

DRAFT MINUTES
Council on Postsecondary Education

Type: Finance Committee Meeting
Date: May 11, 2021
Time: 2:00 p.m. ET
Location: Virtual Meeting by ZOOM Webinar, Public viewing hosted on CPE YouTube Page

Minutes Approval Status: Draft; to be reviewed for approval at the June 23, 2021 meeting.

CALL TO ORDER

The Finance Committee met Tuesday, May 11, 2021, at 2:00 p.m., ET. Pursuant to Executive Order 2020-243 and a memorandum issued by the Finance and Administration Cabinet dated March 16, 2020, and in an effort to prevent the spread of Novel Coronavirus (COVID-19), the Committee met utilizing a video teleconference. Members of the public were invited to view the meeting virtually on the CPE YouTube page.

ATTENDANCE

Committee members in attendance: Colby Birkes, Eric Farris, Richard Nelson, Robert Staat, and Carol Wright. Other Council members in attendance: Doris Thomas.

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

COMMENTS FROM THE PRESIDENT

Dr. Aaron Thompson, CPE President, provided an overview of the meeting and discussed the open leadership position on the committee.

APPROVAL OF THE MINUTES

The minutes of the March 23, 2021 meeting were approved as distributed.

UPDATE ON FEDERAL CORONAVIRUS RELIEF FUNDS

Mr. Shaun McKiernan, CPE's Director of Finance and Budget, provided an update pertaining to federal Coronavirus relief funding for higher education and COVID-19 costs and foregone revenue at Kentucky public postsecondary institutions. He discussed the funding distributions from the Higher Education Emergency Relief Fund (HEERF), the Governor's Emergency Education Relief Fund (GEER) and Coronavirus Relief Fund and the allowable uses of those funds. He also presented the estimated sector allocations to be released via the American Rescue Plan Funds.

Mr. McKiernan also provided a comparison of Federal Coronavirus Relief Funds and COVID-19 Related Costs and Foregone Revenue for fiscal years 2019-20 and 2020-21. As of May 5, 2021 the total awards for public universities have totaled about \$278 million and the total eligible costs and foregone revenue have totaled \$440 million, leaving a deficit of \$162 million.

TUITION AND MANDATORY FEE RECOMMENDATION

Dr. Bill Payne, CPE's Vice President of Finance and Administration, presented the tuition and mandatory fee staff recommendation and relevant data that supports the proposed parameters. Key data areas discussed included state funding amounts distributed in the 2020-21 fiscal year, fixed and unavoidable costs, enrollment trends, and tuition rates over the previous 20 years.

The following staff recommendation was made:

Resident undergraduate tuition and mandatory fee ceilings for academic years 2021-22 and 2022-23 that equate to:

- A maximum base rate increase of no more than 3.0 percent over two years, and a maximum increase of no more than 2.0 percent in any one year, for public research and comprehensive universities.
- A maximum base rate increase of no more than \$5.⁰⁰ per credit hour over two years, and a maximum increase of no more than \$3.⁰⁰ per credit hour in any one year, for students attending KCTCS institutions.

Public institutions may also be allowed to submit for Council review and approval:

- Nonresident undergraduate tuition and fee rates that comply with the Council's *Tuition and Mandatory Fees Policy*, or otherwise adhere to

provisions of an existing Memorandum of Understanding between the Council and an institution.

- Market competitive tuition and fee rates for graduate and online courses.

MOTION: Mr. Farris moved to approve the staff recommendation. Dr. Staat seconded the motion.

Before voting, Committee members held a discussion on the various aspects to consider on the motion, including whether campus presidents were in agreement with the recommendation, whether families are able to bear additional tuition expenses, and how any type of tuition increase may impact enrollment. Some members expressed that a tuition increase may further exacerbate the perception that a college degree is financially unattainable and reemphasized that marketing efforts must continue to ensure families understand the “sticker price” is not what the majority of families actually pay.

VOTE: In a roll call vote, the motion passed 3-2. Both Mr. Nelson and Ms. Wright voted nay.

INTERSTATE TUITION RECIPROCITY AGREEMENTS

Mr. McKiernan provided a status update on the renewals of tuition reciprocity agreements with Ohio, Indiana, and West Virginia. Staff will finalize the agreements and present them for approval at the next Finance Committee meeting.

FISCAL 2021-22 PERFORMANCE FUND DISTRIBUTION

Dr. Payne provided an update of the distribution of the performance funds for the 2021-22 fiscal year. The beginning base for this year’s iteration of the public university and KCTCS performance funding models was \$889.9 million. After subtracting mandated program funding, debt service, and a small school adjustment, allocable resources run through the university model totaled \$527.9 million. The funds were distributed based on each institution’s share of total student success outcomes produced and operational activity. KCTCS institutions were distributed a total of \$3.8 million in performance funds.

ADJOURNMENT

The Finance Committee adjourned at 3:50 p.m., ET.