

COUNCIL ON POSTSECONDARY EDUCATION FINANCE COMMITTEE MEETING



January 19, 2022 – 1:00 p.m., ET

ZOOM teleconferencing for Finance Committee members

Livestream: <https://www.youtube.com/c/KentuckyCouncilOnPostsecondaryEducationFrankfort>

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<i>Next Committee meeting: April 12, 2022 @ 2pm ET</i>	

DRAFT MINUTES
Council on Postsecondary Education

Type: Finance Committee Meeting
Date: October 28, 2021
Time: 10:00 a.m. ET
Location: Virtual Meeting by ZOOM Webinar; Public viewing hosted on CPE YouTube Page

CALL TO ORDER

The Finance Committee met Thursday, October 28, 2021, at 10:00 a.m., ET. The meeting occurred virtually via ZOOM teleconference. Members of the public were invited to view the livestream on the CPE YouTube page.

Vice Chair Eric Farris presided over the meeting on behalf of Committee Chair Lucas Mentzer, who could not attend.

ATTENDANCE

Committee members in attendance: Eric Farris, Richard Nelson, Madison Silvert and Elaine Walker.

Not in attendance: Colby Birkes and Lucas Mentzer.

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

APPROVAL OF THE MINUTES

The minutes of the September 2, 2021 Finance Committee meeting were approved as distributed.

2022-24 BIENNIAL BUDGET RECOMMENDATION

Dr. Bill Payne, CPE's Vice President of Finance and Administration, and Mr. Shaun McKiernan, Executive Director of Finance and Budget, presented the staff recommendation for the 2022-24 Biennial Budget Recommendation, which was

broken down into three parts: the postsecondary institutions request, the agency budget request, and a special appropriation request.

Postsecondary Institution Request

The primary way that Kentucky finances its public postsecondary system and supports the teaching, research, and public service missions of individual colleges and universities is by providing state General Fund appropriations for campus operations. These funds, along with tuition and fee revenue, support education and general (E&G) expenditures on campus, including faculty and staff salaries, fringe benefits, student financial aid, utilities, building maintenance, libraries, student support services, and numerous other operating expenses.

Staff Recommendation: Finance Committee approve, and endorse to the full Council, the Postsecondary Institution Request, including operating funds, capital investment, and trust fund components as proposed.

<u>Component</u>	<u>Fiscal 2022-23</u>	<u>Fiscal 2023-24</u>	<u>Biennial Total</u>
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
KSU Land-Grant Program	671,500	671,500	1,343,000
Capital Investment			
New Construction	\$0	\$0	\$0
Asset Preservation	350,000,000	350,000,000	700,000,000
– Debt Service	25,217,000	50,434,000	75,651,000
Technology Infrastructure	0	0	0
Trust Funds			
Endowment Match Program	\$30,000,000	\$30,000,000	\$60,000,000
– Debt Service	2,418,000	4,836,000	7,254,000
Competitive Workforce Initiative	2,225,000	4,450,000	6,675,000

MOTION: Ms. Walker moved to approve the biennial budget request for 2022-24 Postsecondary Institution funds, and recommend adoption by the full Council at its November 5, 2021 meeting. Mr. Silvert seconded the motion.

VOTE: The motion passed.

CPE Agency Budget Request

The Council's General Fund agency budget request had four main categories: (1) Operating funds; (2) Technology Trust Fund; (3) Ovarian Cancer Screening; and (4) SREB Doctoral Scholars Program and Dues.

- 1) General Fund appropriations for agency operations support expenditures associated with the Council's higher education coordinating board role, including resources for policy leadership, strategic planning, regulation of the state's postsecondary education system, financial policy analysis and development (biennial budget recommendation, performance funding, and tuition setting), administrative services, communications, academic affairs and program review, and information, research, and data analysis.
- 2) Three program areas use Technology Trust Fund General Fund dollars: technology support, the Kentucky Virtual Library (KYVL), and the Kentucky Postsecondary Education Network (KPEN). About 31 percent of the CPE's total General Fund budget is allocated to the Technology Trust Fund.
- 3) In prior biennia, a portion of the Council's Tobacco Funds were directed by the General Assembly to support ovarian cancer screenings. Beginning in 2018-20, the General Assembly made General Fund appropriations of \$500,000 for each year, or about 5% of CPE's 2021-22 General Fund budget, for ovarian cancer research and screening.
- 4) CPE pays the Commonwealth's dues to be a part of the Southern Region Education Board. This organization provides the state with education research and professional development opportunities for staff and elected leaders. It also plays a key role in maintaining licensure reciprocity for postsecondary institutions and in administering the Academic Common Market, which allows students to pursue programs in other states at in-state rates.

Staff Recommendation: Finance Committee approve, and endorse to the full Council, the CPE Agency Budget Request, including expanded duties and responsibilities, Education Continuum, and Healthcare Initiative components as proposed. Staff further recommended that the Finance Committee, approve and endorse to the full Council, restricted funds, and tobacco fund appropriations at 2021-22 funding levels.

Operating Funds	Fiscal 2021-22	Fiscal 2022-23	Fiscal 2023-24
Defined Calculations	\$222,900	\$214,900	\$323,900
SREB Doctoral Scholars		50,000	100,000
Expanded Duties and Responsibilities		1,032,500	1,383,400
Education Continuum			
Transitions and Early Postsecondary Opportunities		1,280,500	3,280,500
Healthcare Initiative		\$20,000,000	\$20,000,000
Capital Investment		Fiscal 2022-23	Fiscal 2023-24
Student Portal		\$2,000,000	
Upgrade Regional Optical Network		\$1,000,000	

MOTION: Mr. Silvert moved to approve the 2022-24 biennial budget request for CPE Agency funds, and recommend adoption by the full Council at its November 5, 2021 meeting. Mr. Nelson seconded the motion.

VOTE: The motion passed.

Special Appropriation Request

On July 20, 2021, Governor Andy Beshear issued Executive Order 2021-504, which directed CPE to provide an assessment of the current financial status of Kentucky State University (KSU), and provide a report to the Governor detailing its assessment prior to providing recommendations concerning appropriations for the next biennial budget. The report was presented to the KSU board, and a summary was provided to Council members shortly thereafter. A full review of the report would be presented at the November 4, 2021 Council work session. As a result of that report and analysis, the following special appropriation request for KSU was recommended.

Staff Recommendation: Finance Committee approve, and endorse to the full Council, the Special Appropriation for KSU, including financial stabilization fund and strategic operating funds components as proposed. Staff further recommends that any authorized funding be placed in a newly created funding program, requiring Council approval for funds to be accessed and expended by KSU.

Funding Component	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Additional Budget Requests:			
Financial Stabilization Fund (NR)	\$23,000,000	\$0	\$0
Strategic Operating Funds	0	1,000,000	1,000,000
Total Additional Requests	\$23,000,000	\$1,000,000	\$1,000,000

NR = Nonrecurring funds

The Council discussed at length the reasons for the large deficit at the university, and Mr. Nelson stated he didn't believe the Council had received enough information yet in order to make an educated decision on the matter.

MOTION: Ms. Walker moved to approve the Special Appropriation Request, and recommend adoption by the full Council at its November 5, 2021 meeting. Mr. Silvert seconded the motion.

VOTE: The motion passed 3-1 with one nay vote from Mr. Nelson.

ADJOURNMENT

The Finance Committee adjourned at 12:05 p.m., ET.

MINUTES REVIEWED AND APPROVED BY THE COMMITTEE: _____

TITLE: 2022-24 Budget Development Update – Executive Budget (HB 285)

DESCRIPTION: Staff provides a summary of postsecondary education provisions in the 2022-24 Executive Budget (HB 285)

PRESENTERS: Shaun McKiernan, Executive Director of Finance and Budget, CPE
Bill Payne, Vice President of Finance and Administration, CPE

SUMMARY INFORMATION

Governor Beshear presented the state’s 2022-24 Executive Branch budget on January 13, 2022, the eighth legislative day of the 2022 legislative session. The statutory deadline for the Governor to present a proposed budget is the tenth legislative day.

Highlights of the bill pertaining to postsecondary education include the following:

- \$67.5 million in new funding for institutions in 2022-23, \$90.0 million in 2023-24 – not to be run through the Postsecondary Education Performance Fund
- Maintenance of pension subsidies for KERS-participating institutions (EKU, KSU, MoSU, MuSU, WKU, and KCTCS) at 2021-22 level
- KSU land grant funding at requested levels in 2021-22 and in upcoming biennium
- \$23.0 million for KSU in current year to respond to financial crisis
- \$500.0 million for asset preservation with a 50% match requirement required – CPE can grant waiver if institutions face a hardship in reaching match
- \$60.0 million for Bucks for Brains, \$50.0 million for research institutions, \$10 for comprehensives
- \$20.0 million each year for a workforce Initiative, which is similar to the Healthcare Initiative that CPE requested, but not contained within the postsecondary education budget
- \$2.0 million for the student portal

- \$1.0 million for Kentucky Regional Optical Network campus upgrades

In addition, the Executive Budget provides \$300,000 for UofL's Center for Military Connected Students and \$200,000 for ECU's Center for the Art/Community Operations Board in 2022-23 and 2023-24.

The Executive Budget funds CPE's request for General Fund for staff related to expansion of duties, the Education Continuum, SREB Doctoral Scholars expansion, and CPE's Student Portal. See the attached tables for additional detail.

