

KY COUNCIL ON POSTSECONDARY EDUCATION EXECUTIVE COMMITTEE



June 17, 2022 – 8:30 a.m. ET

Council Offices, 2nd floor Boardroom, 100 Airport Road, Frankfort, KY 40601

I. Call to Order and Roll Call

II. Action Items

- A. Meeting Minutes from April 14, 2022
- B. Review of Expiring Administrative Regulation – 13 KAR 2:045, Determination of residency status for admission and tuition assessment purposes
- C. 2022-23 CPE Agency Budget

III. Discussion Items

- A. KSU Update
- B. Review CPE Meeting Agenda for June 17, 2022

IV. Other Business

V. Adjournment

DRAFT MINUTES

Kentucky Council on Postsecondary Education

Type: Executive Committee
Date: April 14, 2022
Time: 12:00 p.m. ET
Location: Morehead State University, Adron Doran University Center, Heritage Room

CALL TO ORDER

The Executive Committee of the Kentucky Council on Postsecondary Education met Thursday, April 14, 2022, at 12:00 p.m., ET. The meeting occurred in the Heritage Room of the Adron Doran University Center at Morehead State University. Chair Lucas Mentzer presided.

ATTENDANCE

Members were in attendance: Eric Farris, Lori Harper (ZOOM), Lucas Mentzer, and Madison Silvert (ZOOM).

Member not in attendance: Karyn Hoover

Heather Faesy, CPE's senior associate for Board Relations, served as recorder of the meeting minutes.

APPROVAL OF THE MINUTES

The minutes of the March 3, 2022, Committee meeting were approved as distributed.

APPROVAL OF 2022-23 COUNCIL MEETING DATES

Per KRS 164.011(9), the Council is required to meet quarterly, but may meet more upon the call of the chair. In order to conduct its business efficiently, the Council has typically met five times per year. The following dates were proposed for the 2022-23 academic year:

- Sept 19-20, 2022 (M-Tu) - *will coincide with Trusteeship Symposium*

- Nov 17-18, 2022 (Th-F)
- Jan 26-27, 2023 (Th-F)
- Mar 30-31, 2023 (Th-F)
- Jun 8-9, 2023 (Th-F)

Meeting dates of the standing committees will be finalized and approved at a later date.

MOTION: Mr. Silvert moved the Committee approve the 2022-23 Council meeting dates and recommend approval by the full Council at its April 15, 2022, meeting, pending the agenda item be updated to reflect the correct year on one of the dates. Ms. Harper seconded the motion.

VOTE: The motion passed.

REVIEW AND DISCUSSION – AGENCY ORGANIZATIONAL REVIEW

Ms. Lee Nimocks, CPE's Vice President and Chief of Staff, presented a review of the agency's key accomplishments from January 2021 through March 2022. The written report was organized by each of the five priorities of the statewide strategic agenda with an additional section to capture achievements in agency operations. It focused on the actions taken and the measurable results.

ANNUAL EVALUATION OF THE CPE PRESIDENT

Chair Mentzer invited the Committee members to provide comments on the agency review. All members commended President Thompson and his staff for their work and provided positive feedback.

MOTION: Mr. Silvert moved the Committee go into closed session per KRS 61.810(1)(f) to discuss individual personnel matters. Mr. Farris seconded the motion.

VOTE: The motion passed.

The Committee remained in Executive Session for five minutes.

MOTION: Mr. Farris moved the Committee go into open session. Ms. Harper seconded the motion.

VOTE: The motion passed. Chair Mentzer confirmed that no action took place during the closed session and that only matters identified in the motion were discussed.

Chair Mentzer stated that due to the accomplishments of the agency and the increased standing of higher education in the eyes of the state's constituents and General Assembly, the Committee discussed an amendment to President Aaron Thompson's contract.

MOTION: Chair Mentzer moved that the Executive Committee approve to modify President Thompson's contract to include a housing allowance that equates to 20% of his salary, and to replace his current vehicle fuel card with an additional \$500 per month vehicle allowance. If approved, the motion would go before the full Council at its April 15, 2022, meeting. Ms. Harper seconded the motion.

VOTE: The motion passed.

President Thompson thanked the Committee for their confidence and praised his staff for the strong work they do to help the agency move forward. He also complimented the Council for its performance as a high-functioning board and stated it served as a model to the rest of the system boards in the country.

ADJOURNMENT

The Executive Committee adjourned at 1:20 p.m., ET.

