



**CPE 101:
THE ROLES AND RESPONSIBILITIES
OF KENTUCKY'S STATEWIDE
COORDINATING BOARD**

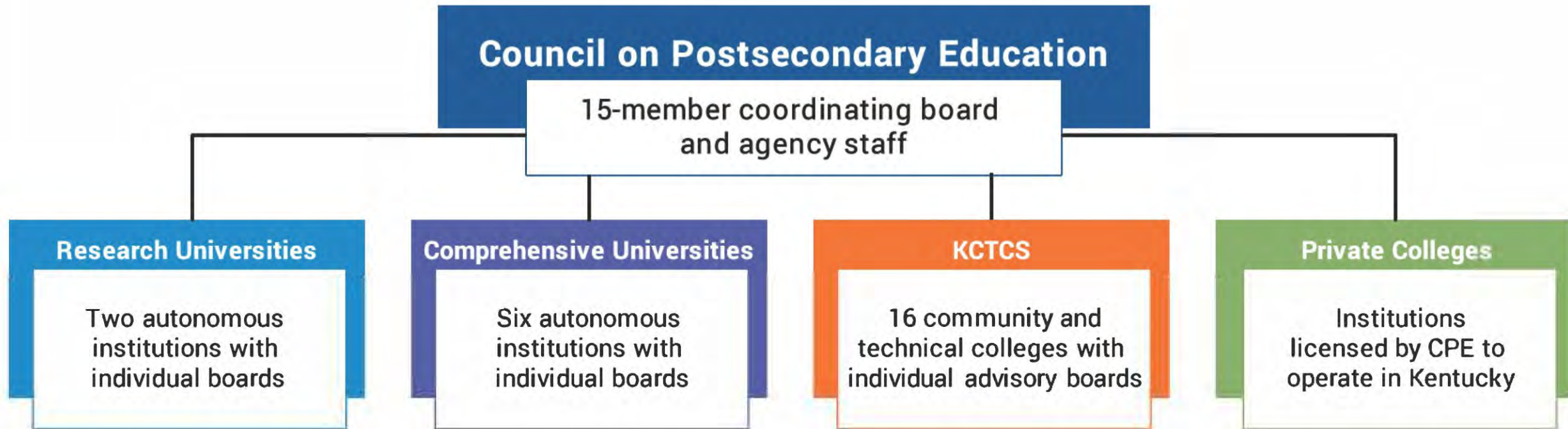
Postsecondary Education Improvement Act of 1997 (HB 1)

Established six major goals

1. Seamless, integrated system of postsecondary education
2. Coordinated system of autonomous institutions
3. University of Kentucky ranked Top 20 nationally
4. University of Louisville recognized as premier, metropolitan research university
5. Regional universities, with at least one nationally recognized program of distinction or one nationally recognized applied research program
6. Comprehensive community and technical college system



Higher Education Governance in KY



What are the CPE's Major Responsibilities?

1. Serves as the state's chief higher education thought leader and policy advisor to the Governor and General Assembly.
2. Sets an educational attainment goal for the state.
3. Develops and implements a statewide strategic agenda and diversity policy aligned with state goals.

What are the CPE's Major Responsibilities?

4. Creates a biennial budget request and performance funding model for adequate funding.
5. Reviews and approves tuition rates, admission criteria and academic programs.
6. Collects, analyzes and reports comprehensive performance data.

What are the CPE's Major Responsibilities?

7. Ensures the coordination and connectivity of technology.
8. Provides orientation and training for college and university board members or regents.
9. Works with campuses on transferability of credits among public two-year and four-year institutions.

What are the CPE's Major Responsibilities?

10. Licenses non-public postsecondary institutions to operate in the state
11. Administers Kentucky's Virtual Library, used by all postsecondary, public and K-12 libraries
12. Create and Oversee a Management Improvement Plan for Kentucky State University

Full 6-page listing of statutorily-required duties can be found in Whova.

KY's Coordinating Board Does NOT...

- x Hire/evaluate campus presidents or any campus personnel
- x Develop individual campus strategic plans or goals
- x Determine budget allocations within the institution
- x Serve as an accreditor of campuses or campus programs
- x Have anything to do with college athletic programs
- x Become involved in the day-to management of the campuses

Want to Learn More?