Council on Postsecondary Education
 Crosswalk from Current Base to 2022-2024 Executive Budget (HB 285)
 Postsecondary Institution Operating Funds

2022-2024 Executive Budget (HB 285)

<u>Current Year Base (2021-22):</u>	UK	UofL	EKU	KSU	MoSU	MuSU	NKU	WKU	KCTCS	PEPF	Total
Regular Appropriation	\$266,243,800	\$127,156,800	\$74,323,900	\$27,186,100	\$43,324,900	\$47,024,700	\$52,247,500	\$76,946,600	\$175,435,900	\$17,307,100	\$907,197,300
Plus:											
Performance Distribution	6,086,400	2,972,500	120,200	0	0	0	2,902,700	1,398,800	3,826,500	(17,307,100)	0
Special Appropriation	0	0	0	200,000	0	0	0	0	0	-- NA --	200,000
Total General Fund	\$272,330,200	\$130,129,300	\$74,444,100	\$27,386,100	\$43,324,900	\$47,024,700	\$55,150,200	\$78,345,400	\$179,262,400	\$0	\$907,397,300
Minus:											
Debt Service	(1,013,000)	0	0	(182,000)	0	0	0	0	0	-- NA --	(1,195,000)
➔ 2021-22 Net General Fund Base	\$271,317,200	\$130,129,300	\$74,444,100	\$27,204,100	\$43,324,900	\$47,024,700	\$55,150,200	\$78,345,400	\$179,262,400	\$0	\$906,202,300
<u>First-Year Operating Funds (2022-23):</u>											
➔ 2021-22 Net General Fund Base	\$271,317,200	\$130,129,300	\$74,444,100	\$27,204,100	\$43,324,900	\$47,024,700	\$55,150,200	\$78,345,400	\$179,262,400	\$0	\$906,202,300
Plus:											
Additional Appropriations											
Base General Fund Increase ^a	16,785,800	11,368,200	5,364,700	1,604,700	3,074,000	3,568,700	4,736,700	6,073,500	14,923,700	-- NA --	67,500,000
Mandated Programs	0	300,000 ^b	200,000 ^c	671,500 ^d	0	0	0	0	0	-- NA --	1,171,500
New Debt Service	12,248,500	3,603,000	4,372,000	2,202,000	4,662,000	908,000	4,500,000	3,841,000	1,400,500	-- NA --	37,737,000
2022-23 Executive Budget General Fund (HB 285)	\$300,351,500	\$145,400,500	\$84,380,800	\$31,682,300	\$51,060,900	\$51,501,400	\$64,386,900	\$88,259,900	\$195,586,600	\$0	\$1,012,610,800
Dollar Change from Baseline	\$29,034,300	\$15,271,200	\$9,936,700	\$4,478,200	\$7,736,000	\$4,476,700	\$9,236,700	\$9,914,500	\$16,324,200	\$0	\$106,408,500
Percent Change from Baseline	10.7%	11.7%	13.3%	16.5%	17.9%	9.5%	16.7%	12.7%	9.1%	-- NA --	11.7%
<u>Second-Year Operating Funds (2023-24):</u>	6.3%	8.9%	7.2%	5.9%	7.1%	7.6%	9.1%	7.9%	8.5%		
➔ 2021-22 Net General Fund Base	\$271,317,200	\$130,129,300	\$74,444,100	\$27,204,100	\$43,324,900	\$47,024,700	\$55,150,200	\$78,345,400	\$179,262,400	\$0	\$906,202,300
Plus:											
Additional Appropriations											
Base General Fund Increase ^a	22,381,000	15,157,600	7,152,900	2,139,600	4,098,600	4,758,300	6,315,600	8,098,100	19,898,300	-- NA --	90,000,000
Mandated Programs	0	300,000 ^b	200,000 ^c	671,500 ^d	0	0	0	0	0	-- NA --	1,171,500
New Debt Service	24,497,000	7,206,000	8,744,000	4,404,000	9,324,000	1,816,000	9,000,000	7,682,000	2,801,000	-- NA --	75,474,000
2023-24 Executive Budget General Fund (HB 285)	\$318,195,200	\$152,792,900	\$90,541,000	\$34,419,200	\$56,747,500	\$53,599,000	\$70,465,800	\$94,125,500	\$201,961,700	\$0	\$1,072,847,800
Dollar Change from Baseline	\$46,878,000	\$22,663,600	\$16,096,900	\$7,215,100	\$13,422,600	\$6,574,300	\$15,315,600	\$15,780,100	\$22,699,300	\$0	\$166,645,500
Percent Change from Baseline	17.3%	17.4%	21.6%	26.5%	31.0%	14.0%	27.8%	20.1%	12.7%	-- NA --	18.4%

Note: The Governor's Budget does not include any additional appropriations for the Postsecondary Education Performance Fund (PEPF) in fiscal years 2022-23 or 2023-24, but does add any performance funds earned by an institution in fiscal year 2021-22 to that institution's revised 2021-22 net General Fund base.

^a System total base General Fund increases of \$67.5 million in fiscal year 2022-23 and \$90.0 million in fiscal year 2023-24 allocated among institutions based on each institution's share of system total adjusted net General Fund.

^b Additional appropriation of \$300,000 each year of the biennium for the UofL Center for Military-Connected Students.

^c Additional appropriation of \$200,000 each fiscal year for the EKU Community Operations Board.

^d Additional appropriation of \$671,500 in the current year and in each year of the upcoming biennium to meet a federal grant matching requirement for KSU's land-grant program.

Council on Postsecondary Education
 2022-2024 Executive Budget (HB 285)
 Allocation of Asset Preservation Funds

ATTACHMENT B

	A			B	(A + B) C	(C ÷ 2) D	(C + D) E
Campus	Base Allocation ¹	Renovation and Renewal Need ²	Percent of Total	VFA Need Allocation	Total General Fund Amount	Recommended Campus Match ³	State Bonds & Campus Match
University of Kentucky	\$5,000,000	\$2,242,371,700	36.8%	\$165,785,100	\$170,785,100	\$85,392,550	\$256,177,650
University of Louisville	5,000,000	1,032,082,300	17.0%	76,304,900	81,304,900	40,652,450	121,957,350
Eastern Kentucky University	5,000,000	438,941,900	7.2%	32,452,300	37,452,300	18,726,150	56,178,450
Kentucky State University	5,000,000	113,775,500	1.9%	8,411,800	13,411,800	6,705,900	20,117,700
Morehead State University	5,000,000	321,567,500	5.3%	23,774,400	28,774,400	14,387,200	43,161,600
Murray State University	5,000,000	347,559,000	5.7%	25,696,100	30,696,100	15,348,050	46,044,150
Northern Kentucky University	5,000,000	294,015,900	4.8%	21,737,500	26,737,500	13,368,750	40,106,250
Western Kentucky University	5,000,000	537,725,000	8.8%	39,755,600	44,755,600	22,377,800	67,133,400
KCTCS	10,000,000	758,556,600	12.5%	56,082,300	66,082,300	33,041,150	99,123,450
Total	\$50,000,000	\$6,086,595,400	100.0%	\$450,000,000	\$500,000,000	\$250,000,000	\$750,000,000

¹ The \$50 million base allocation represents 10% of the total proposed asset preservation pool. Of that amount, 20% is allocated to KCTCS, with the remainder distributed equally among public universities.

² Figures obtained from *Kentucky Postsecondary Education System Facility Condition and Space Study*, Vanderweil Facilities Advisors, Paulien & Associates, and NCHEMS, February 2007 (updated in 2013).

³ The Executive Budget (HB 285) includes a **fifty-cents-on-the-dollar match** for proposed asset preservation funds, as recommended by CPE.

TITLE: 2022-24 Budget Development Update – House Budget (HB 1)

DESCRIPTION: Staff provides a summary of postsecondary education provisions in the 2022-24 House Budget (HB 1)

PRESENTERS: Shaun McKiernan, Executive Director of Finance and Budget, CPE
Bill Payne, Vice President of Finance and Administration, CPE

SUMMARY INFORMATION

House leadership (40 sponsors, including Speaker David Osborne) posted HB 1, their proposal for the state's 2022-24 Executive Branch budget on January 7, 2022. The timing was unprecedented, since the bill posted prior to the Governor's budget presentation on January 13, the eighth legislative day. The statutory deadline is the tenth day.

Highlights of the bill pertaining to postsecondary education include the following:

- \$50.0 million in new funding for the Postsecondary Education Performance Fund
- Maintenance of pension subsidies for KERS-participating institutions (EKU, KSU, MoSU, MuSU, WKU, and KCTCS) at 2021-22 level
- KSU land grant funding at requested levels in 2021-22 and in upcoming biennium
- \$700.0 million for asset preservation (\$350.0 million per year - cash funded) distributed based on education and general square footage, with a 25% match requirement for research institutions only
- \$30.0 million for Bucks for Brains (\$15.0 million each year in Bond Funds)
- \$2.2 million in 2022-23 and \$4.5 million in 2023-24 for the Workforce Development Trust Fund
- \$20.0 million in each year for the Healthcare Workforce Initiative

- \$1.0 million for Kentucky Regional Optical Network campus upgrades

In addition, the House budget provides \$6.1 million for UK agricultural extension employee salary adjustments and \$300,000 for UofL's Center for Military Connected Students in 2022-23 and 2023-24 and provides \$200,000 in 2022-23 for ECU's Center for the Arts.

As a reminder, CPE recommended \$67.5 million and \$90.0 million for Performance Funding for 2022-23 and 2023-24, respectively, and a 50% match for all institutions on state funds for Asset Preservation, with distribution of those funds based largely on VFA Study-identified need. CPE requested \$60.0 million for Bucks for Brains. The House Budget did not fund CPE's request for General Fund for staff related to expansion of duties, the Education Continuum, SREB Doctoral Scholars expansion, or CPE's Student Portal. See the attached tables for additional detail.