MINUTES REVIEWED AND APPROVED BY THE COMMITTEE: _____

TITLE: Regulation Expiration – 13 KAR 2:045 – *Determination of residency status for admission and tuition assessment purposes*

RECOMMENDATION: Staff recommends the Executive Committee approve that 13 KAR 2:045 continue to exist in its current form and recommend approval by the Council at its June 17, 2022, business meeting.

PRESENTERS: Travis Powell, Vice President and General Counsel

SUPPORTING INFORMATION

KRS 13A.3102 requires that action be taken on an administrative regulation at least every seven (7) years or the regulation will expire. Pursuant to KRS 13A.3104, action can be in the form of certification that the agency either intends to keep the regulation in effect “as is,” or amend the regulation within 18 months. Agencies can also choose not to take action and allow regulations to be repealed after the expiration date.

13 KAR 2:045: Determination of Residency Status for Admission and Tuition Assessment Purposes Regulation

KRS 164.020(8)(a) requires that the Council define residency for purposes of tuition and admission to the state postsecondary educational system. [13 KAR 2:045](#) is the Council’s regulation promulgated to meet this requirement. The last substantive action on the regulation was effective July 13, 2015 and will therefore expire on July 13, 2022 without Council action.

STAFF RECOMMENDATION

Council staff recommends that 13 KAR 2:045 remain in its current form. On March 29, 2022, Council staff contacted a group of public college and university representatives identified by each institution’s Provost to solicit feedback on 13 KAR 2:045 regarding needed or suggested changes, or if it was sufficient in its current form. A few thoughtful comments and suggestions were received, but overall, the consensus was that the process outlined in the regulation was well-functioning and did not require modification.

We will continue to engage campus stakeholders and the Council on ways to improve the residency determination process, as well as how to consider residency from a tuition policy standpoint and its connection to outcomes in the performance funding model.

Certifying that a regulation be maintained in its current form does not preclude an agency from pursuing an amendment at any time.

TITLE: 2022-23 CPE Agency Budget

RECOMMENDATION: Staff recommends the Executive Committee approve the agency operating budget for 2022-23, and recommend approval by the Council at its June 17, 2022, business meeting.

PRESENTERS: Shaun McKiernan, Executive Director of Finance and Budget

SUPPORTING INFORMATION

Each year, the Council reviews and approves the agency's revenue and expenditure budget for the upcoming fiscal year. Below is a description of CPE's budget as proposed for fiscal 2022-23. The enacted state budget for 2022-24 (HB 1), along with CPE's 2022-24 biennial budget request, submitted to the state budget office and Legislative Research Commission November 15, 2021, provide the framework for staff's proposed 2022-23 agency budget. Budgeted figures for the current year (i.e., 2021-22) are included for comparison.

CPE General Fund Budget

House Bill 1 is a continuation budget for CPE with few exceptions. While additional General Fund is provided for an 8% cost of living adjustment for staff, all other General Fund appropriations relate to pass through funding for the institutions. Additional funding is included in CPE's budget for debt service to support \$40 million in Bond Funds for Bucks for Brains for the research institutions (\$30 million) and the comprehensive institutions (\$10 million). General Fund of \$2,225,000 is included for the Workforce Development Trust Fund, which goes to KCTCS institutions. The General Assembly chose to fund Spinal Cord and Head Injury Research as part of CPE's budget, with \$2,000,000 in General Fund in 2022-23. In the current fiscal year (2021-22), that program is funded with Tobacco Funds of \$650,000. The budget also provides additional General Fund for Ovarian Cancer Research and Screening, increasing the appropriation from \$500,000 to \$1,000,000. General Fund appropriations for all other expenditure categories remains the same: Operating Funds (with the exception of the cost-of-living adjustment), Technology Trust Fund, Doctoral Scholars, and SREB Dues.

The Technology Trust Fund provides support for the Kentucky Virtual Library, Kentucky Postsecondary Education Network, and Technology Support. The Doctoral Scholars program, which was reinstated in 2021-22, provides scholarships and other programming to help two underrepresented minority doctoral candidates at the University of Kentucky and University of Louisville succeed and encourage them to pursue careers in academia after graduation. UK and UofL match these funds, so a total of four students benefit from the program every year.

The table below shows General Fund appropriations by expenditure category for CPE’s agency budget for 2021-22 and 2022-23.

