

**COUNCIL ON POSTSECONDARY EDUCATION
FINANCE COMMITTEE MEETING**



April 12, 2022 – 2:00 PM, ET

ZOOM teleconferencing for Finance Committee members

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

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DRAFT MINUTES
Council on Postsecondary Education

Type: Finance Committee Meeting
Date: January 19, 2022
Time: 1:00 p.m. ET
Location: Virtual Meeting by ZOOM Webinar; Public viewing hosted on CPE YouTube Page

CALL TO ORDER

The Finance Committee met Wednesday, January 19, 2022, at 1:00 p.m., ET. The meeting occurred virtually via ZOOM teleconference. Members of the public were invited to view the livestream on the CPE YouTube page.

Chair Lucas Mentzer presided.

ATTENDANCE

All committee members in attendance: Colby Birkes, Kellie Ellis, Eric Farris, Lucas Mentzer, Richard Nelson, Madison Silvert and Elaine Walker.

CPE President Aaron Thompson served as Secretary of the board, per the CPE Bylaws. Heather Faesy, CPE's senior associate for Board Relations, served as recorder of the meeting minutes.

APPROVAL OF THE MINUTES

The minutes of the October 28, 2021 Finance Committee meeting were approved as distributed.

2022-24 BUDGET DEVELOPMENT UPDATE

Dr. Bill Payne, CPE's Vice President of Finance and Administration, and Mr. Shaun McKiernan, Executive Director of Finance and Budget, presented a review of the budget proposals submitted by the Governor (HB 285) and the House (HB 1). They further compared the proposed components with the recommendation approved by the Council at its November 5, 2021 meeting.

KSU SPECIAL APPROPRIATION (HB 250)

Mr. Travis Powell, CPE's Vice President and General Counsel, provide a review of HB 250, which pertains 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.

TUITION SETTING FOR ACADEMIC YEAR 2022-23

Dr. Payne provided 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.

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.

A preliminary 2022-23 Tuition Setting Timeline was also reviewed. 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 members engaged in a discussion regarding the Special Use Fee and Asset Preservation Fee policies.

ADJOURNMENT

The Finance Committee adjourned at 2:10 p.m., ET.

MINUTES REVIEWED AND APPROVED BY THE COMMITTEE: _____

TITLE: Tuition and Mandatory Fee Policy and Tuition Setting Timeline

RECOMMENDATION: Staff recommends that the Finance Committee endorse for full Council approval the attached *Tuition and Mandatory Fee Policy*, which provided a framework for establishing tuition and fee ceilings for academic years 2021-22 and 2022-23 and will facilitate review and approval of campus tuition and fee proposals submitted for the coming year. Following discussions with campus presidents and chief budget officers, staff is not recommending any changes to the tuition policy for 2022-23. Attached for Council information is a copy of the *AY 2022-23 Tuition Setting Timeline*.

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

SUPPORTING INFORMATION

CPE staff recommends that the Finance Committee endorse for full Council approval the attached *Tuition and Mandatory Fee Policy for Academic Year 2022-23* (see Attachment A). Other than changing the year referenced in the header, this is the same policy that was approved by the Council at its January 29, 2021, meeting.

As many Council members may recall, the policy adopted for academic year 2021-22 helped guide the development of tuition and fee ceilings for academic years 2021-22 and 2022-23, which established a maximum base rate increase in any one year and a maximum rate increase over two years at each institution (i.e., two-year ceilings). After discussions between and among CPE staff and campus presidents and chief budget officers, it was determined that any substantive changes to the tuition and fee policy could be discussed at length and vetted ahead of the 2023-24 tuition setting cycle, so no changes in the policy are proposed for academic year 2022-23.

Again, staff recommends that the Finance Committee endorse and recommend approval to the full Council of the attached *Tuition and Mandatory Fee Policy for Academic Year 2022-23*. Once approved, the policy will facilitate evaluation of campus tuition and fee rate proposals submitted for approval for the upcoming academic year.

Attached for Council review and information is a copy of the *AY 2022-23 Tuition Setting Timeline* (see Attachment B). As can be seen in the timeline, it is anticipated that the Council will take action on the 2022-23 tuition and fee policy at its April 15, 2022, meeting, as well as any campus tuition and fee proposals presented at that meeting. Any remaining tuition and fee proposals will be submitted for Council approval at the June 17, 2022, meeting. The tuition setting timeline does not require Council approval.

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 AY 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 shares information with campus presidents regarding key issues that might impact the 2022-23 tuition-setting cycle and discuss possible 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 5, 2022 CBO Meeting – Council staff and campus CBOs finalize any changes to the 2022-23 Tuition and Mandatory Fee Policy and Preliminary Tuition Setting Timeline.

Apr 6, 2022 Presidents' Meeting – Council staff and campus presidents finalize any changes to the 2022-23 Tuition and Mandatory Fee Policy and Preliminary Tuition Setting Timeline.

 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.

TITLE: 2022-23 Campus Tuition and Mandatory Fee Proposals for Northern Kentucky University and the Kentucky Community and Technical College System

RECOMMENDATION: Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and mandatory fee proposals for academic year 2022-23 submitted by Northern Kentucky University and KCTCS.

PRESENTERS: Bill Payne, Vice President for Finance and Administration, CPE
Shaun McKiernan, Executive Director of Finance and Budget, CPE
Ryan Kaffenberger, Senior Associate, Finance and Workforce Development, 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 is a requirement that base rate increases for resident undergraduate students not exceed 2.0% in any one year at the public universities, nor exceed \$3.00 per credit hour in any one year at KCTCS institutions.

