KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION
BUSINESS MEETING

January 30, 2026 – 10:00 a.m. ET
Virtual meeting via ZOOM Webinar: https://ky-gov-cot.zoom.us/j/89129396618

**consent action item*

Next meetings: April 2, 2026 @ CPE Offices, Frankfort

MEETING MINUTES

Draft for approval by the Council on January 30, 2026

Who:	Kentucky Council on Postsecondary Education
Meeting Type:	Work Session
Date:	November 6, 2025
Time:	2:30 p.m. CT
Location:	Brescia University, Owensboro – C.E. Field House for Professional Studies, Room 312

WELCOME REMARKS

The Kentucky Council on Postsecondary Education held a work session on Thursday, November 6, 2025, at 2:30 p.m. CT. The meeting occurred at Brescia University in Owensboro and Chair Madison Silvert presided.

ATTENDANCE

There was a quorum of 13 voting Council members in attendance.

- Rev. CB Akins – in person
- Jai Bokey – in person
- Jacob Brown – did not attend
- Lindsey Case – in person
- Jennifer Collins – in person
- Dr. Kellie Ellis – in person
- Dr. Meredith Figg – in person
- Sean Garber – did not attend
- Karyn Hoover – virtual
- Dennis Repenning – in person
- LaDonna Rogers – in person
- Madison Silvert – in person
- Elaine Walker – in person
- Kevin Weaver – in person
- Michael Wheeler – in person
- Comm. Robbie Fletcher – virtual

CPE President Aaron Thompson served as secretary of the board, per the CPE Bylaws. Heather Faesy, CPE program manager, served as recorder of the meeting minutes.

WELCOME REMARKS

Dr. Amanda Ellis, Sr. Vice President of Student Access and Success, reminded the Council of its outcomes from the Council's 2025 board retreat. The board identified 2 priorities of work to focus on in the next fiscal year:

- Make dual credit more accessible, support meaningful academic progress, and deliver long-term value for students and the state.

- Serve as visible, informed advocates for postsecondary education across the Commonwealth to advance student outcomes and institutional effectiveness.

Council staff will spend the next year working with the board to ensure the Council has the resources and data needed to accomplish these priorities.

UPDATE ON FEDERAL ISSUES

Austin Reid, Federal Affairs Advisor at the National Council of State Legislators, provided an update on federal affairs including a federal education funding update, the education provisions of the *One Big Beautiful Bill Act*, and the latest changes made to the U.S. Department of Education under the Trump administration.

COUNCIL PRIORITY: STRENGTHENING DUAL CREDIT ACCESS, SUCCESS AND VALUE ACROSS KENTUCKY

Dr. Chris Ledford, Director of Data and Advanced Analytics, and Robin Hebert, Senior Fellow of Student Access and Success, presented on the benefits to students of dual credit completion in Kentucky. These benefits included higher high school graduation rates, increased persistence and retention, a greater familiarity with college and transitioning to college and overall college readiness. Additionally, postsecondary affordability is a clear benefit to students as they tend to have shorter times to degree rates as well as lower levels of student debt upon graduation.

COUNCIL PRIORITY: ADVOCACY FOR POSTSECONDARY PROGRESS

Ms. Jessica Fletcher, Chief Communications Officer, discussed a number of ways the Council is strengthening its communication strategies. She discussed the recent improvements to the President's Report, the reinstatement of the Higher Ed Matters newsletter, and engaging in more audience-targeted social media content. Ms. Fletcher also provided the Council with an insider look at Futuriti, Kentucky's official career and college planning platform designed to help students, adults, families, educators, and career planners explore education and career options, make informed decisions, and connect those plans with real workforce data.

SPOTLIGHT SESSION AND DINNER

Following a short break, the Council and attending staff traveled to the HealthForce Kentucky Innovation Center located at 2511 Frederica Street in Owensboro for a tour of the facilities. Afterwards, they had a networking dinner at Moonlight Bar-B-Q Inn located at 2840 W Parrish Ave in Owensboro. No official business or action was taken during either activity.

ADJOURNMENT

The Council adjourned the work session at 4:30 p.m. CT and concluded the tour and dinner at 7:30 p.m. CT.

MEETING MINUTES

Draft for approval by the Council on January 30, 2026

Who:	Kentucky Council on Postsecondary Education
Meeting Type:	Business Meeting
Date:	November 7, 2025
Time:	10:00 a.m. CT
Location:	Brescia University, Owensboro – C.E. Field House for Professional Studies, Room 312

WELCOME REMARKS

The Kentucky Council on Postsecondary Education held a work session on Thursday, November 7, 2025, at 10:00 a.m. CT. The meeting occurred at Brescia University in Owensboro and Chair Madison Silvert presided.