CPE Agency Budget Fiscal Years 2021-22 and 2022-23		
Expenditure Category	Fiscal 2021-22	Fiscal 2022-23
General Fund		
Operating Funds ¹	\$7,205,700	\$7,205,700
Defined Calculations and COLA ²	222,900	500,700
Debt Service for Bucks for Brains	0	1,612,000
Workforce Development Trust Fund	0	2,225,000
Technology Trust Fund	3,628,300	3,628,300
Spinal Cord and Head Injury Research	0	2,000,000
Ovarian Cancer Screening	500,000	1,000,000
Doctoral Scholars	50,000	50,000
SREB Dues	214,800	214,800
Total	\$11,821,700	\$18,436,500
¹ Includes funding for Operations and Strategic Initiatives		
² \$222,900 was added to the FY 2021-22 budget by HB 1 to end the practice of delaying June 30 payments to employees until July 1.		

2022-23 Operating Budget

The CPE operating budget includes most of the agency’s funding for personnel and operations. Next year, CPE will use state General Fund appropriations, along with \$500,000 in Restricted Funds received by the Council for administering federal grants (i.e., primarily the GEAR UP grant), to fund agency operations. Personnel expenses make up 87 percent of the Operating budget, which is typical for state government

agencies. General Fund appropriations in 2022-23 will support 47 employees, down from 97 staff in 2007-08.

CPE’s 2022-23 budget is largely a continuation budget. Next year, CPE leaders will continue to focus on the successful transition of students from secondary to postsecondary education through leadership of the P-20 Education Continuum. CPE will continue collaboration with state workforce and economic development leaders in the state and policy and programming in this area.

The 2022-23 operating budget includes funding for the additional office, storage, and meeting space, which was made available in 2021-22. The new space (located on the third floor) has reduced costs for off-site storage and rented meeting space, and accommodates additional staffing needs.

See the table below for a comparison of CPE’s 2021-22 and 2022-23 operating budgets, which includes both Operations and Strategic Initiatives.

CPE Operating Budget Fiscal Years 2021-22 and 2022-23				
	Fiscal 2021-22	Proposed 2022-23	Percent Change	Notes on Differences
Sources of Funds				
General Fund	\$7,205,700	\$7,205,700		
General Fund (def. payroll, COLA)	222,900	500,700		
Restricted Funds	500,000	500,000		
Total Sources of Funds	\$7,928,600	\$8,206,400	4%	8% COLA
Uses of Funds				
Salaries and Benefits	\$6,150,300	\$6,526,800	6%	8% COLA
Other Personnel Costs	523,600	525,800	0%	
Total Personnel	\$6,673,900	\$7,052,600	6%	
Building, Rentals, Repairs	351,800	351,800	0%	
Computer & Misc. Services	527,500	336,500	-36%	Computer charges, office renovations
Supplies, Travel, Dues, Other	315,300	350,500	11%	
Total Operating	1,194,600	1,038,800	-13%	
Total Grants	60,000	115,000	92%	Graduate Profile
Total Uses of Funds	\$7,928,500	\$8,206,400	4%	

CPE Tobacco Fund, Federal Funds, and Restricted Funds Budgets

In addition to state General Fund appropriations, the Council's budget contains other sources of revenue, including tobacco settlement funds, cigarette tax revenue, federal grant funds, and agency receipts.

The next table provides a summary of the Council's 2021-22 authorized expenditure levels for these funds and proposed expenditures for 2022-23. The enacted budget (HB 1) specifies the expenditure limits for each fund type.

CPE Tobacco, Federal, and Restricted Funds Fiscal Years 2021-22 and 2022-23		
Expenditure Category	Fiscal 2021-22	Fiscal 2022-23
Tobacco Fund		
Spinal Cord and Head Injury Research	\$650,000	\$0
Cancer Research and Screening	7,043,800	6,250,000
Total Tobacco Fund	\$7,693,800	\$6,250,000
Federal Funds		
GEAR UP	\$3,997,100	\$4,164,300
GEER and ARP funds	6,001,100	5,876,400
Simmons College	0	6,000,000
Healthcare Workforce Collaborative	0	10,000,000
Total Tobacco Fund	\$9,998,200	\$26,040,700
Restricted Funds		
Operations (Federal Indirect)	\$500,000	\$500,000
Cancer Research Match	4,107,700	4,100,000
Licensure (Licensure Fees)	316,200	420,000
Total Restricted Funds	\$4,923,900	\$5,020,000

Tobacco Fund appropriations in CPE's budget for 2022-23 support cancer research at UK and UofL (divided equally). For 2022-23, \$2.0 million in General Fund, not Tobacco Fund, will be used to support spinal cord and head injury research at UK and UofL.