Northern Kentucky University and KCTCS have submitted tuition and fee proposals for academic year 2022-23 to the Council. The NKU Board of Regents approved the proposed tuition and fee charges at their March 16, 2022, meeting. The KCTCS Board of Regents approved the proposed tuition and fee charges at their March 25, 2022, meeting.

Staff has reviewed each institution's proposed 2022-23 tuition and fee charges for every degree level, residency, and attendance status and determined that they comply with Council approved ceilings.

Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and mandatory fee charges for resident undergraduate and graduate students, nonresident undergraduate and graduate students, and on-line learners for academic year 2022-23 as proposed by the institutions and approved by their governing boards.

COUNCIL APPROVED TUITION AND FEE CEILINGS

On May 13, 2021, the Council adopted resident undergraduate tuition and mandatory fee ceilings that equate to:

- a maximum base rate increase of no more than 3.0 percent over two years, and a maximum increase of no more than 2.0 percent in any one year, for public research and comprehensive universities; 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.

At that same meeting, it was determined that the public institutions shall be allowed to submit for Council review and approval:

- Nonresident undergraduate tuition and fee rates that comply with the Council’s *2021-22 Tuition and Mandatory Fees Policy*, or otherwise adhere to provisions of an existing Memorandum of Understanding between the Council and an institution.
- Market competitive tuition and fee rates for graduate and online courses.

A top priority for the Council in adopting these parameters was keeping tuition and fee increases to a minimum to help students and families who may have been 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. Toward that end, staff believes the adopted ceilings achieved an appropriate balance between resource needs of the institutions and affordability for Kentucky students and families.

As a reminder, the resident undergraduate tuition and fee 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 and Asset Preservation Fees previously approved by the Council, and minus an 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. The paragraphs below contain proposed base rates for academic year 2022-23, current-year base rates, and calculated dollar and percent changes between those rates for each institution.

CAMPUS TUITION AND FEE PROPOSALS

Officials from NKU and KCTCS have submitted to the Council tuition and fee proposals for academic year 2022-23, along with tuition and fee revenue estimates for fiscal years 2021-22 and 2022-23. The NKU Board of Regents approved the proposed tuition and fee charges at their March 16, 2022, meeting. The KCTCS Board of Regents approved the proposed tuition and fee charges at their March 25, 2022, meeting.

Staff has reviewed each institution’s proposed 2022-23 tuition and fee charges for every degree level, residency, and attendance status and determined that they comply with Council approved ceilings.

Northern Kentucky University

On April 6, 2022, Northern Kentucky University submitted a proposal to the Council, containing planned tuition and mandatory fee charges for academic year 2022-23. As can

be seen in Table 1, between academic years 2021-22 and 2022-23, the university is proposing to increase its annual base-rate charge for resident undergraduate students by \$196.⁰⁰, or 2.0 percent. This increase complies with the Council’s approved ceiling for resident undergraduate tuition and mandatory fees, which stipulates that base rates cannot increase by more than 2.0 percent in any one year at public research and comprehensive universities.

Per the approved ceiling, NKU’s maximum possible base rate charge for 2022-23 for resident undergraduate students is \$10,209 (a 3.0 percent increase from \$9,912). The university’s proposed tuition and fee charges for undergraduate nonresident and on-line students also adhere to Council parameters. NKU will present rates for graduate and doctorate students at the June 17, 2022, CPE meeting.

The tuition and fees included in NKU’s proposal were approved by the university’s Board of Regents at their March 16 meeting. Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and fee rates as proposed by Northern Kentucky University and approved by the university’s governing board.

Attachment A contains additional categories of tuition and fee charges, including proposed per-credit-hour rates for part-time resident and nonresident undergraduate students and online rates. Staff recommends approval of these additional rates as proposed by the university.

Northern Kentucky University Proposed Tuition and Fee Base Rates Academic Year 2022-23					Table 1
<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	
Undergraduate					
Resident	\$10,012	\$10,208	\$196	2.0%	
Nonresident	\$20,070	\$20,464	\$394	2.0%	
Graduate					
Resident	\$550.00 pch	n/a pch	n/a	n/a	
Nonresident	\$845.00 pch	n/a pch	n/a	n/a	
Base rates for Northern Kentucky University do not include a Special Use Fee of \$192.00 per semester, or \$384 per year, for full-time students.					
pch = per credit hour					

Estimated Tuition Revenue

NKU officials estimate that proposed 2022-23 tuition and mandatory fee charges for all categories of students (i.e., every academic level, residency, and full-time or part-time status) will generate about \$181.2 million in gross tuition and fee revenue, which is \$6.3 million more than anticipated revenue for the current year (see Attachment B). The university’s E&G fixed costs are projected to increase by \$12.6 million between fiscal

years 2021-22 and 2022-23, which represents an increase of about 5.8 percent over current-year costs.

Kentucky Community and Technical College System

On March 28, 2022, the Kentucky Community and Technical College System submitted a proposal to the Council, containing planned tuition and mandatory fee charges for academic year 2022-23. As can be seen in Table 2 below, between academic years 2021-22 and 2022-23, the system is proposing to increase its annual base-rate charge for resident students by \$3.00, or 1.7 percent. This complies with the Council’s approved ceiling for resident tuition and mandatory fees, which stipulates that base rates cannot increase by more than \$3.00 in any one year at KCTCS institutions. The system’s proposed tuition and fee charges for nonresident and on-line students also adhere to Council parameters.