Visit the “Our Work” section of our website.



Guiding Frameworks

Kentucky's Educational Attainment Goal
Kentucky's Statewide Postsecondary Education Strategic Agenda
Why Kentucky Higher Education Matters

Academics

Academic Program Review
College Admissions
College Readiness
Dual Credit
Kentucky Advising Academy
Kentucky Graduate Profile & Academy
Military Transfer
Teacher Quality
Transfer

Accountability

Consumer Protection
Licensure

Collaboration

Commonwealth Education Continuum
Faculty Advisory Network
Kentucky Healthcare Workforce Collaborative (HWC)
Kentucky Student Success Collaborative

Diversity

ALDI (Academic Leadership Development Institute)
Cultural Competency Credential Certification
Diversity, Equity and Inclusion

Fiscal Management

Performance Funding
Tuition Waivers, Reciprocity Agreements and Other Discounts
Tuition Setting

Services to the Commonwealth

Academic Common Market
Board Training
GEAR UP Kentucky
Kentucky Virtual Library

Causes and Considerations for Board Member Removal in Kentucky

Per KRS 63.080, there are 3 ways a member can be removed:

- Removal of a Board Member for Cause
- Removal of All Appointed Members For Cause
- Removal of a Board Member to Comply with Representation Requirements

- Biennial Budget Development
- Performance Funding
- Tuition and Fee Setting

Biennial Budget Development Statutory Responsibility

The *Kentucky Postsecondary Education Improvement Act of 1997* (HB 1; and KRS 164.7915)

- 1) The Council on Postsecondary Education shall make a biennial budget request to the General Assembly and to the Governor with regard to:
 - a) Specific funding amounts to be appropriated to each individual **trust fund** in the Strategic Investment and Incentive Funding Program;
 - b) Specific funding amounts of all **capital projects** to be appropriated and funded from each individual trust fund in the Strategic Investment and Incentive Funding Program; and
 - c) Funding to be appropriated to the **base budgets** of the institutions, systems, agencies, and programs.

KRS 164.020 – Powers and Duties of Council

The Council on Postsecondary Education shall:

- (9) Devise, establish, and periodically review and revise policies to be used in making recommendations to the Governor for consideration in developing recommendations to the General Assembly for appropriations to the universities and the Kentucky Community and Technical College System.
- (10) Lead and provide staff support for the biennial budget process as provided under KRS Chapter 48.

Biennial Budget Development Funding Components

CPE's budget request typically contains four major components:

- **Operating Funds**

Appropriations for campus operations that support the instruction, research, and public service missions of Kentucky public postsecondary institutions (includes mandated program funding)

- **Trust Funds**

Strategic funding that supports programs and provides incentives for Kentucky colleges and universities to pursue state goals for postsecondary education (e.g., Bucks for Brains)

- **Capital Investment**

Funding that addresses new construction, asset preservation, and information technology needs of Kentucky's public institutions

- **Agency Operating Funds**

Funding that supports CPE's statewide coordinating board function and strategic programs, such as the Education Continuum and Healthcare Collaborative Initiative.

Biennial Budget Development Process and Timeline (2022-24)

- Collaborative process involving CPE staff, campus presidents and chief budget officers, and Council members
- Occurs every other year, in odd-numbered years



Biennial Budget Development

CPE's 2022-24 Recommendation

Funding Component	Fiscal 2022-23	Fiscal 2023-24	Biennial Total
Operating Funds			
• Performance Funding	67,500,000	90,000,000	157,500,000
• Pension Relief Funds	2,209,900	4,419,800	6,629,700
Capital Investment			
• Asset Preservation	350,000,000	350,000,000	700,000,000
Trust Funds			
• Bucks for Brains	30,000,000	30,000,000	60,000,000
• Competitive Workforce Initiative	2,225,000	4,450,000	6,675,000
CPE Agency Budget			
• Expanded Duties and Responsibilities	1,032,500	1,383,400	2,415,900
• Education Continuum	1,280,500	3,280,500	4,561,000
• Healthcare Workforce Initiative	20,000,000	20,000,000	40,000,000

Performance Funding Statutory Responsibility

KRS 164.092 – Kentucky’s Performance Funding Statute

- (4) This section establishes a comprehensive funding model for the public postsecondary education system to be implemented by the Council on Postsecondary Education. The funding model shall include a public university sector formula and a KCTCS sector formula.

