2020 REGULAR SESSION

House Standing Committee on Appropriations & Revenue

Budget Review Subcommittee on Postsecondary Education

1st Meeting

January 23, 2020

The Budget Review Subcommittee on Postsecondary Education of the House Standing Committee on Appropriations & Revenue held its 1st meeting of the 2020 Regular Session on January 23, 2020, at 10:00 AM, in Room 131 of the Capitol Annex. The Chair called the meeting to order, and the secretary called the roll.

Members Present: Representative James Tipton, Chair; Representatives Jim Glenn, C. Ed Massey, and Rob Rothenburger.

Guests: Dr. Aaron Thompson, President, Council on Postsecondary Education; Dr. William Payne, Vice President for Finance and Administration, Council on Postsecondary Education, Shaun McKiernan, Director of Budget and Finance, Council on Postsecondary Education; Gene Hutchins, CEO/ Executive Director, Kentucky Education Higher Assistance Authority; Becky Gilpatrick, Director of Student Aid Services, Kentucky Higher Education Assistance Authority

LRC Staff:  Nick Peak, Chuck Truesdell, Amie Elam

**Council on Postsecondary Education (CPE)**

Dr. Aaron Thompson, Dr. William Payne, and Shaun McKiernan, CPE, gave a presentation to the subcommittee that focused on the 2020-2022 budget request, dual credit scholarships, and a performance funding update.

In response to a question from Chair Tipton, Dr. Payne said that the performance funding dollars that were allotted in the last budget are now part of the base. CPE is requesting additional performance funding on behalf of the institutions for the upcoming biennium.

In response to a question from Representative Rothenburger, Dr. Payne said that according to the performance funding statutes, there is a one percent stop-loss in the current year that is applied to the formula base and in the first year of upcoming biennium a two percent stop-loss is required. Those dollars go into the Postsecondary Education Performance Fund and will be redistributed through the performance funding model. He added that even if the General Assembly does not appropriate new funding, the money from the required stop-loss ensures there will be money in the Postsecondary Education Performance Fund. Dr. Thompson said that the stop loss amount is the most an institution can lose per year.

In response to a question from Chair Tipton, Mr. McKiernan said that CPE would provide a list to the subcommittee members of each institution’s priority asset preservation projects.

**Kentucky Higher Education Assistance Authority (KHEAA)**

Gene Hutchins and Becky Gilpatrick, KHEAA, gave a presentation to the subcommittee that focused on the 2020-2022 agency budget request and state student aid.

In response to a question from Chair Tipton, Ms. Gilpatrick stated that the combined four-year projected cost of the Work Ready Kentucky Scholarship and the Dual Credit Scholarship at the current one-third rate is $9 million. If the scholarship tuition rate was increased to one-half of the KCTCS tuition rate, the total cost would be $13.2 million.

In response to a question from Chair Tipton, Mr. Hutchins said that excess lottery revenues are transferred by a year-end reallocation process between the General Assembly and the Governor’s Office. He said that KHEAA operates under the Consensus Forecast Group projections for lottery proceeds. In the last several years, lottery proceeds have exceeded Consensus Forecasting projections. Mr. Hutchins said that KHEAA anticipates increased student interest in the Work Ready Dual Credit Scholarship in the next biennium.

In response to a question from Representative Rothenburger, Representative Tipton said Kentucky Lottery officials had testified in the past that sports gaming would not have a significant impact on lottery funds.

There being no further business to come before the subcommittee, the meeting was adjourned at 11:23 a.m.