The tuition and fees included in KCTCS’s proposal were approved by the system’s Board of Regents at their March 25 meeting. Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and fee rates as proposed by the Kentucky Community and Technical College System and approved by the system’s governing board.

Kentucky Community and Technical College System Proposed Tuition and Fee Base Rates Academic Year 2022-23				Table 2	
<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	
Resident					
Per Credit Hour	\$179 pch	\$182 pch	\$3	1.7%	
30 Credit Hours	\$5,370	\$5,460	\$90	1.7%	
Nonresident					
Per Credit Hour	\$358 pch	\$368 pch	\$10	2.8%	
30 Credit Hours	\$10,740	\$11,040	\$300	2.8%	
Base rates for KCTCS do not include an \$8.00 per credit hour BuildSmart Investment for Kentucky Competitiveness Fee.					

Attachment C contains additional tuition and fees, including per-credit-hour rates for students from non-resident – contiguous counties, rates for other nonresident students, online rates, and rates for dual-credit students. Attachment C shows billable charges for students enrolled at various levels of credit hours taken (e.g., 3 hours, 6 hours, 9 hours, etc.). Staff recommends approval of these rates as proposed by KCTCS.

Estimated Tuition Revenue

KCTCS officials estimate that proposed 2022-23 tuition and mandatory fee charges for all categories of students (i.e., every academic level, residency, and full-time or part-time status) will generate about \$248.1 million in gross tuition and fee revenue, which is \$6.7 million more than anticipated revenue for the current year (see Attachment D). The system’s

E&G fixed costs are projected to increase by \$30.8 million between fiscal years 2021-22 and 2022-23, which represents an increase of about 4.1 percent over current year costs.

STAFF RECOMMENDATION

Council staff has reviewed the tuition and mandatory fee proposals for academic year 2022-23 received from NKU and KCTCS and determined that they comply with the resident undergraduate tuition and fee ceilings for research and comprehensive universities and KCTCS institutions adopted by the Council at their May 13, 2021, meeting. In addition, staff determined that proposed prices for nonresident undergraduate students adhere to provisions of the Council's *2021-22 Tuition and Mandatory Fee Policy*, or a previously approved Memorandum of Understanding between the Council and an institution. Finally, proposed tuition and fee charges for graduate and on-line students also adhere to Council parameters.

Staff recommends that the Finance Committee approve, and endorse to the full Council, all applicable tuition and mandatory fee charges for resident undergraduate and graduate students, nonresident undergraduate and graduate students, and on-line learners for academic year 2022-23 as proposed by the institutions.

**Proposed 2022-23 Tuition and Mandatory Fee Charges
Northern Kentucky University**

	Fall 2022	Spring 2023	Annual 2022-23	Summer 2023	Winter 2022
<i>Category-Tuition</i>					
Undergraduate					
Credit Hour (1-11, 17+ hours)					
Resident, Ohio Reciprocity, Indiana Rate	\$425	\$425	N/A	\$425	\$425
Metro (returning)	\$643	\$643	N/A	\$643	\$643
Nonresident	\$853	\$853	N/A	\$853	\$853
Online (accelerated and all other)	\$461	\$461	N/A	\$461	\$461
RN-BSN Online Partner (Note 1)	\$300	\$300	N/A	\$300	\$300
School Based Scholars (Note 2)	\$72	\$72	N/A	\$72	\$72
Full-Time 12-16 Hours (Semester)					
Resident, Ohio Reciprocity, Indiana Rate	\$5,104	\$5,104	\$10,208	N/A	N/A
Metro (returning)	\$7,724	\$7,724	\$15,448	N/A	N/A
Nonresident	\$10,232	\$10,232	\$20,464	N/A	N/A
Graduate/Doctorate - Per Credit Hour					
Resident	Received CPE approval to present the Graduate/Doctorate rates at the June CPE meeting.				
Ohio/Indiana					
Nonresident					
Nonresident & Resident - Online					
College of Informatics - MHI Accelerated Online					
<i>Master of Education - Per Credit Hour</i>					
Master of Arts in Education - non accelerated online					
Master of Arts in Education - accelerated online					
Master of Arts in Teaching - accelerated online					
Alternative Certification in Special Ed - AOL					
MAED: Teacher as Leader - Great 8 Cohort					
<i>Education Post Masters - Per Credit Hour</i>					
Education Specialist T&L - accelerated online					
Education Specialist-other than accelerated online					
Graduate Certifications/Rank 1					
<i>Education Doctorate - Per Credit Hour</i>					
Resident					
Ohio/Indiana					
Nonresident					
<i>Business Graduate - Per Credit Hour</i>					
Resident					
Ohio/Indiana					
Nonresident					
Accelerated Online Master of Business					
Master of Business in Leadership & Innovation (MBLI)					
MBA International Partnership					

**Proposed 2022-23 Tuition and Mandatory Fee Charges
Northern Kentucky University**

	Fall 2022	Spring 2023	Annual 2022-23	Summer 2023	Winter 2022
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Category-Tuition

College of Health and Human Services (Nursing Grad Cohort Programs) - Per Credit Hour

- Doctor of Nursing Practice (DNP) - accelerated
- DNP - Post Masters - non accelerated online
- DNP - Nursing Anesthesia (resident)
- DNP - Nursing Anesthesia (non resident)
- DNP - Nurse Anesthesia Post Masters-non accelerated
- Master of Science in Nursing (MSN) - accelerated
- MSN - non accelerated
- MS - Health Science - accelerated
- Master of Science in Exercise Science - non accelerated
- Master of Science in Athletic Training (resident)
- Master of Science in Athletic Training (non-resident)
- Occupational Therapy Doctorate
- MA School Counseling and/or MS Clinical Mental Health Counseling (resident)
- MA School Counseling and/or MS Clinical Mental Health Counseling (non-resident)
- MA School Counseling and/or MS Clinical Mental Health Counseling (Graduate Metro)

Received CPE approval to present the Graduate/Doctorate rates at the June CPE meeting.