Council on Postsecondary Education
 Crosswalk from Current Base to 2022-2024 House Budget (HB 1)
 Postsecondary Institution Operating Funds

2022-2024 House Budget (HB 1)

Current Year Base (2021-22):	UK	UofL	EKU	KSU	MoSU	MuSU	NKU	WKU	KCTCS	PEPF	Total
2021-22 Regular Appropriation	\$266,243,800	\$127,156,800	\$74,323,900	\$27,186,100	\$43,324,900	\$47,024,700	\$52,247,500	\$76,946,600	\$175,435,900	\$17,307,100	\$907,197,300
Plus: 2021-22 Performance Distribution	6,086,400	2,972,500	120,200	0	0	0	2,902,700	1,398,800	3,826,500	(17,307,100)	0
Special Appropriation	0	0	0	200,000	0	0	0	0	0	-- NA --	200,000
2021-22 Total General Fund	\$272,330,200	\$130,129,300	\$74,444,100	\$27,386,100	\$43,324,900	\$47,024,700	\$55,150,200	\$78,345,400	\$179,262,400	\$0	\$907,397,300
Minus: 2021-22 Debt Service	(1,013,000)	0	0	(182,000)	0	0	0	0	0	-- NA --	(1,195,000)
Performance Adjustment (KRS 164.092)	(6,086,400)	(2,972,500)	(120,200)	0	0	0	(2,902,700)	(1,398,800)	(3,826,500)	17,307,100	0
➔ 2021-22 Adjusted Net General Fund Baseline	\$265,230,800	\$127,156,800	\$74,323,900	\$27,204,100	\$43,324,900	\$47,024,700	\$52,247,500	\$76,946,600	\$175,435,900	\$17,307,100	\$906,202,300
First-Year Operating Funds (2022-23):											
➔ 2021-22 Adjusted Net General Fund Baseline	\$265,230,800	\$127,156,800	\$74,323,900	\$27,204,100	\$43,324,900	\$47,024,700	\$52,247,500	\$76,946,600	\$175,435,900	\$17,307,100	\$906,202,300
Plus: Additional Appropriations											
Performance Funding	0	0	0	0	0	0	0	0	0	50,000,000	50,000,000
KSU Land Grant Match	0	0	0	671,500 ^d	0	0	0	0	0	-- NA --	671,500
Mandated Programs	6,100,000 ^a	300,000 ^b	200,000 ^c	0	0	0	0	0	0	-- NA --	6,600,000
2022-23 House Budget General Fund (HB 1)	\$271,330,800	\$127,456,800	\$74,523,900	\$27,875,600	\$43,324,900	\$47,024,700	\$52,247,500	\$76,946,600	\$175,435,900	\$67,307,100	\$963,473,800
Dollar Change from Baseline	\$6,100,000	\$300,000	\$200,000	\$671,500	\$0	\$0	\$0	\$0	\$0	\$50,000,000	\$57,271,500
Percent Change from Baseline	2.3%	0.2%	0.3%	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	-- NA --	6.3%
Second-Year Operating Funds (2023-24):											
➔ 2021-22 Adjusted Net General Fund Baseline	\$265,230,800	\$127,156,800	\$74,323,900	\$27,204,100	\$43,324,900	\$47,024,700	\$52,247,500	\$76,946,600	\$175,435,900	\$17,307,100	\$906,202,300
Plus: Additional Appropriations											
Performance Funding	0	0	0	0	0	0	0	0	0	50,000,000	50,000,000
KSU Land Grant Match	0	0	0	671,500 ^d	0	0	0	0	0	-- NA --	671,500
Mandated Programs	6,100,000 ^a	300,000 ^b	0 ^c	0	0	0	0	0	0	-- NA --	6,400,000
2023-24 House Budget General Fund (HB 1)	\$271,330,800	\$127,456,800	\$74,323,900	\$27,875,600	\$43,324,900	\$47,024,700	\$52,247,500	\$76,946,600	\$175,435,900	\$67,307,100	\$963,273,800
Dollar Change from Baseline ⁽¹⁾	\$6,100,000	\$300,000	\$0	\$671,500	\$0	\$0	\$0	\$0	\$0	\$50,000,000	\$57,071,500
Percent Change from Baseline ⁽¹⁾	2.3%	0.2%	0.0%	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	-- NA --	6.3%

Note: Dollar and percent change figures for the postsecondary institutions do not reflect distribution of any funds from the Postsecondary Education Performance Fund (PEPF). The funding model will be run in April each year of the upcoming biennium to determine the distribution of any available performance funds.

^a Additional appropriation of \$6,100,000 each year of the biennium for UK extension agent pay increases.

^b Additional appropriation of \$300,000 each year of the biennium for the UofL Center for Military Connected Students.

^c Additional appropriation of \$200,000 in fiscal year 2022-23 for the EKU Center for the Arts.

^d Additional appropriation of \$671,500 in the current year and in each year of the upcoming biennium to meet a federal grant matching requirement for KSU's land-grant program.

Council on Postsecondary Education
 2022-2024 House Budget (HB 1)
 Allocation of Asset Preservation Funds

ATTACHMENT B

Institution	Allocation Method		HB 1 Appropriations		Biennial Totals
	Fiscal 2019-20 Category I and II E&G Square Feet	Percent of Total	Fiscal 2022-23	Fiscal 2023-24	
UK	6,461,866	22.03%	\$77,098,000	\$77,098,000	\$154,196,000
UofL	3,431,623	11.70%	40,943,000	40,943,000	81,886,000
EKU	2,296,796	7.83%	27,403,000	27,403,000	54,806,000
KSU	673,771	2.30%	8,039,000	8,039,000	16,078,000
MoSU	1,476,020	5.03%	17,611,000	17,611,000	35,222,000
MuSU	1,977,019	6.74%	23,588,000	23,588,000	47,176,000
NKU	1,960,980	6.68%	23,397,000	23,397,000	46,794,000
WKU	2,852,999	9.73%	34,040,000	34,040,000	68,080,000
KCTCS	8,203,785	27.97%	97,881,000	97,881,000	195,762,000
Totals	29,334,859	100.00%	\$350,000,000	\$350,000,000	\$700,000,000

Required 25% Match for Research Institutions

Institution	Fiscal 2022-23	Fiscal 2023-24	Biennial Totals
UK	19,275,000	19,275,000	38,550,000
UofL	10,236,000	10,236,000	20,472,000
Totals	29,511,000	29,511,000	59,022,000

TITLE: KSU Special Appropriation (HB 250)

DESCRIPTION: Staff provides an update on House Bill 250, pertaining to CPE's recommendation for the Governor and General Assembly to provide a \$23.0 million in financial stabilization funds for Kentucky State University in fiscal year 2021-22

PRESENTERS: Travis Powell, General Counsel and Vice President, CPE
Ryan Kaffenberger, Senior Associate of Finance and Budget

SUMMARY INFORMATION

On January 8, 2022, Representative James Tipton introduced [House Bill \(HB\) 250](#), which addresses the current financial crisis facing Kentucky State University (KSU) and outlines CPE's related oversight responsibilities.

Specifically, HB 250 includes the following provisions:

- A one-time General Fund appropriation of \$23.0 million in fiscal year 2021-22 in the form of a non-interest bearing loan to address the current fiscal shortfall outlined in CPE's Financial Assessment Report.
- A requirement that CPE create, oversee, and monitor a comprehensive Management and Improvement Plan (Plan) for KSU designed to assist with organizational and financial stability. The plan must include, but is not limited to, the following areas with specific goals, objectives, and benchmarks in each:
 - A comprehensive cataloging and review of university policies and procedures to ensure efficiency and compliance with state and federal law;
 - Guidelines for salary ranges and benefits for all faculty, staff, and administrators;
 - Mandatory board member training and development, including but not limited to financial oversight and effective committee structure;
 - Academic program offerings, course offerings, and faculty productivity guidelines;
 - Accounting and fiscal reporting systems, collections, budget, and internal controls over expenditures and financial reporting;
 - Student success and enrollment management strategies; and

- Student academic progress and results.
- A requirement that CPE provide direct on-site assistance in plan implementation.
- Submission of the Plan to the Legislative Research Commission (LRC) by November 1, 2022.
- Semiannual reports on Plan development and implementation to the Interim Joint Committee on Education.
- In fiscal years 2022-23, 2023-24, and 2024-25, KSU's president and a member of the board of regents must provide four (4) updates per year to one or more legislative committees.
- By November 1, 2025, CPE shall provide to the General Assembly:
 - A three-year analysis of KSU and recommendations for a transition plan to a new governance and operational structure should the analysis demonstrate a continued lack of efficiency and effectiveness by the administration at KSU; and
 - Recommendations pertaining to the loan repayment beginning in fiscal year 2026-27 including possible forgiveness up to the full amount based on KSU's performance.
- Creates a KSU loan repayment trust fund administered by CPE to receive any loan payments from KSU.

TITLE: Tuition-Setting Process for Academic Year 2022-23

DESCRIPTION: Staff provides an update on the 2022-23 tuition-setting process, including a listing of Council approved maximum base-rate increases by institution for the upcoming year. Copies of the Academic Year 2022-23 Tuition and Mandatory Fee Policy and Preliminary Tuition Setting Timeline are provided for committee information.

