



Kentucky Council on Postsecondary Education

Andy Beshear
Governor

100 Airport Road, 2nd Floor
Frankfort, Kentucky 40601
Phone: 502-573-1555
<http://www.cpe.ky.gov>

Aaron Thompson, Ph.D.
President

December 21, 2020

The Honorable Andy Beshear, Governor, Commonwealth of Kentucky
The Honorable Robert Stivers, President, Kentucky State Senate
The Honorable David Osborne, Speaker, Kentucky House of Representatives
The Honorable Max Wise, Co-Chair, Interim Joint Committee on Education
The Honorable Regina Huff, Co-Chair, Interim Joint Committee on Education

Kentucky Leaders,

Pursuant to KRS 164.092 (11)(b), the Council on Postsecondary Education convened the Postsecondary Education Working Group (PEWG) in fiscal 2020-21 to determine if the comprehensive funding models for the public universities and Kentucky Community and Technical College System (KCTCS) were functioning as expected, to identify any unintended consequences, and to recommend any adjustments to the models. This letter communicates the recommendations of the PEWG, which was comprised of the Council president, the public university presidents and KCTCS president, and representatives of the Governor, the President of the Senate, and the Speaker of the House.

The PEWG met six times between July 30 and December 2, 2020 and reviewed trends in student success outcomes data, financial impact information, and campus responses to performance funding surveys before arriving at their recommendations. Working group members ultimately agreed to keep the models as established in statute, but propose to change how the models will be applied in 2021-22 and going forward.

Specifically, the working group recommends that a General Fund floor, or base level of state support, be established for each public postsecondary institution and that stop-loss contributions made by the institutions to the Postsecondary Education Performance Fund (PEPF) each year be discontinued. This means that any and all funds appropriated to the PEPF will be provided by the General Assembly. Funds appropriated to the performance fund will be distributed to institutions on a non-recurring basis using the existing models. This will allow any appropriations for performance to be recurring to the PEPF. Finally, the proposal urges policymakers to prioritize maintaining funding for the newly created floor over additional appropriations for the performance fund.

Attached is a summary that provides greater detail on the working group's recommendations. If you have any questions, please contact Dr. Bill Payne, CPE's Vice President for Finance and Administration, at 502-892-3052 or me.

I want to thank each of our campus presidents for their thoughtful advocacy on behalf of their respective institutions, and for their willingness to make helpful compromises. I also want to thank Senator David Givens, Representative James Tipton, and State Budget Director John Hicks for their insightful comments, patience, and support during this first review of Kentucky's comprehensive funding models.

I believe the proposed changes will allow our postsecondary institutions to continue making progress toward the state's college attainment goals, while providing additional stability in the midst of this challenging time for higher education.

Thank you,

A handwritten signature in black ink, appearing to read "Aaron Thompson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Aaron Thompson
President, Council on Postsecondary Education

Attachment

C: University Presidents
 KCTCS President
 Senator David Givens, PEWG member
 Representative James Tipton, PEWG member
 State Budget Director John Hicks, PEWG member
 Senator Christian McDaniel, Chair, Senate Appropriations and Revenue Committee
 Representative Steven Rudy, Chair, House Appropriations and Revenue Committee
 Ben Brandstetter, CPE Chair
 Carla Wright, OSBD staff
 Jay Hartz, LRC Director