

## End of Year Report on Legislative Advisory Committee Activities to the University Senate

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The 2014 Kentucky General Assembly completed its work and adjourned *sine die* on April 15, 2014. Although it is difficult to characterize any legislative session that includes a budget cut to higher education as successful, if one looks at the session from the perspective of WKU and its legislative priorities, the outcomes have been more or less positive for the university. During the legislative session from January to late March, the Legislative Advisory Committee met with Vice-President for Public Affairs Robbin Taylor and her staff to get updates on various bills which the university was tracking and to provide feedback and input on them. What follows is a brief re-cap of the university's legislative priorities, an update on how WKU fared, and finally, a summary of the legislative initiatives of interest to WKU and updated bill tracking summary. I will discuss this in two parts: the budgeting process and the legislative process.

### **Budget:**

HB 235, the Executive Branch Budget, was obviously WKU's primary focus for the 2014 session. The Governor's proposed budget did not include many of the key elements of the original CPE budget recommendation for universities; you can find that recommendation here:

<http://cpe.ky.gov/NR/rdonlyres/62591023-84C5-4822-9C3D-31B95400ED4E/0/7dCPEAgencyFundsRequest.pdf>

Governor Beshear introduced his proposed budget in mid-January and deviated from many of the key elements of the CPE recommendation. The Governor's budget proposal included (1) a 2.5% reduction to university operating budgets, which for WKU was a \$1.8 million reduction; (2) 50% funding of the mandated KERS employer contribution increase, which for WKU was a \$1.3 million addition; (3) state-funded capital projects and agency bond projects for universities, including WKU's top priority, \$48 million in state-funded bonds for the Phase IV Science Complex Project (Thompson Complex) and authorization for university funding of two agency bond projects (Parking Structure III and Student Intramural Recreation Facility Expansion); and (4) a recurring \$2 Million addition to the operating budget for the Gatton Academy of Mathematics and Science in Kentucky to support expanding enrollment from 120 students to 200 students beginning in 2016.

After much debate and reconciliation of the House and Senate versions of the budget, lawmakers agreed to:

(1) Restore one percent of the cut back to university operating budgets, so the budget includes a 1.5% budget cut instead of a 2.5% cut, which saved WKU \$750,000.

(2) A significant fixed-cost factor that we cannot control is the mandated increase in the employer contributions to the Kentucky Employees Retirement System that is required as a result of State Pension Reform enacted last year. We began last fall making our case to the Governor to include funding for universities to meet that mandated cost, and ultimately he included 50% of the increase in our base budgets. Lawmakers agreed. This was a cost avoidance issue for comprehensive universities; for WKU it amounted to approximately \$1.3 million.

(3) Lawmakers also agreed to fund most of the university capital project priorities included in the Governor's budget, so WKU received funding for the completion of the Science Complex. No capital projects have been funded by the state since the 2006 budget (NOTE: state bonds are only issued to fund projects for academic purposes and the state assumes the debt load and interest payments; non-academic projects can only be funded by agency bonds for which WKU assumes both the debt load and the interest payments, or uses private funding). Given the recent closure of the Thompson Complex North Wing, this was a genuine need for WKU and this is a real victory. Most institutions did receive authorization for agency bond projects that are self-funded, but in the final analysis WKU's Administrative Council made the decision to forego the two projects originally included for WKU (Parking Structure III and Student Intramural Recreation Facility Expansion). According to Vice-President Taylor, "Both projects are in the early discussion stages, and at this time our institutional priority is to pursue those projects in the future. To be clear, both legislators and LRC budget staff made every effort to ensure that those projects would be authorized if we wanted to proceed, and we declined to have those included for this biennium [2014-2015]." Speaking as your representative to the Legislative Advisory Committee, I would continue to classify these projects as "wants," not "needs," which would require student fees to fund them. Student fees require approval by the Student Government Association before the university can seek approval from the CPE for them.

(4) Finally, lawmakers approved the additional \$2 million in operating funds for the Gatton Academy to expand the enrollment from 120 to 200 high school juniors and seniors. Private funds have been secured for the building expansion that will be necessary to accommodate the additional students.