ATTENDANCE

There was a quorum of 14 voting Council members in attendance.

- Rev. CB Akins – in person
- Jai Bokey – in person
- Jacob Brown – virtual
- Lindsey Case – in person
- Jennifer Collins – in person
- Dr. Kellie Ellis – in person
- Dr. Meredith Figg – in person
- Sean Garber – did not attend
- Karyn Hoover – virtual
- Dennis Repenning – in person
- LaDonna Rogers – in person
- Madison Silvert – in person
- Elaine Walker – in person
- Kevin Weaver – in person
- Michael Wheeler – in person
- Comm. Robbie Fletcher – virtual (part)

CPE President Aaron Thompson served as secretary of the board, per the CPE Bylaws. Heather Faesy, CPE program manager, served as recorder of the meeting minutes.

OATH OF OFFICE

Notary Public, Heather Faesy, administered the oath of office for new Council members Jai Bokey of Prospect, Dennis Repenning of Boone County, and Michael Wheeler, student member from the University of Kentucky.

APPROVAL OF THE MINUTES

The minutes of the September 12 and September 29, 2025, meetings were approved as presented.

REPORT FROM CPE PRESIDENT

President Aaron Thompson's written report was included in the board materials. He provided additional comments that focused the increase in degree completion in recent years, the agency's work to future the Graduate Profile to all programs offered at Kentucky institutions, and the renewal of a fifth grant for GEAR UP Kentucky, which is a $35 million grant from the U.S. Department of Education to serve more than 10,000 students in eight Kentucky districts with a high percentage of students from low-income households.

REPORT FROM KENTUCKY DEPARTMENT OF EDUCATION (KDE)

KDE Commissioner Robbie Fletcher discussed the state's continued review of the state accountability model and the Department of Education's priorities for the 2026 Legislative Session.

REPORT FROM STUDENT COUNCIL MEMBER

Mr. Wheeler's first report to the Council focused on the development of bylaws for the Board of Student Body Presidents and their work to identify common issues of focus for the 2025-26 academic year.

STRATEGIC DISCUSSION WITH UNIVERSITY OF KENTUCKY

President Eli Capilouto provided the Council with an institutional update on the University of Kentucky (UK). The update focused on UK's key strategies for each of the strategic priorities of the statewide agenda as well as the baseline data and progress on the key performance indicators. His annual update also provided insight to UK's four key elements and principles of student success and how the university as a whole is "advancing their why" to meet state workforce needs.

STRATEGIC DISCUSSION WITH ASSOCIATION OF INDEPENDENT KENTUCKY COLLEGES AND UNIVERSITIES

President Mason Dyer provided the Council with the annual update of progress by the eighteen private, nonprofit institutions represented by the Association of Independent Kentucky Colleges and Universities (AIKCU). The update focused on how the institutions are contributing to the state's strategic priorities of the statewide agenda as well as the baseline data and progress on key performance indicators. He provided additional context on how student financial aid is the key to the private college's affordability and that expanding partnerships with K-12 and KCTCS are enhancing pathways to success.

Following this presentation, the Council took a 45-minute lunch break.

ACADEMIC AND STRATEGIC INITIATIVES COMMITTEE – REPORT & ACTION ITEMS

Ms. Figg presented the report and recommendations made by the Academic and Strategic Initiatives (ASI) Committee, which met on November 3, 2025. She announced that Committee members received reports and updates on:

- Report on the work related to adult learners, including the Credit for Prior Learning initiative, focusing supports on parenting students, and the recently formed Kentucky Adult Attainment Network, which is a statewide collaborative that brings together professionals from education, workforce and the community focused on practical scalable solutions.
- Outcomes of the 2025 Healthcare Career Summer Bridge Program, in which 12 institutions were awarded grants to provide opportunities that expose high school students to healthcare careers and related postsecondary opportunities.
- The approval of one new program that does not require Council review - Associate's degree of Applied Science at Gateway Community and Technical College.

The Committee also reviewed and endorsed for Council approval the following proposed new programs:

- Kentucky State University – Master of Science in Sports Analytics (CIP 31.0504)
- University of Kentucky – Bachelor of Science in Applied Economics (CIP 45.0602)
- University of Kentucky – Bachelor of Science in Artificial Intelligence (CIP 11.0102)

MOTION: The ASI Committee's recommendation to approve the endorsed action items served as the motion. A second was not needed.

VOTE: The motion passed.

EXECUTIVE COMMITTEE – REPORT AND ACTION ITEMS

Chair Silvert presented the report and recommendations made by the Executive Committee, which met the morning of Nov. 7, 2025.