PRESENTERS: Bill Payne, Vice President of Finance and Administration, CPE
Shaun McKiernan, Director of Finance and Budget, CPE

EXECUTIVE SUMMARY

On May 13, 2021, the Council on Postsecondary Education approved tuition and mandatory fee ceilings for academic years 2021-22 and 2022-23. Included among parameters adopted at that meeting was a requirement that base-rate increases for resident undergraduate students not exceed 3.0% over two years, or 2.0% in any one year, at the public universities, nor exceed \$5.00 per credit hour over two years, or \$3.00 per credit hour in any one year, at KCTCS institutions.

In the weeks following that action, the postsecondary institutions submitted tuition and fee proposals for academic year 2021-22 to the Council that had been approved by their respective governing boards. Staff reviewed each institution's proposed 2021-22 tuition and fee charges by degree level, residency, and attendance status and determined that they complied with Council approved ceilings.

On June 25, 2021, the Finance Committee recommended, and the Council approved, tuition and mandatory fee rates for academic year 2021-22 for all nine postsecondary institutions, as approved by their respective governing boards and proposed to the Council. Two institutions, KSU and KCTCS, did not increase tuition charges in academic year 2021-22 (i.e., they adopted a 0.0% increase). The other institutions adopted increases at or below the 2.0 percent cap. Overall, in academic year 2021-22, the system average increase in postsecondary institution resident undergraduate base rates was 1.2 percent, the second lowest system average increase in over 20 years.

For academic year 2022-23, the maximum allowable base-rate increase for resident undergraduate students at each institution is listed in Table 7. For six universities, the "no more than 3.0 percent over two years" cap was the determining parameter. For KSU and MuSU, the "no more than 2.0 percent in any one year" ceiling was applied. The maximum increase for KCTCS was determined using the "no more than \$3.⁰⁰ per credit hour in any one year" parameter. Finally, included for Finance Committee information are copies of the Academic Year 2022-23 Tuition and Mandatory Fee Policy (Attachment A) and Preliminary Tuition Setting Timeline Attachment B).

COUNCIL APPROVED TUITION AND FEE CEILINGS

For the 2021-22 tuition-setting cycle, CPE staff recommended, and the Council approved, two-year ceilings that limited increases in resident undergraduate tuition and fees at Kentucky colleges and universities to predetermined amounts in academic years 2021-22 and 2022-23. Specifically, staff recommended that the Finance Committee approve, and endorse to the full Council, resident undergraduate tuition and 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, at each public research and comprehensive university.

It was also recommended that, over the same two-year period, the Finance Committee approve and endorse tuition and fee ceilings for resident students attending KCTCS institutions, that equate to 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.

On May 13, 2021, the Finance Committee recommended, and the Council approved, resident undergraduate tuition and mandatory fee ceilings for academic years 2021-22 and 2022-23 that equated 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; and
- 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.

The Council also approved a recommendation that allows public institutions to submit for Council review and approval:

- Nonresident undergraduate tuition and fee rates that comply with the Council's *Tuition and Mandatory Fee Policy*, or otherwise adhere to provisions of an existing Memorandum of Understanding between the Council and an institution; and
- Market competitive tuition and fee rates for graduate and online courses.

In adopting these parameters, a top priority for the Council was keeping tuition and fee increases to a minimum to help students and families who were struggling financially due to the Coronavirus pandemic. While maintaining affordability was the overriding concern, there was also recognition that small increases in tuition and fees are necessary to help institutions maintain quality academic programs, address inflationary cost increases, and continue making progress toward achieving the state's 60x30 college attainment goal.

MAXIMUM 2021-22 BASE RATE INCREASES

As a reminder, resident undergraduate tuition ceilings approved by the Council apply to each institution's base-rate charge. Base rates are defined as total tuition and fee charges, minus any Special Use Fees or Asset Preservation Fees previously approved by the Council, and minus an existing agency bond fee at KCTCS (i.e., BuildSmart

Investment for Kentucky Competitiveness Fee). Council staff deduct these fees from total tuition and fees before applying a percent increase parameter, which keeps the fees at a fixed amount each year until they expire.

Table 1 shows the academic year 2020-21 base rate, maximum allowable base rate for academic year 2021-22, and one-year dollar and percent changes compared to the 2020-21 base rate for each public university, using the recommended “no more than 2.0 percent in any one year” maximum increase parameter.

Kentucky Public Research and Comprehensive Universities				Table 1
Maximum Base Rate Increases for Resident Undergraduates Academic Year 2021-22				
<u>Institution</u>	<u>Last Year's 2020-21 Base Rates</u>	<u>Maximum 2021-22 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
UK	\$12,484	\$12,734	\$250	2.0%
UofL	11,966	12,205	239	2.0%
EKU	9,266	9,451	185	2.0%
KSU	8,500	8,670	170	2.0%
MoSU	9,038	9,219	181	2.0%
MuSU (Pre Summer 2016)	8,676	8,850	174	2.0%
MuSU (Summer 2016 or After)	9,168	9,351	183	2.0%
NKU	9,912	10,110	198	2.0%
WKU	10,602	10,814	212	2.0%

Note: Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart agency bond fee at KCTCS.

Table 2 shows last year’s base rate, maximum allowable base rate for academic year 2021-22, and one-year dollar and percent changes compared to the 2020-21 base rate for KCTCS institutions, using the recommended “no more than \$3.00 per credit hour in any one year” maximum increase parameter.

Kentucky Community and Technical College System				Table 2
Maximum Base Rate Increase for Resident Students Academic Year 2021-22				
<u>Institution</u>	<u>Last Year's 2020-21 Base Rate</u>	<u>Maximum 2021-22 Base Rate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
KCTCS (per credit hour)	\$179.00	\$182.00	\$3.00	1.7%
KCTCS (per credit hour x 30)	\$5,370	\$5,460	\$90	1.7%

Note: Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart agency bond fee at KCTCS.

CAMPUS 2021-22 TUITION AND FEE PROPOSALS

During a six-week period following the Council's adoption of the two-year tuition and fee ceilings, staff worked with campus officials to obtain tuition and fee rate proposals for academic year 2021-22 from each institution, as well as estimates of fixed cost increases and tuition and fee revenue projections for fiscal year 2021-22. On June 23, 2021, the Council approved tuition and fee rate proposals for academic year 2021-22 that had been submitted by all nine postsecondary institutions and endorsed by the Finance Committee. As can be seen in Table 3 below, the proposals submitted by the research and comprehensive universities complied with Council-approved ceilings.

Kentucky Public Research and Comprehensive Universities					Table 3
Approved Base Rate Increases for Resident Undergraduates					
Academic Year 2021-22					
<u>Institution</u>	<u>Last Year's 2020-21 Base Rates</u>	<u>Approved 2021-22 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	
UK	\$12,484	\$12,610	\$126	1.0%	
UofL	11,966	12,174	208	1.7%	
EKU	9,266	9,452	186	2.0%	
KSU	8,500	8,500	0	0.0%	
MoSU	9,038	9,210	172	1.9%	
MuSU (Pre Summer 2016)	8,676	8,760	84	1.0%	
MuSU (Summer 2016 or After)	9,168	9,252	84	0.9%	
NKU	9,912	10,012	100	1.0%	
WKU	10,602	10,792	190	1.8%	

Note: Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart agency bond fee at KCTCS.

As can be seen in Table 4, the proposal submitted by KCTCS also complied with Council ceilings.

Kentucky Community and Technical College System					Table 4
Adopted Base Rate Increase for Resident Students					
Academic Year 2021-22					
<u>Institution</u>	<u>Last Year's 2020-21 Base Rates</u>	<u>Approved 2021-22 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	
KCTCS (per credit hour)	\$179.00	\$179.00	\$0.00	0.0%	
KCTCS (per credit hour x 30)	\$5,370	\$5,370	\$0	0.0%	

Note: Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart agency bond fee at KCTCS.

MAXIMUM 2022-23 BASE RATE INCREASES

For the 2022-23 tuition-setting cycle, the Council adopted two-year ceilings that limit increases in resident undergraduate base rates to no more than 3.0 percent over two years at the universities and no more than \$5.00 per credit hour over two years at KCTCS. Those maximum base rate increases are shown in tables 5 and 6 below.

Kentucky Public Research and Comprehensive Universities				Table 5
Maximum Base Rate Increases for Resident Undergraduates				
Academic Year 2022-23				
Institution	Last Year's 2020-21 Base Rates	Maximum 2022-23 Base Rates	Two-Year Dollar Change	Two-Year Percent Change
UK	\$12,484	\$12,859	\$375	3.0%
UofL	11,966	12,325	359	3.0%
EKU	9,266	9,544	278	3.0%
KSU	8,500	8,755	255	3.0%
MoSU	9,038	9,309	271	3.0%
MuSU (Pre Summer 2016)	8,676	8,936	260	3.0%
MuSU (Summer 2016 or After)	9,168	9,443	275	3.0%
NKU	9,912	10,209	297	3.0%
WKU	10,602	10,920	318	3.0%

Note: Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart agency bond fee at KCTCS.

Table 5 shows last year's base rate (i.e., 2020-21), the maximum allowable base rate for academic year 2022-23, and two-year dollar and percent changes compared to the 2020-21 base rate for each public university, using the recommended "no more than 3.0 percent over two years" maximum increase parameter.

Kentucky Community and Technical College System				Table 6
Maximum Base Rate Increase for Resident Students				
Academic Year 2022-23				
Institution	Last Year's 2020-21 Base Rate	Maximum 2022-23 Base Rate	Two-Year Dollar Change	Two-Year Percent Change
KCTCS (per credit hour)	\$179.00	\$184.00	\$5.00	2.79%
KCTCS (per credit hour x 30)	\$5,370	\$5,520	\$150	2.79%

Note: Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart agency bond fee at KCTCS.