Law

- Resident
 - Full-time (13 - 16 credit hours)
 - Per Credit Hour
- Nonresident
 - Full-time (13 - 16 credit hours)
 - Per Credit Hour
- MLS Accelerated Online
- LLM (Master in Law for International Students)

Mandatory Fee (Special Use) Campus Recreation

Per credit hour - caps at 12 hrs/semester (\$192)

**Estimated 2022-23 Gross Tuition and Mandatory Fee Revenue
Northern Kentucky University**

<i>Category - Tuition</i>	Estimated 2021-22	Estimated 2022-23
<i>Undergraduate</i>		
Resident	\$ 62,581,366	\$ 65,170,036
Nonresident	48,413,563	50,416,184
<i>Graduate</i>		
Resident	31,370,542	32,220,927
Nonresident	27,675,718	28,435,443
<i>Total Gross Tuition</i>	\$ 170,041,189	\$ 176,242,590
<i>Category - Mandatory Fee</i>		
Special Use Fee (Campus Rec Fee)	4,909,107	5,007,289
TOTAL TUITION AND MANDATORY FEES	\$ 174,950,296	\$ 181,249,879

**Proposed 2022-23 Tuition and Mandatory Fee Charges
Kentucky Community and Technical College System**

<i>Category</i>	<u>Fall 2022</u>	<u>Spring 2023</u>	<u>Annual 2022-23</u>	<u>Summer 2023</u>
<i>Resident</i>				
Per Credit Hour	\$182	\$182		\$182
Charge for Students Enrolled with 3 Credit Hours	546	546		546
Charge for Students Enrolled with 6 Credit Hours	1,092	1,092		1,092
Charge for Students Enrolled with 9 Credit Hours	1,638	1,638		1,638
Charge for Students Enrolled with 12 Credit Hours	2,184	2,184		2,184
Charge for Students Enrolled with 15 Credit Hours	2,730	2,730		2,730
<i>Nonresident - Contiguous Counties</i>				
Per Credit Hour	\$368	\$368		\$368
Charge for Students Enrolled with 3 Credit Hours	1,104	1,104		1,104
Charge for Students Enrolled with 6 Credit Hours	2,208	2,208		2,208
Charge for Students Enrolled with 9 Credit Hours	3,312	3,312		3,312
Charge for Students Enrolled with 12 Credit Hours	4,416	4,416		4,416
Charge for Students Enrolled with 15 Credit Hours	5,520	5,520		5,520
<i>Nonresident - Other</i>				
Per Credit Hour	\$637	\$637		\$637
Charge for Students Enrolled with 3 Credit Hours	1,911	1,911		1,911
Charge for Students Enrolled with 6 Credit Hours	3,822	3,822		3,822
Charge for Students Enrolled with 9 Credit Hours	5,733	5,733		5,733
Charge for Students Enrolled with 12 Credit Hours	7,644	7,644		7,644
Charge for Students Enrolled with 15 Credit Hours	9,555	9,555		9,555
<i>Online</i>				
Per Credit Hour	182	182		182
<i>Dual Credit</i>				
Per Credit Hour	91	91		91
<i>Agency Bond Fee*</i>				
Per Credit Hour	\$8	\$8		\$8

*Not assessed to online or dual credit students.

ATTACHMENT D

**Estimated 2022-23 Gross Tuition and Mandatory Fee Revenue
Kentucky Community and Technical College System**

<u>Category</u>	<u>Estimated 2021-22</u>	<u>Estimated 2022-23</u>
<i>Undergraduate</i>		
Resident	100,652,200	\$ 103,447,700
Nonresident	3,934,300	4,043,600
Online	95,378,400	98,027,500
Dual Credit	32,456,600	33,358,000
Agency Bond Fee	9,000,000	9,250,000
Total	<u>\$ 241,421,500</u>	<u>\$ 248,126,800</u>

TITLE: Interim Capital Project – ECU Upgrade of Building Management System Controls

RECOMMENDATION: Staff recommends that the Finance Committee endorse for full Council approval a \$1,150,000 federally funded interim capital project at Eastern Kentucky University to upgrade building management system controls.

PRESENTERS: Shaun McKiernan, Executive Director of Finance and Budget, CPE
Ryan Kaffenberger, Senior Associate, Finance and Workforce Development, CPE

SUPPORTING INFORMATION

Eastern Kentucky University (EKU) officials request CPE approval for an interim capital project to improve building system reliability, and indoor ventilation and air quality. The project will replace an aging system with a security-compliant operating system.

Federal funds provided to ECU to respond to the Coronavirus pandemic (i.e., CARES Act, CRRSA, and ARP Act) will be used to fund this \$1,150,000 project, which will upgrade building management system controls at the following buildings: Burnham, Cammack, Campbell, Corbin, Donovan, Moberly, Wallace, and Whitlock. Additional federal funds may become available to expand the scope of this project.

