COSFL MEETING

Saturday, January 12, 2008

The Coalition of Senate and Faculty Leadership for Higher Education met on Jan. 12, 2008 at the University of Kentucky’s Young Library from 10:00 a.m. to 12:45 p.m.

Rep. Harry Moberly and Brad Cowgill, Acting Head of the Council on Post-Secondary Education were special guests. Both addressed the state budget situation and its likely impact on higher education.

In introducing himself to COSFL members, Rep. Moberly noted that he had served in the General Assembly since 1980 and currently serves as Chair of the House Appropriations Committee. He also has been an employee of EKU for 19 years. He explained the budget process and the challenges we currently face in higher education funding. In his opinion the 3% budget cut for the current year is appropriate. In imposing the 3% cut, the Governor exempted a few areas such as prisons, Medicaid, and elementary and secondary education. Unfortunately, the state is in the worst down cycle that Moberly has ever seen, and higher education is taking a very big hit. The state budget is about $500 million short in “dollar continuation” for the coming year, which will not allow for any salary increases.

Moberly pointed out that Gov. Fletcher had cut $1,000,000 from appropriations in 2001. At that point the Legislature started using “carry forward” money to fill the gaps whether it was one time money or not. For the second year of the biennium the budget is $200 million short of continuation money. If the state had experienced even moderate economic growth, then the practice of carrying forward one time money might have continued. However, the national economy is bad, and the economic forecast for the state is not good.

Kentucky has an executive budget process, meaning that the governor makes the initial budget recommendation. The recommendation then goes to the House. Rep. Moberly has 6 House committees that will work on the budget. Then the Senate will work on their version of the budget. The last step in the process is the conference committee (with representatives from the Senate and House) which comes out with the final form of the budget. Moberly noted that he tries to follow the recommendations of the CPE. However, the Legislature always has the final say. Sometimes items get put in the final budget during the conference committee because of the priorities of individual legislators.

What hope do we have? There is a reserve trust fund of $204,000,000. Rep. Moberly is fairly confident that higher education will not have to take a 12% cut in the first year of the next biennium. He believes that money can be found to mitigate the cuts, including possibly using all of the reserve trust fund for the first year.

A question was asked regarding Rep. Damron’s bill which would allow educational institutions to issue their own bonds. Moberly said the House had passed this 3 times and will pass it again. However, it won’t make it out of the Senate. He personally favors an increase in cigarette taxes. He noted that lottery money is totally dedicated to scholarships. Kentucky’s only merit-based scholarships are those in the KEES program, which he definitely supports. In answer to another question he stated that Bucks for Brains will continue to be a high priority of the Legislature.

A COSFL member expressed concern about a bill imposing tuition caps. Moberly said the CPE had recommended not raising tuition more than 6% for regionals and 9% for research institutions. He does not believe the Governor or the Legislature will do anything about tuition caps, and he personally is determined not to allow any tuition caps to pass.

Brad Cowgill, Interim Head of the Council on Post-Secondary Education, explained his role and ideas concerning the budget process. He noted that in Kentucky we budget on projected revenues. If the projections don’t work out then, by law, the Governor must make adjustments to fit the newest projections. However, the cuts were not what we might expect in that higher education has taken a disproportionate share of them. Kentucky relies heavily on revenue from sales taxes and individual income tax, so when there is an economic downtown we are hurting badly.

Cowgill feels his job is to make sure that the “world of fiscal management” (i.e. the 3% cut) does not bleed over into policy priorities for higher education. Regarding the possible 12% cut, he met with the presidents of the universities
and engaged in some “shared governance”, getting them to sign a letter of protest. They provided an outline of consequences and impacts, including a chart indicating that a cut of that magnitude would effectively eliminate 10 years of progress in higher education.

Cowgill talked at some length about the higher education reform bill (House Bill 1) passed 10 years ago, describing it as a very modern bill in its clarity of language and use of definite goals and deadlines. The goal of UK becoming a Top 20 institution is in the bill as is the goal that by 2020 our working population will have the same proportion of college graduates the rest of the country does. Cowgill thinks we can achieve this goal in 12 years if we use the available money as effectively as possible. One area that must be addressed is degree production efficiency; our drop out rates are too high, partially because we take too many who are not ready for college. The economic return on going to college a few semesters and not getting a degree is almost non-existent. We have unfortunately used a benchmark funding model in which institutions are rewarded for enrollment as opposed to graduation rates.

His other area of interest is financial aid with the goal of changing from poor outcomes to better outcomes. He was troubled that the KEES program made scholarship offers to his children, who definitely did not need the aid; he would prefer to have aid going to those who truly need it.

In answer to a question as to whether the CPE would have to submit an amended budget, Cowgill said he does not know, though it looks like the original budget will not be very useful in view of the current financial situation. Both he and Rep. Moberly felt that it would be useful to no longer follow the benchmark funding model. Tuition, scholarship and appropriation policies need to be coordinated. Cowgill noted that House Bill 1 does not specify who should develop education policy for Kentucky.

In response to a question about the “tolerance” bill, Moberly indicated that he and others will argue that the bill needs to be killed. (The bill actually prohibits domestic partner benefits.)

Minutes submitted by,

Dr. Nancy McKenney
EKU COSFL Representative