In sections (5) and (6), the statute provides specific instructions regarding the components, metrics, and distribution of funds for the public university sector. It provides similar instructions in sections (7) and (8) for the KCTCS sector.

- (10) By May 1 each year, the council shall certify to the Office of the State Budget Director the amount to be distributed to each of the public universities and KCTCS as determined by the comprehensive funding model created in this section, not to exceed the available balance in the performance fund.

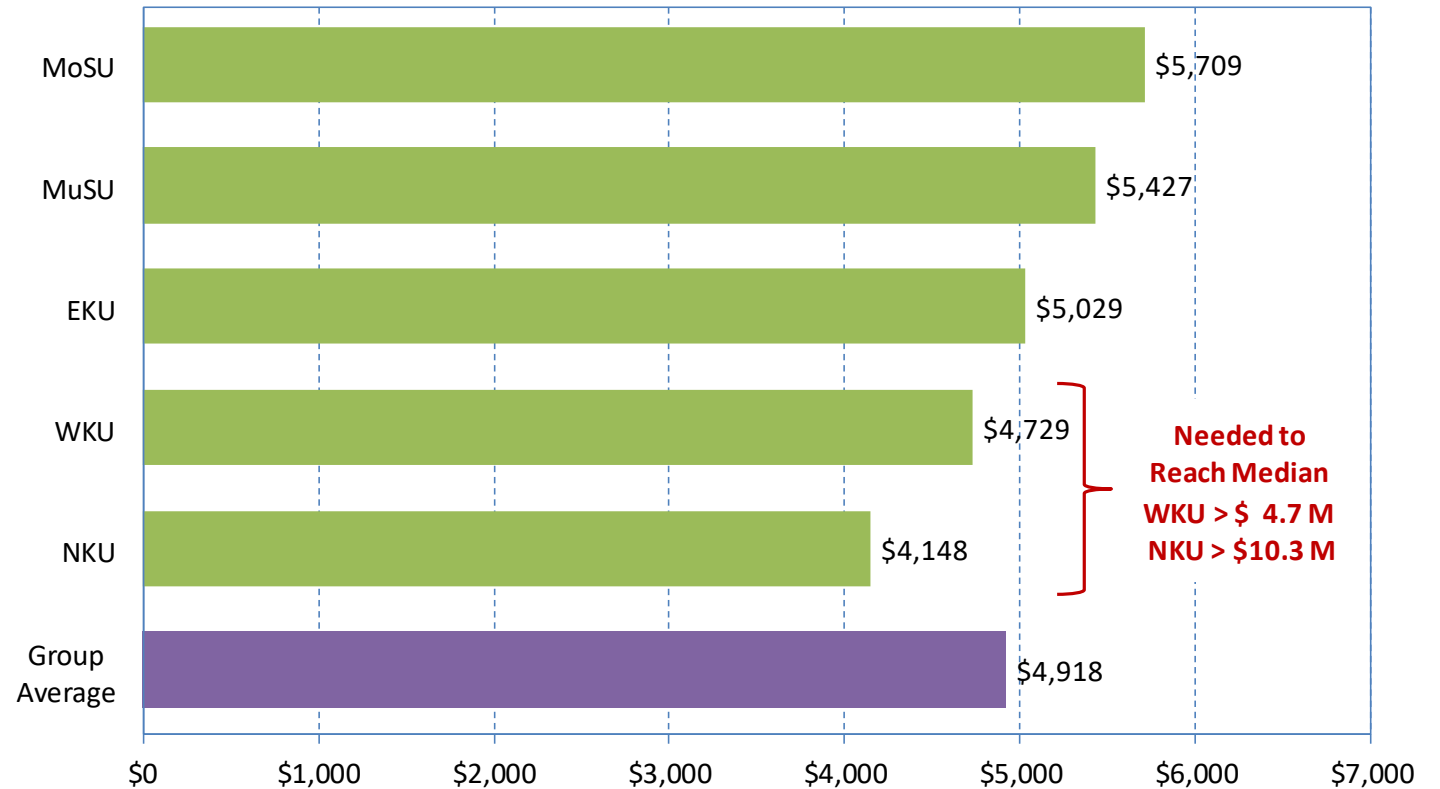
Performance Funding Impetus for the Model