House Bill 592 (2018) created a new provision in KRS 164A.575, which allows public postsecondary institutions to authorize capital projects not specifically listed in the state budget as long as the projects are funded with non-general fund appropriations, do not jeopardize funding for existing programs, and are reported by the institution to the Capital Projects and Bond Oversight Committee. The pertinent section of KRS 164A.575 is provided below:

- (15) Notwithstanding KRS 45.760, the governing board may authorize a capital construction project or a major item of equipment even though it is not specifically listed in any branch budget bill, subject to the following conditions and procedures:
 - (a) The full cost shall be funded solely by non-general fund appropriations;
 - (b) Moneys specifically budgeted and appropriated by the General Assembly for another purpose shall not be allotted or re-allotted for expenditure on the project or major item of equipment. Moneys utilized shall not

jeopardize any existing program and shall not require the use of any current general funds specifically dedicated to existing programs; and

- (c) The institution's president, or designee, shall submit the project or major item of equipment to the Capital Projects and Bond Oversight Committee for review as provided by KRS 45.800.

The approval process for a capital project that exceeds \$1,000,000 is listed below.

- The project must be submitted to the Council on Postsecondary Education for review and action.
- If approved by the Council, projects at KCTCS and KSU are submitted to the Secretary of the Finance and Administration Cabinet for review and action, and subsequently submitted by the Secretary to the Capital Projects and Bond Oversight Committee for review.
- If approved by the Council, projects at ECU, MoSU, MuSU, NKU, UK, UofL, and WKU are submitted by the requesting institution to the Capital Projects and Bond Oversight Committee for review, and a copy is provided to the Finance and Administration Cabinet as information.
- Following review and action by the appropriate agencies, the project may be initiated by the requesting institution.

Because this project was not previously approved by the Council and it was not authorized in the enacted 2020-22 budget, Council approval is now required to authorize this project. ECU will not be debt financing any portion of this project; therefore, provisions of KRS 45.763 do not apply.

NEXT STEPS

Following Council action, staff will notify the president of ECU, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee of the Council's recommendation concerning this project.



EASTERN KENTUCKY UNIVERSITY

Serving Kentuckians Since 1906

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March 22, 2022

The Honorable Rick Girdler, Co-Chair
The Honorable Chris Freeland, Co-Chair
Capital Projects & Bond Oversight Committee
Legislative Research Commission,
Capitol Annex Building
700 Capitol Avenue
Frankfort, Kentucky 40601

Dear Senator Girdler, Representative Freeland and members of the Capital Projects and Bond Oversight Committee,

In accordance with provisions of KRS 45.750(1)(f)(6), KRS 45.760(6)(a)(1) and (7)(c) and KRS 164A.600, Eastern Kentucky University (EKU), is reporting the following actions for a 100% federally funded capital project:

Upgrade Building Management System Controls – Federal Funds

EKU is reporting a new federal funds appropriation for an information technology capital project appropriated for \$1,150,000.

This information technology capital project appropriation will improve building system reliability, indoor ventilation and air quality along with building automation systems via a campus-wide graphical user interface that will utilize and upgrade multiple building supervisory control systems modifying Windows XP-era network controls to a current, security-compliant Linux Operating System. Building control upgrades primarily include, but are not limited to, Burnam Building, Cammack Building, Campbell Building, Corbin Campus Building, Donovan Building, Moberly Building, Wallace Building, and Whitlock Building.

The funding from the U.S. Department of Education originated with the CARES Act and included supplemental actions through the CRRSA and ARP Acts. This project is eligible for extension per recent guidance. This could mean additional, future federal funding; however, the reported appropriation is sufficient for project completion under the current scope.

Please contact Ryan Green, Executive Director for Budget & Financial Planning, at (859) 622-6932 should you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Barry Poynter".

Barry D. Poynter
Senior Vice President

c: Ryan D. Green, Eastern Kentucky University
Dr. Bryan Makinen, Eastern Kentucky University
Shaun McKiernan, Council on Postsecondary Education
Ethan Witt, Eastern Kentucky University
Carla Wright, Office of State Budget Director

TITLE: Update - 2022-2024 Budget of the Commonwealth (HB1/FCCR)

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

SUMMARY

On March 30, the Kentucky House and Senate passed a Free Conference Committee Report (FCCR) of House Bill 1 (HB 1), the 2022-24 Budget of the Commonwealth. The report contained a number of positive provisions for postsecondary education, which are outlined below.

Campus Operating Funds

- The FCCR budget provides \$80 million in new funding for the Postsecondary Education Performance Fund each year of the biennium (or \$97.3 million in total when added to the current year \$17.3 million base).
- It maintains pension subsidies at 2021-22 levels in fiscal year 2022-23 for participating KERS institutions (i.e., comprehensive universities, excluding NKU, and KCTCS), although the subsidies are reduced by 10% in 2023-24.
- Adds \$27.7 million in new mandated program funding in 2022-23 and \$23.2 million in 2023-24, relative to the current year base (see Attachment A for more detail).
- Additional support for postsecondary institution operations totals \$107.8 million in 2022-23 and \$103.2 million in 2023-24 (net of debt service in each year), which represent increases over the 2021-22 base of 11.9% and 11.4%, respectively (see Attachment B for dollar and percent change figures by institution).

Capital Investment

- The FCCR budget provides \$683.5 million for asset preservation pools (bond funded, with half of the funding available in the first year, and half in the second) with institutional matching requirements of 30% for research institutions, 15% for the comprehensive universities and KCTCS (see Attachment C for campus specific allocations of Asset Preservation Pool funds and required matching amounts).
- It also appropriates \$811.9 million for new construction or renovation projects on postsecondary campuses. This amount is bond funded, with funding for ECU's Alumni Coliseum project available in 2022-23 and remaining funds available for institutions to access in 2023-24 (see Attachment D for a listing of new construction and renovation projects by institution).
- It provides \$1.0 million in General Fund appropriations for campus Kentucky Regional Optical Network (KyRON) upgrades.