The Committee reviewed the final report of the Kentucky State University Management Improvement Plan, and the chair requested that CPE staff provide a brief report on the overall findings. That report was given by Mr. Travis Powell, CPE Executive Vice President and General Counsel, Mr. Greg Rush, CPE Assistant Vice President for Finance Policies and Programs, and Ms. Susan Krause, CPE Senior Fellow. It focused on CPE's role in the management of the plan, the external auditor's role as it provided an outside perspective on internal processes and procedures, and how things have evolved over the three years of the plan. They reviewed the recommendations in the report and talked about next steps. Council members asked questions of clarification about loan forgiveness alternatives and how CPE can use its coordinating powers to continue the positive trajectory of progress.

MOTION: The Executive Committee's recommendation to approve the final report of the Kentucky State University Management Improvement Plan served as the motion. A second was not needed.

VOTE: The motion passed.

The Executive Committee also discussed the bylaws during the meeting and the Chair stated that discussion will be held during other business at the end of the meeting.

The Chair made the following committee appointments:

- To the 2026 Nominating Committee – Kevin Weaver, who will serve as chair, Jacob Brown, and LaDonna Rogers.
- To the Academic & Strategic Initiatives Committee – Jai Bokey, Michael Wheeler and Dennis Repenning.
- To the Finance Committee – Michael Wheeler and Dennis Repenning
- To the Kentucky Authority for Educational Television to representing state universities, Kevin Weaver, and to represent the University of Kentucky, Karyn Hoover (term through November 2027)
- To the AERO Act Advisory Committee - Dr. Aaron Thompson, who will serve as Chair, Lindsey Case, Tristan Durbin, Martin Fryer, Laura Jones, Luke McCowan, Brad Schwandt, Bradley Simms, James Smith, Todd Smith, David Springer, and Curtis Wilson.

COMMITTEE ON EDUCATIONAL OPPORTUNITIES – REPORT

Vice Chair Walker presented the report of the Committee, which met on Oct. 27, 2025. The meeting focused primarily on postsecondary access and included reports from the:

- Central Kentucky Educational Cooperative, who discussed their work with students with disabilities as well as their accessibility to and through postsecondary education.
- GEAR UP Kentucky staff, who provided an in-depth look at the 5th state grant and their plans for the next 7 years.

The Committee also recognized Dr. Luv'Tesha Robertson, who passed away earlier in the year, for her 6 years of service to the Committee.

DATA SPOTLIGHT: 2024-25 DEGREES AND CREDITIALS

Presenters included: Mr. Travis Muncie, Chief Information Officer; Dr. Chris Ledford, Director of Data and Advanced Analytics; and Ms. Madalyn White, Senior Associate. They presented the 2024-25 Degree and Credentials reported which included the following highlights:

- Statewide credential production has grown steadily since 2019-2020, as well as compared to last year.
  - Four-year public total degrees and credentials, bachelor's degrees, and graduate degrees and credentials awarded all increased last year.
  - AIKCU total degrees and credentials, bachelor's degrees, and graduate degrees and credentials awarded all increased last year.
  - KCTCS total degrees and credentials, associate degrees, and certificates awarded all increased last year.

- Continued growth in dual credit and adult enrollment, along with growing retention and completion rates, create optimism around sustained credential growth.

KENTUCKY GRADUATE PROFILE

Dr. Melissa Bell, Vice President of Academic Excellence, reviewed the state's progress implementing the Kentucky Graduate Profile, which is the state's framework for postsecondary learning, designed to ensure that every student earns a high-quality, relevant degree. She described how the state is measuring quality and how the learning framework is already providing many benefits. Finally, she reviewed the ten essential skills of the Kentucky Graduate Profile, how it's being implemented on the campuses, and its alignment with other efforts in the state.

CAMPUS GOOD NEWS REPORTS

Reports from the institutions were provided in the agenda materials.

OTHER BUSINESS

Vice Chair Walker stated that following a discussion of potential changes to the bylaws, the Executive Committee moved to reopen them for discussion at the board meeting. Chair Silvert recused himself from discussion as any potential decisions may affect his position. Instead, he requested Mr. Powell to present the outcomes of that discussion, who stated that under the current bylaws, the chair and vice chair are limited to three consecutive one-year terms. This is slightly inconsistent with the state's university boards, in which several have four-year consecutive term limits and some do not specific any term limit.

MOTION: Rev. Akins moved the Council amend the By-laws and revised section 4B, Item 5 to state, the Chair and Vice Chair are limited to 4 consecutive one-year terms, and no more than 6 one-year terms in total. Dr. Ellis seconded the motion.