- Accelerate progress toward attainment of state goals for postsecondary education
- Address shortcomings of previous funding method (base +, base -)
- Rectify funding disparities among institutions that had developed over time
- Respond to legislative mandate to convene a working group and develop comprehensive funding model (RS16, HB 303)

Performance Funding Rectify Funding Disparities

- In 2016, net General Fund per FTE student was \$5,709 at MoSU and \$4,148 at NKU
- This represents a gap of \$1,561 per student and was an incentive to develop a performance model
- Excluding KSU, ECU's funding was the median among comprehensive universities
- In 2016, NKU would have needed an additional \$881 per student or \$10.3 million to be at the median
- WKU would have needed an additional \$300 per student or \$4.7 million to be at the median

Kentucky Comprehensive Universities (Excluding KSU)
Net General Fund Appropriations per FTE Student
Fiscal Year 2015-16



Source: Council on Postsecondary Education, Comprehensive Database.

Performance Funding

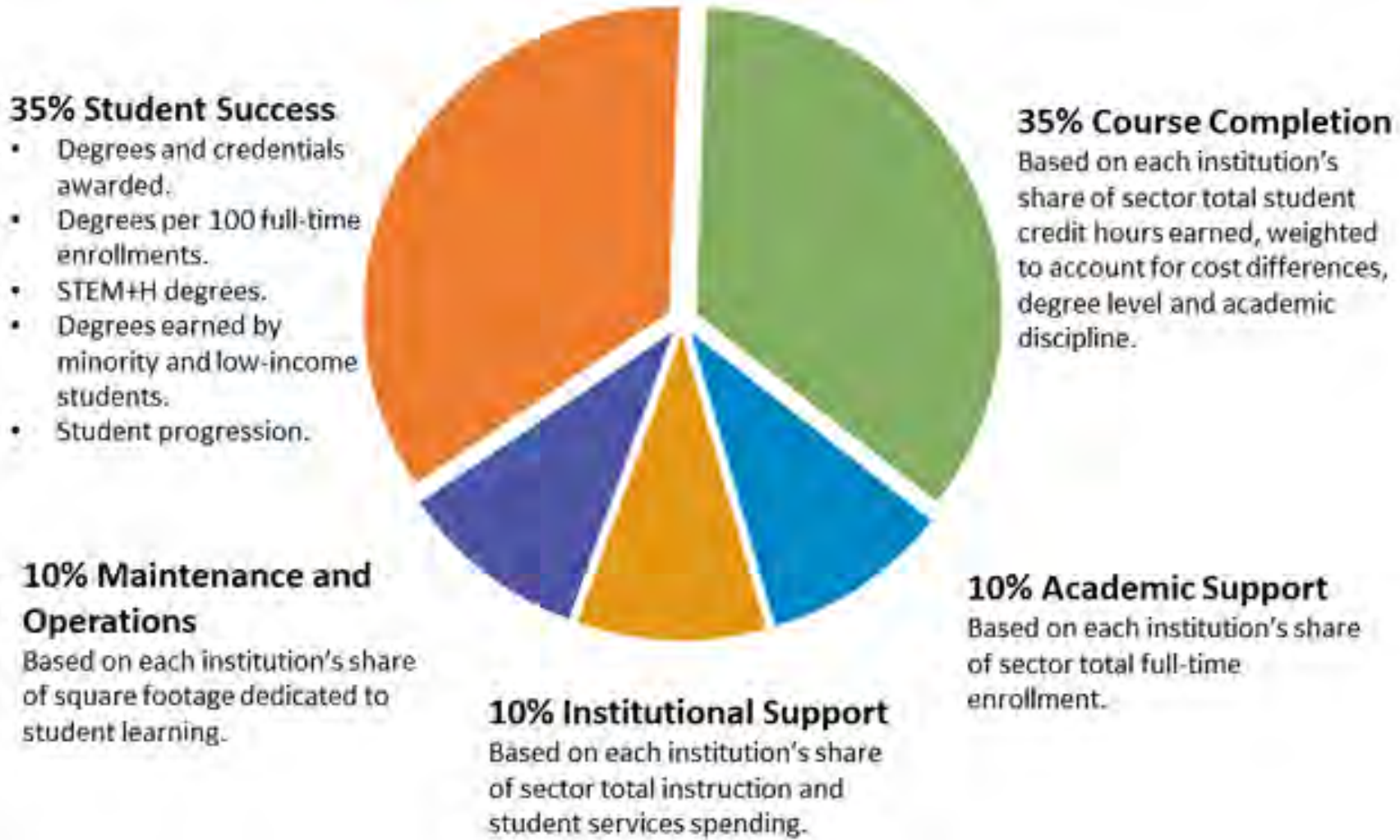
Respond to Legislative Mandate

- The 2016 budget bill (HB 303) directed the Council to establish a working group comprised of:
 - The Governor
 - President of Senate
 - Speaker of the House } (or their representative)
 - President of each public university and KCTCS
 - Council president
- Charged to develop a model for allocating state funds that included enrollment, mission, and performance
 - Transferred 5% of each institution's base (\$42.9 M, excluding KSU) to a newly created Performance Fund

Performance Funding Goals of the Model

- Increase retention and progression of students
- Increase the number of degrees and credentials earned by all types of students
- Grow the number of degrees and credentials that garner higher salaries upon graduation (e.g., STEM+H fields; high-wage, high-demand fields)
- Close achievement gaps by increasing the number of degrees and credentials earned by low-income, minority and underprepared students

Performance Funding Model Components



35% Student Success

- Degrees and credentials awarded.
- Degrees per 100 full-time enrollments.
- STEM+H degrees.
- Degrees earned by minority and low-income students.
- Student progression.