Table 6 shows last year’s base rate, maximum allowable base rate for academic year 2022-23, and two-year dollar and percent changes compared to the 2020-21 base rate for KCTCS, using the recommended “no more than \$5.00 per credit hour over two years” maximum increase parameter.

In addition to approving resident undergraduate rate ceilings for two years (i.e., the current year, 2021-22, and next year, 2022-23), the Council approved provisions allowing institutions to submit for review and approval, nonresident undergraduate tuition and fee rates that comply with the Council’s *Tuition and Mandatory Fee Policy*, or otherwise adhere to provisions of an existing Memorandum of Understanding between the Council and an institution. The institutions are also allowed to charge market competitive rates for graduate and online courses, as approved by their governing boards.

Finally, Table 7 below shows adjusted maximum base rates for three institutions that will have their tuition capped, using the “no more than 2.0 percent in any one year” parameter (i.e., KSU and MuSU), or using the “no more than \$3.00 per credit hour in any one year” ceiling (i.e., KCTCS). The maximum 2022-23 base rates for the other six institutions were determined using the “no more than 3.0 percent over two years” parameter approved by the Council on May 13, 2021, as shown in Table 5.

Kentucky Public Postsecondary Institutions Maximum Base Rate Increases for Resident Undergraduates Academic Year 2022-23				Table 7
Institution	Adopted 2021-22 Base Rates	Maximum 2022-23 Base Rates	Dollar Change	Percent Change
UK	\$12,610	\$12,859	\$249	1.97%
UofL	12,174	12,325	151	1.24%
EKU	9,452	9,544	92	0.97%
KSU	8,500	8,670	170	2.00%
MoSU	9,210	9,309	99	1.07%
MuSU (Pre Summer 2016)	8,760	8,935	175	2.00%
MuSU (Summer 2016 or After)	9,252	9,437	185	2.00%
NKU	10,012	10,209	197	1.97%
WKU	10,792	10,920	128	1.19%
KCTCS (per credit hour)	\$179.00	\$182.00	\$3.00	1.68%
KCTCS (per credit hour x 30)	\$5,370	\$5,460	\$90	1.68%

Note: Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart agency bond fee at KCTCS.

Adjusted maximum base-rate ceilings for 2022-23 shown in yellow highlight.

TUITION AND MANDATORY FEE POLICY

Included in Attachment A to this agenda item is a copy of the Council’s *Tuition and Mandatory Fee Policy* for academic year 2022-23. Typically, once the tuition policy is

approved by the Council it helps guide the development of tuition and mandatory fee ceiling recommendations for the upcoming academic year and facilitates submission and evaluation of campus tuition and fee proposals. However, given that the Council has already adopted tuition ceilings for both academic years 2021-22 and 2022-23, changes to the tuition policy for the upcoming year will likely be minimal and the policy will primarily be used to facilitate the development and submission of campus tuition and fee proposals.

TUITION SETTING TIMELINE

A copy of a *Preliminary 2022-23 Tuition Setting Timeline* can be found in Attachment B to this agenda item. Given that the Council adopted two-year ceilings for academic years 2021-22 and 2022-23, the timeline for the upcoming year is more abbreviated than would normally be the case. It is anticipated that Council staff will work with campus chief budget officers and presidents over the next six weeks to finalize the tuition-setting timeline for academic year 2022-23.

Council Postsecondary Education Tuition and Mandatory Fee Policy

Academic Year 2022-23

The Council on Postsecondary Education is vested with authority under KRS 164.020 to determine tuition at public postsecondary education institutions in the Commonwealth of Kentucky. Kentucky's goals of increasing educational attainment, promoting research, assuring academic quality, and engaging in regional stewardship must be balanced with current needs, effective use of resources, and prevailing economic conditions. For the purposes of this policy, mandatory fees are included in the definition of tuition. During periods of relative austerity, the proper alignment of the state's limited financial resources requires increased attention to the goals of the *Kentucky Postsecondary Education Improvement Act of 1997* (HB 1) and the Strategic Agenda for Kentucky Postsecondary and Adult Education.

Fundamental Objectives

- Funding Adequacy

HB 1 states that Kentucky shall have a seamless, integrated system of postsecondary education, strategically planned and adequately funded to enhance economic development and quality of life. In discharging its responsibility to determine tuition, the Council, in collaboration with the institutions, seeks to balance the affordability of postsecondary education for Kentucky's citizens with the institutional funding necessary to accomplish the goals of HB 1 and the Strategic Agenda.

- Shared Benefits and Responsibility

Postsecondary education attainment benefits the public at large in the form of a strong economy and an informed citizenry, and it benefits individuals through elevated quality of life, broadened career opportunities, and increased lifetime earnings. The Council and the institutions believe that funding postsecondary education is a shared responsibility of state and federal governments, students and families, and postsecondary education institutions.

- Affordability and Access

Since broad educational attainment is essential to a vibrant state economy and to intellectual, cultural, and political vitality, the Commonwealth of Kentucky seeks to ensure that postsecondary education is broadly accessible to its citizens. The Council and the institutions are committed to ensuring that college is affordable and accessible to all academically qualified Kentuckians with particular emphasis on adult learners, part-time students, minority students, and students from low- and moderate-income backgrounds.

The Council believes that no citizen of the Commonwealth who has the drive and ability to succeed should be denied access to postsecondary education in Kentucky because of inability to pay. Access should be provided through a reasonable combination of savings, family contributions, work, and financial aid, including grants and loans.

In developing a tuition and mandatory fees recommendation, the Council and the institutions shall work collaboratively and pay careful attention to balancing the cost of attendance—including tuition and mandatory fees, room and board, books, and other direct and indirect costs—with students' ability to pay by taking into account (1) students' family and individual income; (2) federal, state, and institutional scholarships and grants; (3) students' and parents' reliance on loans; (4) access to all postsecondary education alternatives; and (5) the need to enroll and graduate more students.

- **Effective Use of Resources**

Kentucky's postsecondary education system is committed to using the financial resources invested in it as effectively and productively as possible to advance the goals of HB 1 and the Strategic Agenda, including undergraduate and graduate education, engagement and outreach, research, and economic development initiatives. The colleges and universities seek to ensure that every dollar available to them is invested in areas that maximize results and outcomes most beneficial to the Commonwealth and its regions. It is anticipated that enactment of Senate Bill 153, the *Postsecondary Education Performance Funding Bill*, during the 2017 legislative session will provide ongoing incentives for increased efficiency and productivity within Kentucky's public postsecondary system. The Council's Strategic Agenda and funding model metrics will be used to monitor progress toward attainment of both statewide and institutional HB 1 and Strategic Agenda goals.

- **Attracting and Importing Talent to Kentucky**

It is unlikely that Kentucky can reach its 2030 postsecondary education attainment goal by focusing on Kentucky residents alone. The Council and the institutions are committed to making Kentucky institutions financially attractive to nonresident students, while recognizing that nonresident undergraduate students should pay a significantly larger proportion of the cost of their education than do resident students. Tuition reciprocity agreements, which provide low-cost access to out-of-state institutions for Kentucky students that live near the borders of other states, also serve to attract students from surrounding states to Kentucky's colleges and universities.

A copy of the Council's nonresident student tuition and mandatory fee policy is contained in the paragraphs below. Going forward, Council staff will periodically review and evaluate the policy to determine its impact on attracting and retaining students that enhance diversity and the state's competitiveness.

Nonresident Student Tuition and Fees

The Council and the institutions believe that nonresident students should pay a larger share of their educational costs than do resident students. As such, published tuition

and fee levels adopted for nonresident students shall be higher than the prices for resident students enrolled in comparable programs of study.

In addition, every institution shall manage its tuition and fee rate structures, price discounting, and scholarship aid for out-of-state students, such that in any given year, the average net tuition and fee revenue generated per nonresident undergraduate student equals or exceeds 130% of the annual full-time tuition and fee charge assessed to resident undergraduate students (i.e., the published in-state sticker price). As part of the tuition and fee setting process, staff shall monitor and report annually to the Council regarding compliance with this requirement.

The Council acknowledges that in some instances increasing nonresident student enrollment benefits both the Commonwealth and the institution. For this reason, exceptions to the 130% threshold may be requested through a Memorandum of Understanding (MOU) process and will be evaluated on a case-by-case basis by the Council. The main objective of the MOU process is to clearly delineate goals and strategies embedded in enrollment management plans that advance the unique missions of requesting institutions.

Special Use Fee Exception Policy

During the 2010-11 tuition setting process, campus officials requested that the Council consider excluding student-endorsed fees from its mandatory fee definition, thus omitting consideration of such fees when assessing institutional compliance with Council approved tuition and fee rate ceilings. Based on feedback received from institutional Chief Budget Officers (CBOs) at their December 2010 meeting, it was determined that there was general interest in treating student-endorsed fees differently from other mandatory fees.

In January and February 2011, Council staff collaborated with institutional presidents, CBOs, and their staffs in developing the following Special Use Fee Exception Policy:

- To the extent that students attending a Kentucky public college or university have deliberated, voted on, and requested that their institution's governing board implement a special use fee for the purposes of constructing and operating and maintaining a new facility, or renovating an existing facility, that supports student activities and services;
- And recognizing that absent any exemption, such student-endorsed fees, when implemented in the same year that the Council adopts tuition and fee rate ceilings, would reduce the amount of additional unrestricted tuition and fee revenue available for an institution to support its E&G operation;
- The Council may elect to award an exemption to its tuition and fee rate ceiling equivalent to all or a portion of the percentage increase resulting from imposition of the student-endorsed fee, provided said fee meets certain eligibility requirements.

