

MEETING MINUTES

Approved by the Finance Committee, January 27, 2025

Who: Kentucky Council on Postsecondary Education
Meeting Type: Finance Committee
Date: November 15, 2024
Time: 1:00 p.m. ET
Location: Virtual Meeting via ZOOM Webinar

CALL TO ORDER

The Finance Committee met Friday, November 15, 2024, at 1:00 p.m., ET. The meeting occurred virtually via ZOOM webinar. Committee Chair Jacob Brown presided.

ROLL CALL

The following Committee members attended the meeting: Jacob Brown, Lindsey Case, Jennifer Collins, Kellie Ellis, and Elaine Walker. Committee member Madison Silvert did not attend. Newly appointed Council member Sean Garber also attended the meeting as a non-voting member.

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 9, 2024, Finance Committee meeting were approved as presented.

PROPOSED REVISIONS TO THE 2024-2026 ASSET PRESERVATION POOL GUIDELINES AND 2022-2024 ASSET PRESERVATION POOL GUIDELINES

Mr. Ryan Kaffenberger, Director of Finance Policy and Programs, presented the proposed revisions to the *2022-2024 Asset Preservation Pool Guidelines* and *2024-2026 Asset Preservation Pool Guidelines*. Both policies were last approved at the June 21, 2024, Council meeting, and as asset preservation pool projects have been planned, submitted, and reviewed for eligibility, it has become apparent to both CPE staff and campus Chief Budget Officers (CBOs) that the Guidelines could be improved by adding and removing language. Mr. Kaffenberger discussed each of the proposed revisions, including the rationale for each.

MOTION: Ms. Walker moved the Finance Committee endorse for Council approval the proposed revisions to the *2022-2024 Asset Preservation Pool Guidelines* and *2024-2026 Asset Preservation Pool Guidelines*. Dr. Ellis seconded the motion.

VOTE: The motion passed.

INTERIM CAPITAL PROJECT – MOREHEAD STATE UNIVERSITY, RAZE AND REPLACE NORMAL RESIDENCE HALL

Mr. Kaffenberger presented Morehead State University's request to approve to use \$10,200,000 from the 2024-2026 Asset Preservation Pool to raze the existing Normal Hall and replace it with a new building at the main campus. Dr. Jay Morgan, president of Morehead State University, provided additional context and discussed the need for the project.

Based on an assessment conducted by Schmidt Associates, renovating Normal Hall was estimated to cost approximately \$8,990,000. The estimated cost to raze and replace the Normal Residence Hall does not exceed 115% of the estimated cost to renovate the building (i.e., \$10,338,500). Therefore, the raze and replace project complies with the Council's 2024-2026 Asset Preservation Pool Guidelines.

MOTION: Dr. Ellis moved that the Finance Committee endorse for Council approval the proposed raze and replace project at Morehead State University. Ms. Walker seconded the motion.

VOTE: The motion passed.

INTERIM CAPITAL PROJECT – MAYSVILLE COMMUNITY AND TECHNICAL COLLEGE, MONTGOMERY CAMPUS WELDING LAB RENOVATION

Mr. Kaffenberger presented KCTCS's request to approve a \$1,220,000 federal and agency restricted fund interim capital project at the Maysville Community and Technical College Montgomery Campus that will renovate space for a new welding lab. The lab will include 14 welding booths. One of the booths will be designed to be ADA accessible. The project's total scope is \$1,220,000 and will be funded with \$976,000 in federal funds and \$244,000 in agency restricted funds. The project will be submitted for approval by the KCTCS Board of Regents at their December 6, 2024, meeting. As such, CPE staff recommended the Finance Committee endorse the project for full Council approval contingent upon its approval by the KCTCS Board of Regents.

MOTION: Ms. Walker moved that the Finance Committee endorse for Council approval the proposed interim capital project at Maysville Community and Technical College, contingent upon its approval by the KCTCS Board of Regents at their December 6, 2024, meeting. Ms. Collins seconded the motion.

VOTE: The motion passed.

UPDATE ON PROPOSED RAZE AND REPLACE ASSET PRESERVATION POOL PROJECT: SOUTHEAST KY COMMUNITY AND TECHNICAL COLLEGE, WHITESBURG CAMPUS PEDESTRIAN BRIDGE

Mr. Kaffenberger provided updated cost estimates for a raze and replace project at Southeast Kentucky Community and Technical College's Whitesburg Campus that was previously approved for 2024-2026 Asset Preservation Pool funds contingent upon KCTCS officials bringing updated and policy-compliant cost estimates to the Council at its next available meeting.

