationally-recognized metropolitan research university. She stated that the metropolitan setting provides the university with certain opportunities and challenges.

President Bendapudi said that UofL's number one goal is to make the university a great place to learn for students through research and teaching. She continued to say that this would be achieved by the university being a great place for faculty and staff to work.

President Bendapudi stated that, for the university to retain “incredible” people, it must be a great place to invest.

The University of Louisville is recognized as a Research 1 university. President Bendapudi testified that UofL and UK are two of only 69 universities nationwide that are classified as having both high research activity and high community engagement.

The university has significantly increased total research expenditures since 1997, and they will continue to increase in the coming year. UofL’s Dental School is ranked 13th in the nation for medical research, which makes it the highest ranked in the state. President Bendapudi expressed her belief that there is an opportunity for the dental school to move into the top 10 for dental research. President Bendapudi also stated that the UofL medical school is ranked fairly high in NIH funding.

President Bendapudi testified that UofL has several NIH-designated research centers, such as the Kentucky Biomedical Research Informatics Network, Center for Excellence in Diabetes and Obesity Research, the Hepatobiology and Toxicology Center, the Alcohol Research Center, and others. The University of Louisville also has several National Science Foundation (NSF)-designated centers, focused on things ranging from manufacturing, to nano integration, to nanotechnology.

President Bendapudi testified that UofL is the only university in the country to receive five of the most prestigious innovation research grants. She continued to say that the grants are all about innovation and economic development. In 2015, UofL was ranked in the top 100 worldwide universities granted U.S. utility patents by the National Academy of Inventors.

President Bendapudi stated that UofL is working closely with the Cabinet for Economic Development, while also attempting to diversify the portfolio of support for its research by working closely with industry. UofL has a \$5 million per year partnership with IBM. IBM will assist UofL in developing courses in eight areas that are considered to be crucial for the digital economy. The university is also partnered with Cardinal Health, Kindred Healthcare, and General Electric (GE).

President Bendapudi testified that UofL is requesting support to educate engineering students and increase the number of nurses. She also stated that UofL is requesting an increase in state performance funding, and she expressed her belief that Kentucky has a good performance funding model. UofL is also requesting a new round of Bucks for Brains funding. President Bendapudi stated that asset preservation is a big need for the university.

President Bendapudi testified that STEM and Health continue to be areas of strength and emphasis for UofL. The university is focusing on expanding the Speed School of Engineering and the School of Nursing. President Bendapudi continued to say that the

university needs to establish a nationally-renowned robotics and advanced manufacturing space.

Senator Givens discussed the importance of changing the funding model from the old allocation shares model to the new performance funding model.

Representative Nemes thanked President Bendapudi for the work she has done since beginning her stint at UofL. In response to a question from Representative Nemes, President Bendapudi stated that all university presidents in the Commonwealth are focused on how to keep college affordable for low to middle income families. She continued to say that UofL is moving more of the scholarship dollars it awards towards need-based scholarships. President Bendapudi testified that the university is being very cautious on tuition increases and trying to keep them manageable. She also stated that limited state funding is a challenge. UofL is also hoping to launch retention grants to assist students who are in good academic standing, with paying for college.

"An Enduring Relationship between Kentucky and Auburn for Veterinary Medical Education"

Dr. Calvin Johnson, Dean, College of Veterinary Medicine, Auburn University; and Dr. Daniel Givens, Professor and Associate Dean for Academic Affairs, Auburn University, discussed the enduring relationship between Kentucky and Auburn for veterinary medical education.

Dr. Johnson testified that the relationship between Auburn University and the Commonwealth of Kentucky is a long-standing one, in-which Auburn trains veterinarians who serve animal health needs across Kentucky. Dr. Johnson stated that through the Southern Regional Education Board's (SREB) Regional Contract Program, Kentucky residents can attend Auburn University's College of Veterinary Medicine and pay in-state tuition, with Kentucky making-up the difference between in-state and out-of-state tuition. The relationship between Auburn's veterinary program and Kentucky has existed since 1951. Since then, 1,800 residents of Kentucky have graduated from Auburn University's College of Veterinary Medicine as veterinarians. Dr. Johnson testified that many of those graduates have returned to Kentucky to serve critical roles in animal health. Auburn University's College of Veterinary Medicine had 117 applicants from Kentucky for the class of 2023, of which 38 were accepted.