- Debt service of \$13.4 million in 2022-23 and \$67.3 million in 2023-24 for asset preservation, new construction, and renovation projects is included in campus General Fund appropriations listed in the budget bill.

Trust Funds

- The FCCR budget appropriates \$40.0 million in total for Bucks for Brains, \$30.0 million to the Research Challenge Trust Fund for research universities and \$10.0 million to the Comprehensive University Excellence Trust Fund for comprehensive institutions.
- It also provides \$2.2 million in 2022-23 for Workforce Development Trust Fund to increase credential production capacity for identified supply gaps and support program offerings in targeted industry sectors within the Kentucky Community and Technical College System.

CPE Agency Budget

- The FCCR budget appropriates \$10.0 million in federal funds in 2022-23 for a Healthcare Workforce Initiative, administered by CPE.
- It provides an 8% salary increase for all state employees in fiscal year 2022-23. Additional funding to cover the increase for CPE was included in the agency's General Fund operating appropriation. It signals an intent to provide a salary increase in 2023-24, pending completion of a comprehensive review by Personnel Cabinet of the current salary schedule. The review will consider locality, seniority, and other factors.

In its entirety, the 2022-2024 FCCR budget represents one of the best budgets for higher education in decades. President Aaron Thompson, CPE staff, and campus presidents and chief budget officers are very appreciative of this investment in Kentucky higher education and the bright future for the Commonwealth that it portends.

Council on Postsecondary Education
 Comparison of Line-Itemed Mandated Program Appropriations
 Between 2021-22 Enacted Budget and 2022-2024 Free Conference Committee Budget

ATTACHMENT A

Institution/Mandated Program	Enacted Budget (21 RS, HB 192)	FCCR Budget (22 RS, HB 1/FCCR)		FCCR Budget	
	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Additions Fiscal Year 2022-23	(Reductions) Fiscal Year 2023-24
University of Kentucky					
College of Agriculture Cooperative Extension Service	31,275,300	35,420,800	35,420,800	4,145,500	4,145,500
Kentucky Agricultural Experiment Station	29,479,600	31,434,100	31,434,100	1,954,500	1,954,500
Center for Applied Energy Research	5,176,200	10,176,200	10,176,200	5,000,000	5,000,000
Kentucky Geological Survey	4,076,300	4,076,300	4,076,300	0	0
Veterinary Diagnostic Laboratory	4,034,200	4,034,200	4,034,200	0	0
Sanders-Brown Center on Aging	2,040,500	2,040,500	2,040,500	0	0
College of Agriculture Division of Regulatory Services	1,800,000	1,800,000	1,800,000	0	0
College of Agriculture Kentucky Small Business Development Center	600,000	600,000	600,000	0	0
University Press of Kentucky	586,300	586,300	586,300	0	0
Human Development Institute Supported Higher Education Project	500,000	500,000	500,000	0	0
Center of Excellence in Rural Health	450,200	450,200	450,200	0	0
Kentucky Cancer Registry	450,200	450,200	450,200	0	0
Sports Medicine Research Institute	100,000	100,000	100,000	0	0
Markey Cancer Center	0	10,000,000	10,000,000	10,000,000	10,000,000
Total	80,568,800	101,668,800	101,668,800	21,100,000	21,100,000
University of Louisville					
Rural Health Education Program	695,200	695,200	695,200	0	0
Kentucky Autism Training Center	150,000	150,000	150,000	0	0
School of Dentistry Patient Dental Care	100,000	100,000	100,000	0	0
Center for Military Connected Students	0	300,000	300,000	300,000	300,000
Dental Equipment to Support Clinical Rotations in Rural Areas	0	100,000	0	100,000	0
Total	945,200	1,345,200	1,245,200	400,000	300,000
Eastern Kentucky University					
Model Laboratory School	4,571,900	4,571,900	4,571,900	0	0
Center for the Arts	0	200,000	0	200,000	0
Pension Subsidy (HB 8 Reductions)	8,909,700	8,909,700	8,023,100	0	(886,600)
Total	13,481,600	13,681,600	12,595,000	200,000	(886,600)
Kentucky State University					
Land-Grant Match	8,210,400	8,881,900	8,881,900	671,500	671,500
West Louisville HBCU Pilot Project	200,000	200,000	200,000	0	0
Pension Subsidy (HB 8 Reductions)	558,200	558,200	503,400	0	(54,800)
Total	8,968,600	9,640,100	9,585,300	671,500	616,700

Council on Postsecondary Education
 Comparison of Line-Itemed Mandated Program Appropriations
 Between 2021-22 Enacted Budget and 2022-2024 Free Conference Committee Budget