VOTE: The motion passed.

ADJOURNMENT

The Council adjourned the business meeting at 2:05 p.m. ET.

President's Report

CPE Board Meeting - January 30, 2026

Addressing the challenges and benefits of Workforce Pell

Aaron Thompson, Ph.D.
CPE President

Workforce Pell represents one of the most consequential federal higher education reforms in decades, and for Kentucky, it arrives at a moment of real momentum. By extending Pell Grant eligibility to short-term, high-quality workforce programs, Workforce Pell has the potential to open new, affordable pathways into in-demand careers for thousands of Kentuckians—particularly adult learners, working families, and those seeking rapid reskilling.

Kentucky has already demonstrated that targeted public investment and smart policy can make education more affordable. A recent report from the Kentucky Council on Postsecondary Education shows that 60.6 percent of undergraduate students at KCTCS and public four-year universities now graduate debt-free, a 14-percentage-point increase since 2019-20. At community and technical colleges, nearly three-quarters of graduates leave without student loan debt, and average loan balances have declined across all student groups. This progress reflects sustained increases in state and institutional aid, expanded financial literacy efforts, and tools like Futuriti.org that help families make informed decisions about cost and return on investment.

Workforce Pell can build on this success by supporting short-term credentials that lead directly to employment in high-wage, high-demand fields such as healthcare, advanced manufacturing, construction, and information technology. For many Kentuckians, particularly those balancing work and family responsibilities, these programs offer a faster, more flexible on-ramp to economic mobility—often without the need to take on debt at all.

At the same time, Workforce Pell presents real implementation challenges. Federal regulations require programs to demonstrate strong labor-market alignment, clear job placement outcomes, and earnings thresholds. Institutions must also navigate new reporting and accountability requirements, while states play a role in validating workforce demand. For Kentucky's community and technical colleges—already deeply engaged with employers—this will mean strengthening data systems, expanding employer partnerships, and ensuring consistent quality across non-credit and credit-bearing programs.

There are also important considerations for students. Short-term Pell eligibility must be implemented in a way that protects long-term educational opportunity, ensuring learners do not unintentionally exhaust Pell eligibility before pursuing higher credentials.

If done right, Workforce Pell can complement Kentucky's broader affordability strategy—supporting debt-free pathways, meeting workforce needs, and delivering measurable value to students and taxpayers alike. Kentucky's challenge, and opportunity, is to implement this policy with the same intentionality and focus on outcomes that have already made our state a national leader in college affordability and student success.

UNDERGRADUATE STUDENT DEBT REPORT HIGHLIGHTS

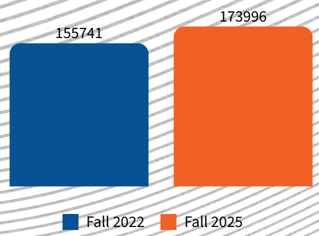
60.6%
ALL GRADUATES
WITH ZERO STUDENT DEBT
↑14 PERCENTAGE POINTS SINCE 2019-20

73.5%
KCTCS GRADUATES
WITH ZERO STUDENT DEBT
↑13.4 PERCENTAGE POINTS SINCE 2019-20

45.8%
4-YEAR PUBLIC GRADUATES
WITH ZERO STUDENT DEBT
↑7.9 PERCENTAGE[illegible]TS SINCE 2019-2[illegible]

RETURN ON HIGHER EDUCATION INVESTMENT

Higher Education Matters



POSTSECONDARY ENROLLMENT IS UP 18,200+ SINCE THE 2022 PANDEMIC LOW.

KENTUCKY IS NATIONALLY RANKED #1 IN IMPROVEMENT FOR RETENTION & PERSISTENCE

IN 2024-25 KENTUCKIANS EARNED 12,320

MORE CREDENTIALS & DEGREES THAN IN 2019-20.

6 OUT OF 10 STUDENTS GRADUATE WITHOUT DEBT

An investment in higher education is an investment in Kentucky's future

Through the work of the Kentucky Council on Postsecondary Education, and investment by our General Assembly, more Kentuckians are earning postsecondary credentials—strengthening the state's workforce and economic future.

Kentucky emerged from the COVID-19 pandemic as a national leader in improving college persistence and retention, demonstrating that our strategic agenda is producing results. **Institutions are enrolling and retaining more students, and awarding more credentials and degrees aligned to workforce demand.**

At the same time, strategic state investment has helped reverse long-standing affordability pressures—student debt levels are falling, and a growing share of **graduates are completing their education without borrowing at all.** Enrollment growth is signaling renewed confidence among students and families that **postsecondary education delivers real economic return**.