On November 4, 2024, Brown and Kubican completed a structural condition survey and opinion of probable cost for the pedestrian bridge. In the report, the engineers note that renovating the pedestrian bridge is no longer a viable option and, thus, no renovation cost estimate is provided. Brown and Kubican estimate the probable demolition and construction cost at \$1,550,000. Additionally, they estimate design and inspection costs for the replacement bridge at \$215,000. Altogether, the engineers recommend KCTCS budget \$1,850,000 to raze and replace the SEKY CTC Whitesburg Campus pedestrian bridge, which also includes contingency funds.

Because it is the opinion of the independent third-party industry professional (i.e., Brown and Kubican) that repairing the pedestrian bridge is no longer a viable option and, therefore, a cost estimate is not practical, it is CPE staff's opinion that the updated structural condition survey and opinion of probable cost comply with Council policy.

UPDATE ON PERFORMANCE FUNDING WORK GROUP

Dr. Bill Payne, Vice President of Finance Policy and Programs, provided an update on the discussions and recommendations of the 2024 Postsecondary Education Working Group on Performance Funding.

During the 2024 Regular Session, the Kentucky General Assembly adopted Senate Bill 191, which was the mechanism by which recommendations of the 2023 Postsecondary Education Working Group were operationalized, signed by the Governor, and eventually codified in KRS 164.092. Included in that bill was language specifying that the comprehensive funding model for the public postsecondary system implemented by the Council on Postsecondary Education "shall include a public university sector formula and a KCTCS sector formula and shall not include any race-based metrics or targets in the formulas". In this manner, underrepresented minority student degree and credential metrics were removed from public university and KCTCS funding models. The word "minority" in the

phrase “underrepresented minority student” was struck through in several places in Senate Bill 91.

The working group met three times in September and October 2024, to address the charge as determined by the General Assembly to “convene during the 2024 Interim for the sole purpose of considering how to define ‘underrepresented students’ in the comprehensive funding model for the public postsecondary education system...” At its final meeting on October 28, a majority of work group members voted to define “underrepresented students” in the university funding model as first-generation college students and to assign 3.0% of available allocable resources to bachelor’s degrees earned by such students. In addition, a majority of members voted to apply a sector weighting to the first-generation bachelor’s degree metric, calculated at the midpoint between no weighting and full weighting. With respect to the two-year college model, the working group unanimously accepted the recommendations of KCTCS officials to adopt first-generation college student credentials as the “underrepresented students” metric and to align allocation percentages at 4.0% each for first-generation college student (i.e., underrepresented student), low-income student, underprepared student, and nontraditional age (25+) student credentials.

With these actions, the work and activities of the 2024 Postsecondary Education Working Group were thereby concluded. A transmittal letter conveying the recommendations of the work group was sent to the Governor and Legislative Research Commission for referral to the Interim Joint Committees on Education and Appropriations and Revenue. It is anticipated that the recommendations of the working group can be operationalized through changes in administrative regulation, instead of passing a bill or changing the statute.

COMPONENTS OF THE TOTAL COST OF ATTENDANCE

Mr. Kaffenberger presented to the Committee the trends over time in room and board costs, books and supplies, and other costs that comprise component elements of the total cost of attendance at Kentucky public universities. Key takeaways from the staff’s analysis of the components of total cost of attendance at the public universities include:

- In general, room and board prices have not drastically outpaced growth in tuition and fees since CPE began setting tuition and fee ceilings; however, room and board rates at some institutions have been accelerating in recent years.
- Room and board increases occur more sporadically than tuition and fees, often aligned with the opening of new/improved residence halls and other auxiliary services.
- Universities serving rural areas in particular have made efforts to maintain affordability as evidenced by (1) room and board increases closely tied to the Council’s historically low tuition and fee increases, (2) decelerating room and board increases, and (3) reductions in the cost of books and supplies.
- Data reported to IPEDS by the institutions would benefit from a standardized methodology for calculating each cost component, which would result in greater

comparability across institutions over time, particularly for room and board, other expenses, and books and supplies.

- Methodologies and the rationales for their use differ across universities when calculating the components of total price, which can have a differential impact on current and prospective students.

TUITION SETTING PROCESS FOR ACADEMIC YEAR 2025-26

Dr. Payne discussed the upcoming 2025-26 tuition setting cycle, including the preliminary timeline and the Council's current Tuition and Mandatory Fee Policy. A copy of a Preliminary 2025-26 Tuition Setting Timeline was provided, which showed the following key dates:

- Revisions to the Tuition and Mandatory Fee Policy - January 31, 2025
- Council action on tuition and fee ceilings - April 18, 2025
- Council action on campus tuition and fee proposals - June 13, 2025.

Staff will work with campus chief budget officers and presidents over the next five months to finalize the timeline as well as the Council's Tuition and Mandatory Fee Policy and recommended tuition and fee ceilings for academic year 2025-26. For the upcoming year, it is anticipated that revisions to the policy will be minimal.

ADJOURNMENT

The Finance Committee adjourned at 2:40 p.m., ET.