Institution/Mandated Program	Enacted Budget (21 RS, HB 192)	FCCR Budget (22 RS, HB 1/FCCR)		FCCR Budget Additions (Reductions)	
	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2022-23	Fiscal Year 2023-24
Morehead State University					
Craft Academy for Excellence in Science and Mathematics	3,480,400	4,985,100	4,985,100	1,504,700	1,504,700
Jet Propulsion Laboratory	0	0	0	0	0
Erect Second Satellite Dish	0	250,000	0	250,000	0
Pension Subsidy (HB 8 Reductions)	4,913,000	4,913,000	4,411,800	0	(501,200)
Total	8,393,400	10,148,100	9,396,900	1,754,700	1,003,500
Murray State University					
Breathitt Veterinary Center	3,200,000	4,034,200	4,034,200	834,200	834,200
Pension Subsidy (HB 8 Reductions)	3,270,900	3,270,900	2,929,600	0	(341,300)
Total	6,470,900	7,305,100	6,963,800	834,200	492,900
Northern Kentucky University					
Kentucky Center for Mathematics	1,323,900	1,323,900	1,323,900	0	0
Western Kentucky University					
Gatton Academy of Mathematics and Science	4,985,100	4,985,100	4,985,100	0	0
Kentucky Mesonet	750,000	1,750,000	1,750,000	1,000,000	1,000,000
Pension Subsidy (HB 8 Reductions)	3,592,500	3,592,500	3,237,200	0	(355,300)
Total	9,327,600	10,327,600	9,972,300	1,000,000	644,700
→ University Total	129,480,000	155,440,400	152,751,200	25,960,400	23,271,200
Kentucky Community and Technical College System					
KCTCS-TRAINS	4,149,800	4,149,800	4,149,800	0	0
Kentucky Fire Commission	1,869,900	1,869,900	1,869,900	0	0
Kentucky Board of Emergency Medical Services	1,799,700	1,799,700	1,799,700	0	0
Adult Agriculture Education	1,000,000	1,000,000	1,000,000	0	0
WKCTC Aviation Program	0	900,000	0	900,000	0
Madisonville Community College Aviation Program	0	900,000	0	900,000	0
Pension Subsidy (HB 8 Reductions)	854,900	854,900	765,200	0	(89,700)
Total	9,674,300	11,474,300	9,584,600	1,800,000	(89,700)
→ Grand Total	139,154,300	166,914,700	162,335,800	27,760,400	23,181,

Council on Postsecondary Education
 Appropriations for Postsecondary Institution Operations
 Crosswalk from Current-Year Base to 2022-2024 Free Conference Committee Budget

2022-2024 FCCR Budget (HB 1/FCCR)

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	80,000,000	80,000,000
Mandated Programs	21,100,000 ^a	400,000 ^b	200,000 ^c	671,500 ^d	1,754,700 ^e	834,200 ^f	0	1,000,000 ^g	1,800,000 ^h	-- NA --	27,760,400
Pension Subsidy Adjustment (HB 8) ⁱ	0	0	0	0	0	0	0	0	0	-- NA --	0
Debt Service ^j	2,777,500	1,475,000	2,117,000	290,000	634,500	850,000	843,000	1,226,500	3,229,000	-- NA --	13,442,500
2022-23 FCCR Budget General Fund (HB 1/FCCR)	\$289,108,300	\$129,031,800	\$76,640,900	\$28,165,600	\$45,714,100	\$48,708,900	\$53,090,500	\$79,173,100	\$180,464,900	\$97,307,100	\$1,027,405,200
Dollar Change from Baseline	\$23,877,500	\$1,875,000	\$2,317,000	\$961,500	\$2,389,200	\$1,684,200	\$843,000	\$2,226,500	\$5,029,000	\$80,000,000	\$121,202,900
Percent Change from Baseline	9.0%	1.5%	3.1%	3.5%	5.5%	3.6%	1.6%	2.9%	2.9%	-- NA --	13.4%
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	80,000,000	80,000,000
Mandated Programs	21,100,000 ^a	300,000 ^b	0 ^c	671,500 ^d	1,504,700 ^e	834,200 ^f	0	1,000,000 ^g	0 ^h	-- NA --	25,410,400
Pension Subsidy Adjustment (HB 8) ⁱ	0	0	(886,600)	(54,800)	(501,200)	(341,300)	0	(355,300)	(89,700)	-- NA --	(2,228,900)
Debt Service ^j	17,338,500	6,767,000	8,464,000	870,000	5,434,000	4,189,500	5,407,500	6,360,000	12,487,500	-- NA --	67,318,000
2023-24 FCCR Budget General Fund (HB 1/FCCR)	\$303,669,300	\$134,223,800	\$81,901,300	\$28,690,800	\$49,762,400	\$51,707,100	\$57,655,000	\$83,951,300	\$187,833,700	\$97,307,100	\$1,076,701,800
Dollar Change from Baseline ⁽¹⁾	\$38,438,500	\$7,067,000	\$7,577,400	\$1,486,700	\$6,437,500	\$4,682,400	\$5,407,500	\$7,004,700	\$12,397,800	\$80,000,000	\$170,499,500
Percent Change from Baseline ⁽¹⁾	14.5%	5.6%	10.2%	5.5%	14.9%	10.0%	10.3%	9.1%	7.1%	-- NA --	18.8%

^a Additional appropriations of \$4,145,500 each year of the biennium for pay increases for UK extension agents, \$1,954,500 each year to support program increases for UK's Agricultural Experiment Station, \$5,000,000 each year to support matching requirements on federal grants to UK's Center for Applied Energy Research, and \$10,000,000 each year to support the Markey Cancer Center's pursuit of Comprehensive Cancer Center designation.

^b Additional appropriations of \$300,000 each year of the biennium for the UofL Center for Military Connected Students and \$100,000 in fiscal year 2022-23 for dental equipment to support UofL clinical rotations in rural areas.

^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 (i.e., 2021-22) and in each year of the upcoming biennium to meet a federal grant matching requirement for KSU's land-grant program.