Definitions

A student-endorsed fee is a mandatory flat-rate fee that has been broadly discussed, voted on, and requested by students and adopted by an institution's governing board, the revenue from which may be used to pay debt service and operations and maintenance expenses on new facilities, or capital renewal and replacement costs on existing facilities and equipment that support student activities and services, such as student unions, fitness centers, recreation complexes, health clinics, and/or tutoring centers.

Maintenance and Operations (M&O) expenses are costs incurred for the administration, supervision, operation, maintenance, preservation, and protection of a facility. Examples of M&O expenses include janitorial services, utilities, care of grounds, security, environmental safety, routine repair, maintenance, replacement of furniture and equipment, and property and facility planning and management.

Eligibility Criteria

A student-endorsed fee will continue to be a mandatory fee within the context of the Council's current mandatory fee definition and may qualify for an exemption from Council approved tuition and fee rate ceilings. Campus officials and students requesting an exemption under this policy must be able to demonstrate that:

- All enrolled students have been afforded ample opportunity to be informed, voice their opinions, and participate in the decision to endorse a proposed fee. Specifically, it must be shown that fee details have been widely disseminated, broadly discussed, voted on while school is in session, and requested by students.
- For purposes of this policy, voted on means attaining:
 - a) a simple majority vote via campus-wide referendum, with a minimum of one-quarter of currently enrolled students casting ballots;
 - b) a three-quarters vote of elected student government representatives; or
 - c) a simple majority vote via campus-wide referendum, conducted in conjunction and coinciding with the general election of a student government president or student representative to a campus board of regents or board of trustees.
- The proposed fee and intended exemption request have been presented to, and adopted by, the requesting institution's governing board. It is anticipated that elected student government representatives will actively participate in board presentations.
- Revenue from such fees will be used to pay debt service and M&O expenses on new facilities, or capital renewal and replacement costs on existing facilities and equipment that support student activities and services, such as student unions, fitness centers, recreation complexes, health clinics, and/or tutoring centers. The Council expects these uses to be fully explained to students prior to any votes endorsing a fee.

- In any given year, the impact of a student-endorsed fee on the overall increase in tuition and mandatory fees for students and their families will be reasonable. It may be appropriate to phase in the exemption over multiple years to maintain affordability and access.
- Requests for student-endorsed exemptions are infrequent events. The Council does not expect requests for exemptions under this policy to occur with undue frequency from any single institution and reserves the right to deny requests that by their sheer number are deemed excessive.
- A plan is in place for the eventual reduction or elimination of the fee upon debt retirement, and details of that plan have been shared with students. The Council does not expect a fee that qualifies for an exemption under this policy to be assessed at full rate in perpetuity. Such fees should either terminate upon completion of the debt or, in the case of new facilities, may continue at a reduced rate to defray ongoing M&O costs. In either case, to qualify for an exemption, students should be fully aware of the extent of their obligation prior to any votes endorsing a fee.

Exemption Process

Requests for an exemption under this policy will be evaluated on a case-by-case basis. To initiate the process:

- The requesting institution will notify Council staff of any pending discussions, open forums, referendums, or student government actions pertaining to a proposed special use fee and discuss fee details with Council staff as needed.
- After a fee has been endorsed by student referendum or through student government action and approved by the institution's governing board, campus officials and students will submit a written exemption request to the Council for its consideration.
- Council staff will review the request, assess whether or not the proposed fee qualifies for an exemption, and make a recommendation to the Council.

To facilitate the exemption request process, requesting institutions and students are required to provide the Council with the following information:

- Documents certifying that the specific project and proposed fee details have been widely disseminated, broadly discussed, voted on, and requested by students, as well as adopted by the institution's governing board.
- Documents specifying the fee amount, revenue estimates, uses of revenue, impact on tuition and fees during the year imposed (i.e., percentage points above the ceiling), and number of years the fee will be in place.

- Documents identifying the project's scope, time frame for completion, debt payment schedule, and plan for the eventual reduction or elimination of the fee upon debt retirement.

Asset Preservation Fee Exception Policy

During the 2017-18 tuition setting process, campus officials asked if the Council would consider allowing institutions to assess a new student fee, dedicated to supporting expenditures for asset preservation and renovation projects, that would be treated as being outside the tuition and fee caps set annually by the Council. Staff responded that it was too late in the process to allow for a full vetting of a proposed change to the Council's Tuition and Mandatory Fee Policy prior to the Council adopting tuition ceilings at the March 31, 2017 meeting. In addition, staff wanted to explore the possibility of adopting a system-wide asset preservation fee that would benefit and address asset preservation needs at every public postsecondary institution.

In August 2017, staff determined that there was general interest among campus officials to pursue a change in tuition policy that would allow each institution the option to implement a student fee for asset preservation, if its administrators and governing board chose to do so, that would be exempted from Council approved tuition and fee ceilings. In September and October, Council staff worked with campus presidents, chief budget officers, and Budget Development Work Group members to develop the Asset Preservation Fee Exception Policy described below.

- Given that in 2007, Council and postsecondary institution staffs contracted with Vanderweil Facilities Advisors, Inc. (VFA) and Paulien and Associates to conduct a comprehensive assessment of Kentucky's public postsecondary education facilities to determine both system and individual campus needs for new and expanded space, asset preservation and renovation, and fit-for-use capital projects;
- Given that in 2013, VFA adjusted the data from its 2007 study to account for continuing aging of postsecondary facilities and rising construction costs, and projected that the cumulative need for asset preservation and fit-for-use expenditure would grow to \$7.3 billion within the 2017 to 2021 timeframe;
- Given that over the past five biennia, 2008-10 through 2016-18, the Commonwealth of Kentucky has appropriated a total of \$262.0 million for its public colleges and universities to address asset preservation and renovation and fit-for-use projects, representing about 3.6% of the total cumulative need identified by VFA;
- Given that in late summer 2017, the Council and postsecondary institutions concluded that one reasonable course of action to begin to address the overwhelming asset preservation and renovation and fit-for-use needs was through sizable and sustained investment in existing postsecondary facilities, which could be accomplished through a cost sharing arrangement involving the state, postsecondary institutions, and students and families;

- Given that the best way to ensure the ongoing commitment and participation of students and families in a cost-sharing partnership to address asset preservation and renovation needs is through the implementation of an optional dedicated student fee;
- Given that such an asset preservation fee, when implemented in the same year that the Council adopts a tuition and fee rate ceiling, would reduce the amount of additional unrestricted tuition and fee revenue available for an institution to support its E&G operation;
- The Council may elect to award an exemption to its tuition and fee rate ceiling of up to \$10.⁰⁰ per credit hour at the public universities, capped at 15 credit hours per semester for undergraduate students, for a dedicated student fee that supports asset preservation and renovation projects related to the instructional mission of the institution;
- The Council may elect to award an exemption to its tuition and fee rate ceiling of up to \$5.00 per credit hour at KCTCS institutions, capped at 15 credit hours per semester, for a dedicated student fee that supports asset preservation and renovation projects related to the instructional mission of the institution.

Definition

An asset preservation fee is a mandatory, flat-rate fee that has been approved by an institution's governing board, the revenue from which shall either be expended upon collection on asset preservation and renovation and fit-for-use capital projects or used to pay debt service on agency bonds issued to finance such projects, that support the instructional mission of the institution. Thus, by definition, fee revenue and bond proceeds derived from such fees shall be restricted funds for the purposes of financing asset preservation and renovation projects. As a mandatory fee, an asset preservation fee may be assessed to students regardless of degree level or program or full-time or part-time status.

Eligibility Criteria

An asset preservation fee may qualify for an exemption from Council approved tuition and fee rate ceilings, provided the following criteria are met:

- The proposed asset preservation project(s) and related fee shall be approved by the requesting institution's governing board.
- Revenue from the fee may either be expended upon collection on asset preservation and renovation or fit-for-use projects, accumulated to meet a specific project's scope, or used to pay debt service on agency bonds or other instruments used to finance such projects.
- Both the direct expenditure of fee revenue and the expenditure of agency bond funds generated by the fee may be used to meet matching requirements on state

bond funds issued for asset preservation projects. In previous biennia, state leaders have required a dollar-for-dollar institutional match on state-funded asset preservation pools.

- In any given academic year, the impact of implementing an asset preservation fee, when combined with a tuition and fee increase supporting campus operations, will be reasonable for Kentucky students and families. For the purposes of this policy exemption, the Council shall determine whether a proposed asset preservation fee, in combination with a tuition and fee increase allowed under a Council-approved tuition ceiling, is reasonable. This assessment will be made within the context of state economic and budgetary conditions, institutional resource needs, and affordability concerns at the time.
- Depending on the outcome of the aforementioned assessment, it may be appropriate to phase in a requested fee over multiple years to maintain affordability and access.
- The Council does not expect a fee that qualifies for an exemption under this policy to remain in effect in perpetuity. To be eligible for an exemption, the requesting institution must have a plan in place for the eventual elimination of a proposed asset preservation fee within 25 years of its initial implementation date.

Exemption Process

The Council will evaluate requests for a fee exemption under this policy on a case-by-case basis. To initiate the process:

- An institution's governing board must approve the proposed asset preservation project(s) and related student fee.
- Campus officials must submit to the Council a copy of that board approval, along with a written request to exempt the asset preservation fee from Council tuition and fee ceilings.
- Council staff will review the request, assess whether or not the proposed project(s) and related fee qualify for an exemption, and make a recommendation to the Council.