Two additional items of interest to us that were included in the Governor's budget but were not passed in the final budget were Bucks for Brains and the Commonwealth College Adult Learner Initiative. "Bucks for Brains" is a donor matching program that would have provided approximately \$2 million in matching funds for WKU private fundraising efforts. The Commonwealth College Adult Learner Initiative is a proposed series of online degree programs aimed at place-bound adult learners, and the funding proposal would have created the infrastructure and provided marketing funds for the program. Ultimately funds for both of these programs were diverted to the bottom line to help restore university base budget cuts.

The budget has been signed into law; although Governor Beshear vetoed some items, none had any implications for WKU.

### **Legislation:**

According to Vice-President Taylor, there were fewer bills introduced this session than in years past, and even fewer that had significant impact on higher education. The university (and this legislative committee) typically monitors bills, whether they have direct university implications or not, which affect public employees and the state retirement systems, workers' compensation, education, health professions, state buildings, constitutional amendments and those with revenue implications and budget bills. Of the 824 bills introduced, WKU actively monitored 117. Of those, 18 passed and Governor Beshear signed them into law. One bill, HB 407, labeled the P3 or Public-Private Partnerships Bill, was vetoed by the Governor. Another, SB 85, was rolled into a House bill (HB125) along with a number of other health related bills and passed last night. Neither HB 407 nor SB 85 directly impact WKU.

The legislature passed HB 2, the Coal County College Completion Program bill, in the final hours of the session. This law establishes a scholarship program for students residing in and attending postsecondary institutions in all Kentucky coal producing counties. The budget provided \$2 million for this program, which will be administered by the Kentucky Higher Education Assistance Authority. This program was piloted last year in the eastern coal producing counties, but HB 2 makes it available for all coal producing counties, including Daviess County, so some students attending the WKU-O campus would be eligible. Staff in our Financial Aid office and at WKU-O will be learning more as the program details become available.

HB 87, Employment Rates and Earnings, passed and was signed by the Governor. The intent of HB 87 is to provide data to prospective and current students as they seek to determine what career fields to pursue and to provide high school guidance counselors with recent data on the employment status and earnings of Kentucky's recent college graduates. According to Vice-President Taylor, "This data is currently collected and available through the Kentucky Office for Education and Workforce Statistics, but we have not been required to disseminate that data. We, along with our colleagues at the other public universities and the CPE, worked with the bill sponsor (Rep. Brent Yonts) early in the session to make some language changes to ensure that the data reported is appropriately represented and that the reporting requirements for the universities are not costly and onerous." WKU will work with CPE to obtain and appropriately report the data in the coming year.

Several measures our committee tracked closely did not pass. Of particular interest was HB 333, a bill pertaining to KTRS. HB 333 would have forced a change in our current Transitional Retirement Program for faculty retiring before the age of 60 who wish to be rehired for the allowable 100 days. Tony Glisson and the HR staff worked along with Academic Affairs with

each affected employee to be prepared in case the bill passed. Since it did not, no policy change is necessary at this time, and individuals may choose to proceed with retirement under existing rules. I am very pleased that HR and Academic Affairs staff worked with those few who are proceeding with retirement plans to ensure they understand the available options.

Three tuition waiver bills were introduced this session, and we along with our public university colleagues were able to work with the House and Senate Education chairs and bill sponsors to keep those from proceeding. Although most waiver bills apply to a small subset of the population and at face value seem small, at least one had far-reaching and costly implications. Universities continue to make the case that taken in total, state mandated tuition waivers are extremely costly to universities, and therefore only waivers that have funding attached should be considered. WKU spends nearly \$4 million annually to fund state mandated waivers, which you can see once the 2014-15 Budget is published in July; I will post the link in my Regent report.

Finally, here's a link to the bill chart:

[http://www.klsreports.com/Report\\_Custom.aspx?sid=mgRKgijaLhk%3d&rid=3eVsaiWXixI%3d](http://www.klsreports.com/Report_Custom.aspx?sid=mgRKgijaLhk%3d&rid=3eVsaiWXixI%3d)

Please contact me if you have any questions about any of these issues, either now or going forward as legislators pre-file bills this fall. Overall, it has been a very positive experience to have faculty representation on the Legislative Advisory Committee so I could report to the Senate on relevant bills and share your views with the Committee. It is my pleasure to serve as your representative.