35% Course Completion

Based on each institution's share of sector total student credit hours earned, weighted to account for cost differences, degree level and academic discipline.

10% Maintenance and Operations

Based on each institution's share of square footage dedicated to student learning.

10% Academic Support

Based on each institution's share of sector total full-time enrollment.

10% Institutional Support

Based on each institution's share of sector total instruction and student services spending.

Tuition and Fee Setting Statutory Authority

- CPE has statutory authority to “determine tuition” at Kentucky public colleges and universities (KRS 164.020)
- Since 2009, the Council has operationalized that authority by adopting ceilings for resident undergraduate tuition
- Campuses are permitted to charge nonresidents in accordance with Council nonresident tuition policy or a previously approved MOU
- Institutions are allowed to charge market competitive rates for online and graduate tuition
- Generally, the Council approves campus proposals that comply with Council rate ceilings and nonresident tuition policy or existing MOUs

Tuition and Fee Setting Process and Timeline (2021-22)

- Collaborative process involving CPE staff, campus presidents and chief budget officers, Council members, and students
- Done annually, unless Council approves two-year ceiling



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| <ul style="list-style-type: none">• CPE staff and CBOs review the Tuition and Fee Policy and discuss changes• Develop a tuition setting timeline | <ul style="list-style-type: none">• CPE staff and campus presidents finalize the tuition policy and timeline• Council approves policy and timeline | <ul style="list-style-type: none">• CPE staff and CBOs exchange policy relevant data and identify key issues• CPE staff updates Council members | <ul style="list-style-type: none">• CPE staff and campus presidents finalize tuition recommendation• Council approves tuition ceilings | <ul style="list-style-type: none">• Campuses submit tuition proposals to CPE that comply with adopted ceilings• Council approves campus proposals |
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Tuition and Fee Setting Approval Process

