

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Education

Minutes of the 3rd Meeting of the 2018 Interim

August 30, 2018

Call to Order and Roll Call

The third meeting of the Budget Review Subcommittee on Education of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, August 30, 2018, at 10:00 AM, in Room 154 of the Capitol Annex. Senator Stephen West, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen West, Co-Chair; Representatives James Tipton, Co-Chair, and Regina Huff, Co-Chair; Senators C.B. Embry Jr. and Mike Wilson; Representatives George Brown Jr., John Carney, Matt Castlen, Kelly Flood, Melinda Gibbons Prunty, Jody Richards, and Steve Riley.

Guests: Robert L. King, President, Council on Postsecondary Education; Dr. Aaron Thompson, Executive Vice-President, Council on Postsecondary Education; Dr. Bill Payne, Vice President of Finance and Administration, Council on Postsecondary Education; Dr. Eli Capilouto, President, University of Kentucky; Dr. Joseph A. Morgan, President, Morehead State University; Dr. Jay Box, President, Kentucky Community and Technical College System; and Senator David P. Givens.

LRC Staff: Joe Lancaster, Jennifer Krieger, and Amie Elam

Approval of Minutes

Representative Richards made a motion, seconded by Senator Wilson, to approve the minutes of the July 26, 2018, meeting. The motion carried by voice vote.

Postsecondary Education Performance Fund Distributions

Robert L. King, President, Council on Postsecondary Education (CPE) testified about the postsecondary education performance funding model. He detailed the previous distribution method, the development process, and the components of the current model. Dr. Thompson said that students needs drive education costs. The model reflects an increase in funding is needed to build an equitable foundation, but could not provide the exact dollar amount necessary to achieve equilibrium.

In response to a question from Representative Flood, President King said that the funding model is not designed to incentivize the General Assembly.

In response to a question from Chair West, President King said that part of the funding model includes closing historical distortions in funding. Dr. Payne said that the six institutions that have reached equilibrium should start to share funding on a more even playing field. Morehead State University and Kentucky State University have not reached equilibrium. Dr. Thompson stated that the current funding model is a behavioral change model. He said the model shows exhibits the need for refocused resources at some campuses for them to fully benefit. Dr. Payne said CPE considers the best way to reach equilibrium would additional General Fund appropriations in the next biennium.

In response to a question from Senator Givens, President King said that the premiums for underserved population degree production are stackable.

In response to a question from Representative Huff, President King said that admissions requirements are not regulated within the model, but within the latest CPE admissions regulations.

Research Institutions

Dr. Eli Capilouto, President, University of Kentucky (UK) testified about the impact of the current postsecondary education performance funding model on the research institutions.

Comprehensive Universities and Community and Technical College System

Dr. Joseph A. Morgan, President, Morehead State University and Dr. Jay Box, President, Kentucky Community and Technical College System (KCTCS), testified on the impact that the performance funding model has had on the comprehensive universities and the community and technical college system.

In response to a question from Senator Givens, Dr. Morgan said that the model had no bearing on the 6.25 percent General Fund reduction to Morehead State. The intention was to show the reduction in funding over the last two biennia.

In response to a question from Representative Prunty, Dr. Morgan said it is impossible for universities to advance within the model without creating new, or converting existing, square footage. Morehead State has seen several implementation issues with the funding model. Dr. Capilouto said that the College of Business and the Academic Science building at UK are almost 100 percent funded by philanthropy. The investment in new buildings brings great value to the university because the students are better served.

There being no further business, the meeting was adjourned at 12:19 p.m.