^e Additional appropriations of \$1,504,700 each year of the biennium for the MoSU Craft Academy for Excellence in Science and Mathematics and \$250,000 in fiscal year 2022-23 for MoSU to erect a second satellite dish.

^f Additional appropriations of \$834,200 each year of the biennium for the Breathitt Veterinary Center at MuSU.

^g Additional appropriations of \$1,000,000 each year of the biennium for the Kentucky Mesonet at WKU.

^h Additional appropriation of \$1,800,000 in fiscal year 2022-23 to support KCTCS aviation programs at Western Kentucky Community and Technical College (i.e., \$900,000) and Madisonville Community College (i.e., \$900,000).

ⁱ The FCCR budget notwithstanding KRS 61.5991(6)(b)1.a. and b. to maintain pension subsidies for KERS participating institutions at 2021-22 levels in fiscal year 2022-23, and reduces those subsidies by 10% in fiscal year 2023-24.

^j Debt service on state bonds to support asset preservation and new capital construction projects at every public postsecondary institution during the upcoming biennium.

Council on Postsecondary Education
Allocation of Bond Funds for Asset Preservation Projects
2022-2024 Free Conference Committee Report Budget (22 RS, HB 1/FCCR)

Institution	Allocation Method		FCCR 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% ¹	89,631,000	89,631,000	179,262,000
Totals	29,334,859	100.00%	\$341,750,000	\$341,750,000	\$683,500,000

¹ KCTCS's full share of \$700.0 million in Asset Preservation Funds (\$195,762,000) was reduced \$16,500,000. A capital project to renovate the occupational and technical building at Elizabethtown CTC was funded at \$16,500,000 in Bond Funds.

Required Match for Institutions

Institution	Percent	2022-23	2023-24	Totals
UK	30%	\$23,130,000	\$23,130,000	\$46,260,000
UofL	30%	12,283,000	12,283,000	24,566,000
EKU	15%	4,111,000	4,111,000	8,222,000
KSU	15%	1,206,000	1,206,000	2,412,000
MoSU	15%	2,642,000	2,642,000	5,284,000
MuSU	15%	3,539,000	3,539,000	7,078,000
NKU	15%	3,510,000	3,510,000	7,020,000
WKU	15%	5,106,000	5,106,000	10,212,000
KCTCS	15%	13,445,000	13,445,000	26,890,000
Totals		\$68,972,000	\$68,972,000	\$137,944,000

ATTACHMENT D

Council on Postsecondary Education
 Allocation of Bond Funds for New Construction and Renovation
 2022-2024 Free Conference Committee Report Budget (22 RS, HB 1/FCCR)

Institution	Capital Project	FCCR Appropriations	
		Fiscal 2022-23	Fiscal 2023-24
UK	Construct Health Education Building	\$0	\$250,000,000
UofL	Construct Multidisciplinary Engineering Building	0	65,000,000
EKU	Construct New Model Laboratory School	0	90,000,000
EKU	Renovate Alumni Coliseum	0	31,350,000
KSU	No individual projects funded	0	0
MoSU	Construct Science and Engineering Building	0	98,000,000
MuSU	Construct School of Nursing and Health Professional Building	0	45,500,000
NKU	Expand Hermann Science Center	0	79,900,000
WKU	Construct New Gordon Ford College of Business	0	74,400,000
KCTCS	Construct Student/Classroom - BCTC Newtown	0	52,200,000
KCTCS	Expand Leitchfield Campus - Elizabethtown CTC	0	9,000,000
KCTCS	Renovate Occupational Technical Building Phase I - ECTC	0	16,500,000
Total New Construction and Renovation		\$0	\$811,850,000

Note: The figures above do not include appropriations for Asset Preservation contained in ATTACHMENT C.

TITLE: Update - KSU Special Appropriation (HB 250)

PRESENTERS: Travis Powell, Vice President and General Council, CPE
Bill Payne, Vice President for Finance and Administration, CPE

SUMMARY

In response to the current financial situation at Kentucky State University (KSU), the General Assembly passed House Bill 250. It provides additional funding for KSU in the current year (i.e., fiscal year 2021-22) and in the upcoming biennium, and provides a framework for oversight and improvement. Appropriations in the bill include:

- \$23.0 million non-interest-bearing loan for KSU in the current year (i.e., 2021-22) to address financial instability due to prior year deficits and structural imbalances
- \$5.0 million in 2022-23 and \$10.0 million in 2023-24 to be distributed as goals and benchmarks are met in accordance with a new management improvement plan
- \$1.5 million to fund CPE oversight of KSU in 2022-23

HB 250 requires CPE to approve all expenditures by KSU over a \$5,000 threshold and provide periodic updates to the General Assembly on KSU's progress in meeting goals and benchmarks. The bill declares that KSU is in a state of financial exigency, which will allow the institution to take extraordinary measures to meet its budgetary goals. CPE will be engaged in a review of academic programs, faculty, and staff, and will contract with an independent third party, who will make recommendations regarding KSU's governance and operational structures and evaluate the university's performance.

HB 250 also requires CPE to conduct a three-year performance evaluation of KSU based on a new management improvement plan and provide a report on that assessment to LRC staff and the State Auditor by November 1, 2025. HB 250 requires CPE to provide recommendations for a transition plan to a new governance and operational structure for the institution for consideration by the General Assembly, if the analysis finds a continuing significant lack of efficiency and effectiveness. If recommended by the Council, the General Assembly may extend the Council's involvement with, and oversight of, the university beyond 2025.