The Council sets ceilings that limit the magnitude of tuition increases



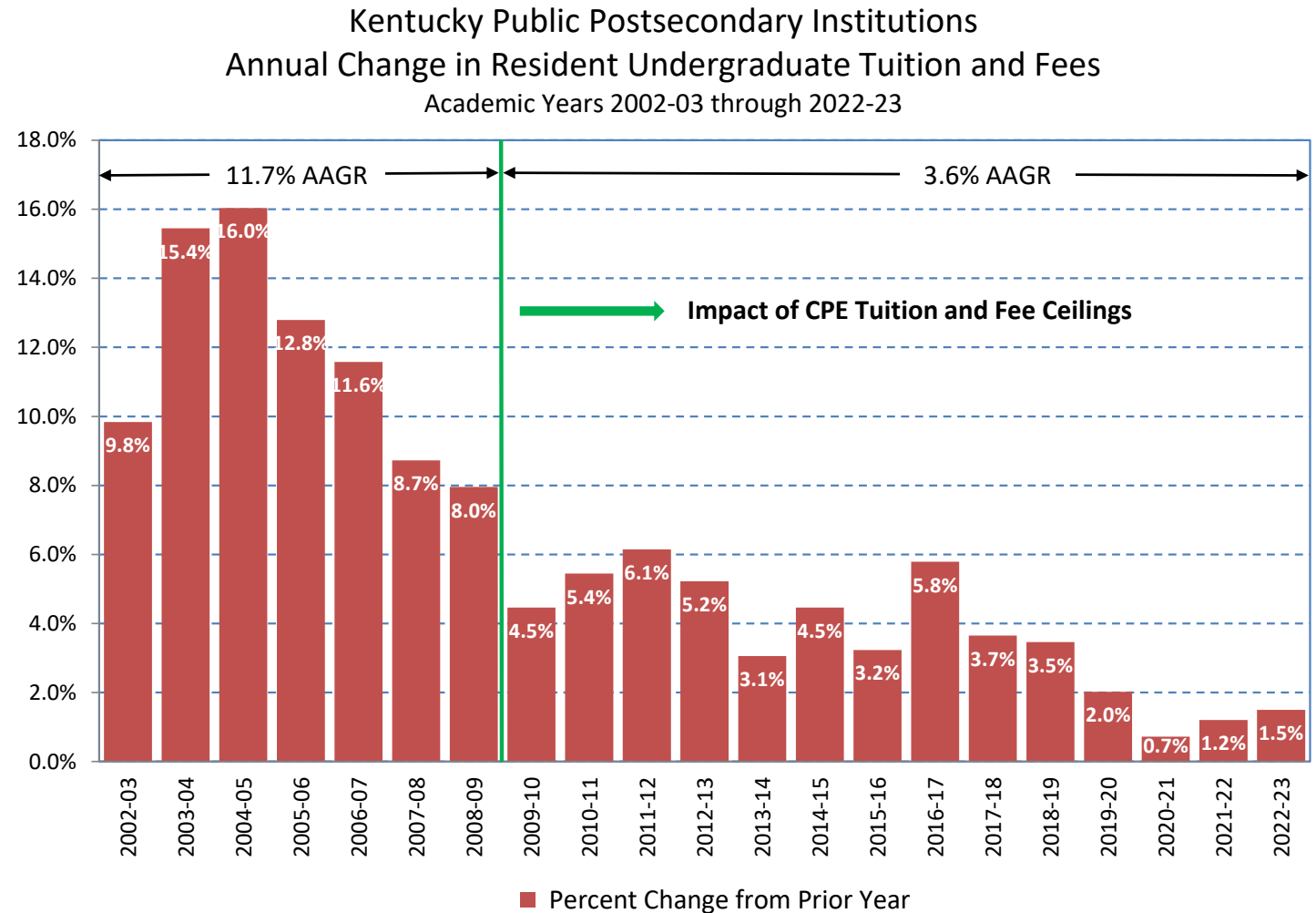
Campus boards approve tuition charges that fall under the caps



Council approves campus tuition proposals that comply with caps

Tuition and Fee Setting Annual Percent Change

- Between 2003 and 2009, the Council devolved responsibility for tuition setting to campus governing boards
- During that period, resident undergraduate tuition and fees increased at an average annual rate of 11.7% per year
- Since 2009, increases in resident undergraduate rates have averaged 3.6% per year
- Over the past three years, resident undergraduate tuition and fees have grown by about 1.1% a year





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