To facilitate the exemption-request review process, a requesting institution shall provide the Council with the following information:

- Documents certifying that the specific asset preservation project(s) financed and proposed fee details have been approved by the institution's governing board.
- Documents specifying the fee amount, anticipated implementation date, revenue projections, uses of revenue, number of years the fee will be in place, and impact on tuition in year imposed (i.e., percentage points above ceiling).

- Documents identifying the project's scope, its timeframe for completion, debt payment schedule, and plan for the eventual elimination of the fee upon debt retirement.

Periodic Reporting

- Upon request by the Council, the postsecondary institutions will provide documentation certifying the date an asset preservation fee was implemented, annual amounts of fee revenue generated to date, uses of fee revenue, the amount of fee revenue or agency bond funds used to meet state matching requirements on asset preservation project appropriations, and the number of years the fee will remain in place.

Ongoing Usage

- Once an Asset Preservation Fee is approved by the Council, revenue generated from the fee may be used for ongoing asset preservation, renovation and fit-for-use projects with institutional board approval.
- Asset preservation, renovation and fit-for-use project(s) financed with asset preservation fee revenue shall comply with all statutory requirements pertaining to the approval of capital projects (KRS 45.750, KRS 45.763, KRS 164.020 (11) (a), KRS 164A.575).

Council on Postsecondary Education Preliminary 2022-23 Tuition Setting Timeline

- ➔ May 11, 2021 Finance Committee Meeting – Staff identifies key issues, shares other policy relevant data, and presents proposed 2021-22 and 2022-23 tuition and mandatory fee ceilings for review and endorsement.
- May 13, 2021 **CPE Meeting** – Council approves Finance Committee endorsed resident undergraduate tuition and mandatory fee ceilings for academic years 2021-22 and 2022-23.
- May – Jun Postsecondary institutions submit proposed tuition and mandatory fee rates to Council staff. The Council president updates Council members regarding rate proposals.
- ➔ Jun 23, 2021 Finance Committee Meeting – Staff presents postsecondary institution tuition and mandatory fee proposals for committee review and endorsement.
- Jun 25, 2021 **CPE Meeting** – The Council takes action on each institution’s proposed 2021-22 tuition and mandatory fee rates.
- ➔ Jan 19, 2022 Finance Committee Meeting – Staff provides an update on the 2022-23 tuition-setting process. Academic Year 2022-23 Tuition and Mandatory Fee Policy and Preliminary Tuition Setting Timeline are presented for committee review and discussion.
- Jan 28, 2022 **CPE Meeting** – Finance Committee provides an update on the 2022-23 tuition-setting process and shares Academic Year 2022-23 Tuition and Mandatory Fee Policy and Preliminary Tuition Setting Timeline for Council information.
- Feb 2, 2022 Presidents’ Meeting – Council staff shares Academic Year 2022-23 Tuition and Mandatory Fee Policy and Preliminary Tuition Setting Timeline with postsecondary institution presidents. Components of House and Governor’s budgets and implications for the upcoming tuition cycle are discussed.
- Feb – Apr Council staff works with campus chief budget officers (CBOs) to develop any proposed changes to the 2022-23 Tuition and Mandatory Fee Policy and Preliminary Tuition Setting Timeline and to identify key issues that might impact the 2022-23 tuition-setting process.

Council staff begins collecting and updating policy relevant data in the areas of funding adequacy, shared benefits and responsibility, affordability and access, attracting and importing talent, and productivity.

Campus officials begin collecting data related to fixed cost increases, tuition and fee revenue estimates, potential impact of tuition increases,

anticipated uses of additional tuition and fee revenue, and budgeted student financial aid expenditures.

Feb 10, 2022 CBO Meeting – Council staff works with campus CBOs to identify any proposed changes to the 2022-23 Tuition and Mandatory Fee Policy and Preliminary Tuition Setting Timeline. Key issues that might impact the 2022-23 tuition-setting process are discussed.

Mar 2, 2022 Presidents' Meeting – Council staff and presidents finalize any changes to the 2022-23 Tuition and Mandatory Fee Policy and Preliminary Tuition Setting Timeline.

Mar – Apr Council and institutional staffs exchange information from respective data collection efforts and begin finalizing for distribution to Council members. Postsecondary institutions that desire to have their tuition and fee proposals approved at the April CPE meeting will develop proposals, obtain approval from their respective governing boards, and submit approved proposals to the Council by no later than COB April 5, 2022.

Apr 6, 2022 Presidents' Meeting – Council staff shares information with campus presidents regarding key issues that might impact the 2022-23 tuition-setting cycle and other policy relevant data.

➔ Apr 12, 2022 Finance Committee Meeting – Final 2022-23 Tuition and Mandatory Fee Policy and Tuition Setting Timeline are presented for committee review and endorsement. Key issues and updated policy relevant data are shared and discussed. Committee takes action on any tuition proposals.

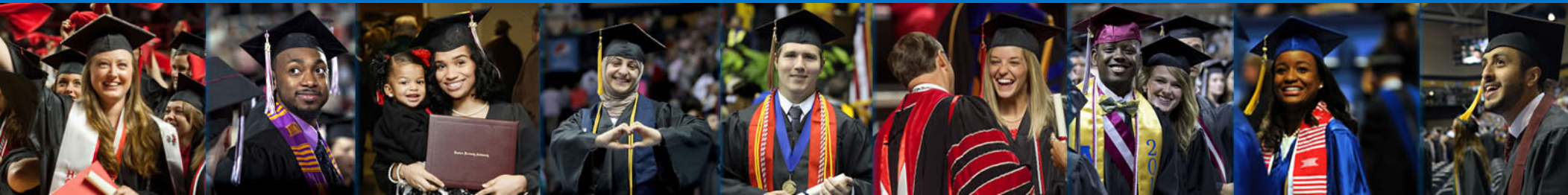
Apr 15, 2022 **CPE Meeting** – Finance Committee presents final 2022-23 Tuition and Mandatory Fee Policy and Tuition Setting Timeline for Council action and provides update on 2022-23 tuition setting process. Key issues and updated policy relevant data are shared and discussed. The Council takes action on any governing board approved campus tuition proposals.

May – Jun Council and institutional staffs continue respective data collection efforts. Remaining postsecondary institutions submit approved tuition and fee proposals to Council staff. The Council president updates Council members regarding rate proposals.

Jun 1, 2022 Presidents' Meeting – Any final matters related to the 2022-23 tuition-setting cycle are identified and discussed.

➔ Jun 14, 2022 Finance Committee Meeting – Staff presents remaining campus tuition and fee proposals for committee review and endorsement.

Jun 17, 2022 **CPE Meeting** – The Council takes action on any remaining postsecondary institution 2022-23 tuition and mandatory fee proposals.



- 2022-24 Budget Development Update
- Tuition Setting for Academic Year 2022-23

Finance Committee Meeting
January 19, 2022





2022-24 Budget Development Update

2022-2024 Budget Development Update

Executive Budget and House Budget

➤ CPE Recommendation

- Submitted recommendation for postsecondary institutions and CPE through the state's budget system on Nov. 15

➤ House Budget (HB 1)

- Introduced Friday, January 7

➤ Executive Budget (HB 285)

- Governor introduced Thursday, January 13
- 8th legislative day. Tenth day is the statutory deadline

Both provide much-needed funding for Higher Education

2022-2024 Budget Development Update

Institutions – CPE, Executive, and House Budgets

Component	CPE Recommendation		House Budget (HB 1)		Executive Budget (HB 285)	
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
Operating Funds						
Performance Funding	\$67,500,000	\$90,000,000	\$50,000,000	\$50,000,000	\$0	\$0
Base General Fund Increase ¹	0	0	0	0	67,500,000	90,000,000
Pension Relief Funds ²	2,209,900	4,419,800	-- subsidy maintained --		-- subsidy maintained --	
Mandated Programs						
KSU Land Grant Match ³	\$671,500	\$671,500	\$671,500	\$671,500	\$671,500	\$671,500
UK Agricultural Extension (salaries)	0	0	6,100,000	6,100,000	0	0
UofL Cetr for Military Connected Students	0	0	300,000	300,000	300,000	300,000
EKU Center for the Arts	0	0	200,000	0	200,000	200,000
Capital Investment						
Asset Preservation ⁴	\$350,000,000	\$350,000,000	\$350,000,000	\$350,000,000	\$500,000,000	\$0
– Debt Service	25,217,000	50,434,000	0	0	0	0
New Construction/Renovation Projects ⁵	0	0	0	0	1,047,352,000	0
– Debt Service	0	0	0	0	37,737,000	75,474,000
Trust Funds						
Endowment Match Program ⁶	\$30,000,000	\$30,000,000	\$15,000,000	\$15,000,000	\$60,000,000	\$0
– Debt Service	2,418,000	4,836,000	540,500	1,621,500	2,418,000	4,836,000
Competitive Workforce Initiative	2,225,000	4,450,000	2,225,000	4,450,000	0	0

2022-2024 Budget Development Update

CPE Agency Budget Baseline

<u>CPE Base Funding Detail</u>	<u>2021-22</u>
Component	
Agency Operating Funds	\$7,205,600
Technology Trust Fund	3,628,300
Ovarian Cancer Screening	500,000
SREB Doctoral Scholars	50,000
SREB Dues	214,800
	<u>\$11,598,700</u>