In the 2019-2020 academic year, Kentucky will pay \$4,712,000 for Kentucky residents to attend Auburn University's College of Veterinary Medicine. That dollar amount will reserve 152 seats for the academic year, at a rate of \$31,000 per seat. Dr. Givens testified that the SREB says the rate to reserve a seat in a veterinary program should be \$33,500. Dr. Givens testified that every dollar that goes into the contract program goes to specifically reduce the cost of tuition for a Kentucky student.

Dr. Givens stated that there is tremendous demand for Auburn's veterinary program. Dr. Givens said that Kentucky students at Auburn are as good as any other students. He continued to say however, that the Kentucky dollars that reserve seats at Auburn get Kentucky students into Auburn who wouldn't otherwise get in.

Dr. Givens testified that in an annual two-semester situation, tuition and fees for a Kentucky resident at the College of Veterinary Medicine total \$20,366. For a non-resident student, the tuition and fees total \$47,626. He continued to say that Auburn University ranks fourth from the lowest in the United States as far as the cost of a veterinary medical education for in-state students; Kentucky residents are considered in-state students. Auburn ranks 18th lowest of approximately 30 schools in terms of out-of-state tuition. From 1999 to 2014, Auburn University's College of Veterinary Medicine had the fifth lowest rate of increase in tuition and fee costs in the United States.

Approximately 80 percent of Auburn University College of Veterinary Medicine students graduate with some degree of educational debt. Kentucky students graduating from the College of Veterinary Medicine in 2018 had an average indebtedness of \$172,000. Dr. Givens stated that without the contract spaces program, Kentucky students graduating in 2018 would have an average indebtedness of \$233,000.

Dr. Givens testified that a decreasing number of individuals are going into mixed-animal practice or large animal practice. He continued to say that Auburn recently garnished a USDA grant that helps get Kentucky students back into Kentucky counties, serving food animal species in designated underserved areas. Dr. Givens testified that fewer students are going into rural areas to work on large animal medicine partially because of the starting salary.

Dr. Givens stated that Kentucky's investment in the Veterinary Contract Spaces Program keeps student debt lower, which gives the students more opportunity to go into rural areas and serve. Dr. Givens also testified that Kentucky students return to the Commonwealth at a higher rate than Alabama students stay in Alabama. Of the Kentucky residents in the Auburn College of Veterinary Medicine graduating class of 2010, 71.43 percent had become employed in the Commonwealth by July 2018.

Dr. Givens testified that going forward, \$32,000 will be the lowest Auburn University can market to Kentucky College of Veterinary Medicine seats.

In response to a question from Senator Seum, Dr. Givens agreed that it would be correct to say that Kentucky's veterinarian needs are currently underserved, and that student debt is correlated. Dr. Givens continued to say that students are still graduating with debt even though Kentucky contributes \$32,000 a year, for four years, per student.

Representative Stone stated that many people apply to veterinary school twice. He continued to say that when people get to that point, most of them only want professionally to be a veterinarian.

In response to a question from Senator Webb, Dr. Givens stated that there are programs at Auburn that specifically work to get students with large animal and bovine interests into rural areas to get experience, so that they are fully prepared and able to return to those areas. Senator Webb implored students not to rule out the possibility of large animal and bovine work. She closed by expressing her desire to continue the partnership between Kentucky and Auburn University. Dr. Johnson added that depending on the year, Auburn has the first or second largest caseload for food animals coming into the teaching hospital, which provides a good opportunity for students to be mentored in large animal medicine surgery.

Representative Pratt stated that Kentucky is struggling with a low number of large animal veterinarians returning to the state. He continued to recognize that student debt is leading to veterinarians going into the small animal field.

In response to a question from Senator Kerr, Dr. Givens stated that Kentucky students are getting into Auburn University who would not get in if the veterinary contract program did not exist and the students were applying as non-residents. He continued to say that the average Kentucky student does just as well as the average non-resident student in organic chemistry, physics, and biochemistry. He explained, however, that the lower-end of non-resident students that get into the veterinarian program are performing better academically than the lower-end of Kentucky students.

Representative Rudy requested to see data on how many College of Veterinary Medicine students are coming from each post-secondary education institution in Kentucky. He also stated that Kentucky is getting a good deal in the partnership with Auburn University.

Correspondence Received

Representative Rudy reminded members of the correspondence received from Jenny Bannister, Deputy Director, Office of Budget Review (LRC)

List of Reports Received Since November, 2018

Representative Rudy also reminded members of the list of reports received by the committee since November 2018.

Adjournment

Representative Rudy closed the meeting by stating that the next meeting would be chaired by Senator McDaniel on July 9th.

With no further business before the committee, the meeting was adjourned at 2:44 p.m.