

INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE

Budget Review Subcommittee on Education

Minutes of the 1st Meeting of the 2021 Interim

June 2, 2021

Call to Order and Roll Call

The 1st meeting of the Budget Review Subcommittee on Education of the Interim Joint Committee on Appropriations & Revenue was held on Wednesday, June 2, 2021, at 11:00 AM, in Room 154 of the Capitol Annex. Representative James Tipton, 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 Steve Riley, Co-Chair; Representatives Kim Banta, Tina Bojanowski, Randy Bridges, Ken Fleming, Kelly Flood, Bobby McCool, Charles Miller, and Ruth Ann Palumbo.

Guests: Dr. Tim Caboni, President, Western Kentucky University; Dr. David McFaddin, President, Eastern Kentucky University; Dr. Aaron Thompson, President, Council on Postsecondary Education, Dr. Bill Payne, Vice President of Finance and Administration, Council on Postsecondary Education, Shaun McKiernan, Director of Finance and Budget, Council on Postsecondary Education.

LRC Staff: Jennifer Krieger, Seth Dawson, Liz Columbia, and Amie Elam
2021 Regular Session House Bill 8

Dr. Caboni, President, Western Kentucky University (WKU), and Dr. McFaddin, President, Eastern Kentucky University (EKU), spoke to the committee regarding 2021 Regular Session House Bill 8.

In response to a question from Chair Tipton, Dr. Caboni said that historically vendors have participated in the pension system.

In response to a question from Senator West, Dr. Caboni said that the length of third-party vendor contracts varies depending on the vendor.

In response to a question from Representative Bojanowski, Dr. Caboni said he is unaware of any other government entities that are required to pay pensions for

subcontracted employees. Dr. Caboni said that vendors typically offer additional benefit plans to employees. Dr. Caboni said there are too many differences to accurately compare defined contributions and defined benefit plans. He agreed to provide information to the committee regarding the long-term outcomes of both investment plans.

In response to a question from Representative Fleming, Dr. McFaddin said that contract services have no bearing on Eastern's aviation program. He said that all courses are taught by ECU faculty and staff. Dr. McFaddin said that ECU is grateful to the General Assembly for the investment in performance funding. Dr. McFaddin said that because Free Application for Federal Student Aid (FAFSA) applications are down and the college-going rate is down, it is important for Kentucky's institutions to provide students with opportunities and meet each student where they are on the other side of the pandemic.

Council on Postsecondary Education

Representatives from the Council on Postsecondary Education discussed federal funds for pandemic relief, asset preservation and deferred maintenance, and Performance Fund distribution for FY22.

In response to a question from Chair Tipton, Mr. McKiernan said the two percent reduction in the current year does not impact performance funding. Dr. Thompson said that even with federal pandemic relief funds, the universities would be in deficit. Dr. Thompson stated that the foregone revenue at each institution could include housing, food services, safety, personal protective equipment, etc.

In response to a question from Senator West, Dr. Thompson said that refunds and reimbursements to students for services such as parking and campus housing are happening across the board. However, the process varies at each institution.

In response to a question from Chair Tipton, Dr. Thompson said that CPE would provide the committee with a list of asset preservation capital projects by institution.

In response to a question from Senator West, Dr. Thompson said that he would reach out to discuss the Kentucky Community and Technical College System's partnership with the University of Maryland in more detail.

There being no further business to come before the subcommittee, the meeting adjourned at 12:32 p.m.