CPE started receiving federal funds to distribute to postsecondary institutions through the Governor's Emergency Education Relief (GEER) Fund in 2020-21. Funding provided by the Governor through GEER for postsecondary education response to the pandemic totals \$17.7 M. The expenditure authority in the 2022-23 budget allows CPE

to spend the balance of these federal funds, about \$3.0 M. In addition, funds were made available to CPE through the American Rescue Plan to support projects focused on improving college preparation and retention during a time with reduced college and career counseling and to address gaps in instruction due to the COVID-19 pandemic. Staff anticipates \$2.8 million in expenditures in ARP funds next fiscal year. CPE's ARP grant totals \$5.3 million.

CPE will have access to federal GEAR UP grant funds in 2022-23. GEAR UP, which stands for Gaining Early Awareness and Readiness for Undergraduate Programs, is a federally funded program that helps students in underprivileged schools prepare for postsecondary education. GEAR UP is a seven-year, \$24.5 million grant program.

The Budget of the Commonwealth provides federal funds from the State Fiscal Recovery Fund of the American Rescue Plan to CPE in 2022-23 for the Healthcare Workforce Collaborative and for Simmons College. The Healthcare Workforce Collaborative brings together public higher education officials and industry leaders to “strengthen the education and training pipeline of healthcare professions within Kentucky’s public two and four-year colleges and universities.” Funding for the collaborative totals \$10,000,000 in 2022-23. The state budget provides \$6,000,000 for Simmons College, a private HBCU in Louisville for a \$4.2 million Teacher Education Initiative and \$1.8 million to “expand academic offerings to include the areas of psychology to produce more licensed mental health practitioners, quality control technicians, and logistics and supply chain management.”

Restricted Funds in the CPE budget support several programs, including the Cancer Research Match program, Licensure, and Agency Operations. These funds come to CPE from a variety of sources, such as:

- Cigarette tax proceeds (i.e., one cent from each pack of cigarettes sold in Kentucky) fund the Cancer Research Match program, which is allocated to UK and UofL equally, provided the institutions are able to match the distributions with institutional funds expended on cancer research.
- Licensure fees fund the Licensure Unit. The Council licenses all Kentucky non-profit and for-profit baccalaureate degree granting and above institutions, and out-of-state public institutions operating or soliciting in the Commonwealth. The Licensure Unit also has duties related to the State Authorization Reciprocity Agreement (SARA), which allows Kentucky public and licensed institutions to do business in other SARA states. Licensure revenue of about \$350,000 per year

supports the equivalent of two and a half full-time staff members who ensure the Council's licensure duties are performed.

- Finally, the Council receives funds related to the administration of federal grants and is authorized to spend those funds to support agency operations. With the recent award of the GEAR UP grant, CPE can expect to receive these funds for the next several biennia.

Other Funds

The Council manages several other state funds, including the Equine University Program Trust Fund and funds housed in the Technology Trust Fund (i.e., namely, KYVL receipts and smaller grants). The Equine Program receives funds collected by the state related to pari-mutuel betting. The funding, which has traditionally been about \$600,000 per year, is distributed equally to the five institutions with Equine programs (UK, UofL, MoSU, MuSU, and WKU) to help fund capital investments in their programs.

The Technology Trust Fund (TTF) receives state General Fund appropriations and Kentucky Virtual Library (KYVL) and KPEN receipts. The fund also receives interest earnings, smaller private grant funds, and funds from state government agencies on occasion. These funds will be spent in 2022-23 as allowed by terms of the funding.

Last year, the Office of State Budget Director authorized use of the TTF to house a \$2.1 million, three-year grant from the James Graham Brown Foundation awarded to CPE. This grant is being used to establish a Student Success Center at CPE. TTF resources of about \$600,000, largely from Technology Support savings accumulated over several years are being used to develop a Student Portal and to fund research and provide strategic guidance on how CPE and the postsecondary institutions can better address the needs of adult learners and achieve an even more positive impact on economic development in the Commonwealth of Kentucky.

Finally, House Bill 250, passed in the 2022 regular session, includes a \$1.5 million General Fund appropriation in 2022-23 to support comprehensive reviews of Kentucky State University. Plans for the expenditure of those funds are in development and will include salary and benefits costs of CPE staff dedicated to KSU and the use of an outside consultant or consultants.