2022-2024 Budget Development Update

CPE Agency – CPE, Executive, and House Budgets

Component	CPE Recommendation		House Budget (HB 1)		Executive Budget (HB 285)	
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
Operating Funds						
Base Funding	\$11,598,700	\$11,598,700	\$11,598,700	\$11,598,700	\$11,598,700	\$11,598,700
Defined Calculations	\$195,700	\$244,500	\$195,700	\$244,500	\$95,000	\$126,200
Salary COLA ²	19,300	77,600	115,800	349,800	196,000	195,700
SREB Doctoral Scholars	50,000	100,000	0	0	50,000	100,000
Expanded Duties and Responsibilities	1,032,500	1,383,400	0	0	1,032,500	1,383,400
Education Continuum	1,285,000	3,285,000	0	0	1,285,000	3,285,000
Healthcare Initiative ³	20,000,000	20,000,000	20,000,000	20,000,000	0 ³	0 ³
	<u>\$34,181,200</u>	<u>\$36,689,200</u>	<u>\$31,910,200</u>	<u>\$32,193,000</u>	<u>\$14,257,200</u>	<u>\$16,689,000</u>
Capital Investment						
Student Portal	\$2,000,000		\$0		\$2,000,000	
Upgrade Regional Optical Network	\$1,000,000		\$1,000,000		\$1,000,000	

2022-2024 Budget Development Update

Executive, and House Budgets - Differences

Operating Funds:

House: \$50 M in each year for Performance Funding

Executive: \$67.5 M and \$90 M in 2022-23 and 2023-24 as base adjustments

Capital:

Asset Preservation:

House: \$700 M, distribution based on square footage, only UK and UofL match (25%)

Executive: \$500,000 M, 10% base, 90% VFA need, 50% match (CPE can grant waiver)

New Construction/Renovation:

Executive: Funding for top 2 projects at each university, 3 at KCTCS

Trust Funds:

Bucks for Brains:

House: \$30 M, UK and UofL only **Executive:** \$60 M, all universities

Workforce Development Trust Fund

House: \$2.2 M and \$4.5 M in 2022-23 and 2023-24 **Executive:** No funding provided

2022-2024 Budget Development Update

Executive, and House Budgets – Differences (cont'd)

CPE Agency Budget

Salaries:

House: 6% COLA for state employees in 2022-23

Executive: 5% COLA, effective May 1, 2022

Other Additions:

House: Funds \$20.0 M Healthcare Workforce Initiative, housed at CPE

Executive: Funds Expanded Duties and Responsibilities (\$1.0 M and \$1.4 M in FY23, FY24)

Funds Continuum Request for Advising (\$1.3 M and \$3.3 M in FY23, FY24)

Funds Doctoral Scholars Expansion (\$50,000 and \$100,000 in FY23, FY24)

Capital:

House: Funds \$1 M Regional Optical Network Upgrade

Executive: Funds Regional Optical Network and \$2 M Student Portal

KHEAA Note: Executive Budget funds the Better Ky Promise Scholarship (\$9.2 M and \$18.4 M increase over \$10.8 M Work Ready Scholarship in FY 23, FY24)



Tuition Setting for Academic Year 2022-23

Tuition Setting for 2022-23

What parameters did the Council approve?

On May 13, 2021, the Council approved:

- Maximum base rate increase of no more than 3.0 percent over two years, and no more than 2.0 percent in any one year, for public universities
- Maximum base rate increase of no more than \$5.00 per credit hour over two years, and no more than \$3.00 per credit hour in any one year, for KCTCS
- Nonresident undergraduate rates that comply with the Council's *Tuition and Mandatory Fee Policy*, or 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

Tuition Setting for 2022-23

What maximum base rates were approved?

Kentucky Public Postsecondary Institution Maximum One-Year Base Rate Increases for Resident Undergraduates Academic Year 2021-22

Institution	Last Year's 2020-21 Base Rates	Maximum 2021-22 Base Rates	One-Year Dollar Change	One-Year Percent Change
UK	\$12,484	\$12,734	\$250	2.0%
UofL	11,966	12,205	239	2.0%
EKU	9,266	9,451	185	2.0%
KSU	8,500	8,670	170	2.0%
MoSU	9,038	9,219	181	2.0%
MuSU (Pre Summer 2016)	8,676	8,850	174	2.0%
MuSU (Summer 2016 or After)	9,168	9,351	183	2.0%
NKU	9,912	10,110	198	2.0%
WKU	10,602	10,814	212	2.0%
KCTCS (per credit hour)	\$179.00	\$182.00	\$3.00	1.7%
KCTCS (per credit hour x 30)	\$5,370	\$5,460	\$90	1.7%

Note: Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart agency bond fee at KCTCS.

Kentucky Public Postsecondary Institution Maximum Two-Year Base Rate Increases for Resident Undergraduates Academic Year 2022-23

Institution	Last Year's 2020-21 Base Rates	Maximum 2022-23 Base Rates	Two-Year Dollar Change	Two-Year Percent Change
UK	\$12,484	\$12,859	\$375	3.0%
UofL	11,966	12,325	359	3.0%
EKU	9,266	9,544	278	3.0%
KSU	8,500	8,755	255	3.0%
MoSU	9,038	9,309	271	3.0%
MuSU (Pre Summer 2016)	8,676	8,936	260	3.0%
MuSU (Summer 2016 or After)	9,168	9,443	275	3.0%
NKU	9,912	10,209	297	3.0%
WKU	10,602	10,920	318	3.0%
KCTCS (per credit hour)	\$179.00	\$184.00	\$5.00	2.79%
KCTCS (per credit hour x 30)	\$5,370	\$5,520	\$150	2.79%

Note: Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart agency bond fee at KCTCS.

Tuition Setting for 2022-23

What base rates did institutions adopt in 2021-22?

Kentucky Public Postsecondary Institution
 Adopted Base Rate Increases for Resident Undergraduates
 Academic Year 2021-22

Institution	Last Year's 2020-21 Base Rates	Adopted 2021-22 Base Rates	Dollar Change	Percent Change
UK	\$12,484	\$12,610	\$126	1.0%
UofL	11,966	12,174	208	1.7%
EKU	9,266	9,452	186	2.0%
KSU	8,500	8,500	0	0.0%
MoSU	9,038	9,210	172	1.9%
MuSU (Pre Summer 2016)	8,676	8,760	84	1.0%
MuSU (Summer 2016 or After)	9,168	9,252	84	0.9%
NKU	9,912	10,012	100	1.0%
WKU	10,602	10,792	190	1.8%
KCTCS (per credit hour)	\$179.00	\$179.00	\$0.00	0.0%
KCTCS (per credit hour x 30)	\$5,370	\$5,370	\$0	0.0%

Note: Campus proposed base-rate increases for resident undergraduate students were approved by the Council on June 25, 2021.

- Campus adopted base rates complied with Council approved ceilings
- Rate increases at every university were at or below the 2.0% one-year cap
- KSU and KCTCS did not increase tuition in 2021-22
- The system average increase was 1.2% for resident undergraduate students
- The second lowest system average increase in over 20 years

Tuition Setting for 2022-23

What are revised maximum base rates for 2022-23?

Kentucky Public Postsecondary Institution
Revised Maximum Base Rate Increases for Resident Undergraduates
Academic Year 2022-23

Institution	Adopted 2021-22 Base Rates	Maximum 2022-23 Base Rates	Dollar Change	Percent Change
UK	\$12,610	\$12,859	\$249	1.97%
UofL	12,174	12,325	151	1.24%
EKU	9,452	9,544	92	0.97%
KSU	8,500	8,670	170	2.00%
MoSU	9,210	9,309	99	1.07%
MuSU (Pre Summer 2016)	8,760	8,935	175	2.00%
MuSU (Summer 2016 or After)	9,252	9,437	185	2.00%
NKU	10,012	10,209	197	1.97%
WKU	10,792	10,920	128	1.19%
KCTCS (per credit hour)	\$179.00	\$182.00	\$3.00	1.68%
KCTCS (per credit hour x 30)	\$5,370	\$5,460	\$90	1.68%

Note: Maximum base rates for 2022-23 have been revised for three institutions to reflect the "no more than 2.0% base rate increase in any one year" parameter at KSU and MuSU and to reflect the "no more than \$3.00 per credit hour base rate increase in any one year" parameter at KCTCS.

Revised maximum base-rate ceilings for 2022-23 shown in yellow highlight.

- KSU and MuSU base rate increases are capped at 2.0% in 2022-23
- The base rate increase at KCTCS is capped at "no more than \$3.00 per credit hour in any one year"
- The base rate increases at six other institutions are capped at "no more than 3.0% over two years" (compared to last year's 2020-21 base rate)
- At maximum allowable base rates, the system average increase would be 1.6% for resident undergraduates

Tuition Setting for 2022-23

Tuition Policy and Timeline

➤ Tuition Policy

- The Council adopted its current *Tuition and Mandatory Fee Policy* on January 29, 2021 (for academic year 2021-22)
- Included in the 2021-22 iteration of the policy were minor changes to the Asset Preservation Fee Exception Policy
- CPE staff will work with campus officials in coming weeks to identify any proposed changes to the tuition policy for 2022-23

➤ Tuition Setting Timeline

- A *Preliminary 2022-23 Tuition Setting Timeline* is provided in the agenda materials for this meeting (Attachment B)

Tuition Setting for 2022-23

Tuition Policy and Timeline (Cont'd)

➤ Tuition Setting Timeline (Cont'd)

- Given that two-year ceilings were adopted by the Council, the timeline for 2022-23 is more abbreviated
- The Council has already approved tuition ceilings for 2022-23
- CPE staff will work with campus officials to identify any changes to the *2022-23 Tuition Setting Timeline*
- The current draft timeline anticipates that the tuition policy and timeline will be approved at the April 15 Council meeting
- Institutions may bring their 2022-23 rate proposals for approval at either the April 15, or the June 17, Council meeting

Questions?



Twitter: CPENews and CPEPres



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