Together, these outcomes reflect a clear message: **when policy, funding, and performance are aligned, postsecondary education becomes more affordable, more efficient, and more valuable**—for students, employers, and the Commonwealth whole.

Legislative Session Update

January 30, 2026

CPE
Higher Education Matters

House Bill 94, Representative Grossl

AN ACT relating to postsecondary education

- Known as the “transfer pathways” bill
- Requires the Council and the institutions to develop, implement, and maintain statewide transfer pathways available between the public postsecondary education institutions in selected baccalaureate programs;
- Require participating postsecondary education institutions to accept transfer credit, earned or accepted at the prior institution within pathways as general education or program-specific general education credit before applying credit as elective;
- Heard in the House Postsecondary Education committee for “discussion only” on January 21

House Bill 96, Representative Tipton

AN ACT relating to the postsecondary education working group and declaring an emergency

- Changes the membership of the postsecondary education working group by adding additional members of the General Assembly
- Requires the working group to convene on a calendar year basis rather than a fiscal year basis

Passed the House on January 22

House Bill 240, Representative Gordon

AN ACT relating to residency as defined by the Council on Postsecondary Education

- Known as the “Welcome Back to my Old Kentucky Home Act”
- Requires CPE to consider individuals born in Kentucky as Kentucky residents when determining residency for tuition and admission purposes in the state postsecondary education system

HB 307, Representative Tipton

AN ACT relating to proactive postsecondary admission

- Establish a proactive postsecondary admissions program to be managed by the Council where Kentucky high school seniors are made aware of their eligibility for admission to all public postsecondary institutions.

HB 376, Representative Banta

AN ACT relating to public postsecondary education institutions.

- Amends KRS 164.020 to prohibit the Council on Postsecondary Education from raising tuition for a postsecondary education institution more than 5% a year for Kentucky resident students and 7% a year for non-Kentucky resident students
- Provide a 4-year tuition freeze for an enrolled Kentucky resident student

House Bill 379, Representative Baker

AN ACT relating to postsecondary education

- Creates a new section of KRS Chapter 164 to codify the existing Commonwealth Education Continuum; establish governance and membership of the continuum; establish the duties of the continuum; provide that the administrative and support staff of the continuum shall be provided by the council; direct the continuum to submit an annual report and establish the contents of the report;
- Amends KRS 164.330 to remove requirement for board of regents meetings to be held within 30 days of an appointment;
- Repeals several statutes with outdated goals or groups that are no longer active.

House Bill 457, Representative Tipton

AN ACT relating to the Council on Postsecondary Education's oversight of public postsecondary education institutions

- Require each public postsecondary education institution to provide the Council its annual operating budget each fiscal year and quarterly budget-to-actual reports within thirty (30) days following the end of each fiscal quarter;
- Require each institution to provide financial information relevant to the institution's annual operating budget or quarterly budget-to-actual report to the Council upon the request;
- Amends KRS 164.013 to require the Council's president to consult with the boards of regents and boards of trustees in their respective presidential selection and evaluation processes.

House Bill 490, Representative Thompson

AN ACT relating to employment at public postsecondary education institutions and declaring an emergency

- Amend KRS 164.360, 164.230, and 164.830 to allow for the removal of faculty members at public postsecondary education institutions for bona fide financial reasons; require the boards of regents and trustees of the institutions to establish the process for removal based on financial reasons with specified parameters;

House Bill 497, Representative Tipton

AN ACT relating to postsecondary tuition waivers

- Requires FAFSA completion for all state-mandated tuition waivers; turns all waivers except the foster/adoptive student waiver into last-dollar scholarships
- Removes the state-mandated tuition waiver for students over age 65

Senate Bill 22, Senator Higdon

AN ACT relating to the dual credit scholarship program

- Includes eligible registered teacher apprenticeship programs in the dual credit scholarship program;
- Allows eligible students to use the dual credit scholarship for up to 20 dual credit courses as part of these programs
- Gives preferences in hiring in their home district to those who complete the program and become certified.

Passed the Senate on January 22

Senate Bill 6, Senator Stivers

AN ACT relating to the endowed research fund, making an appropriation therefor, and declaring an emergency.

- Appropriate General Fund moneys in the amount of $150,000,000 in fiscal year 2026-2027 to the endowed research fund created in KRS 164.038 and managed by the Council.
- Supports five (5) research consortia comprised of two or more public universities for seed money to perform initial research and seek grant proposals in larger amounts.

2026-2028 Biennial Budget Update

2026-2028 Requested Agency Budget vs. Proposed House Budget (HB500)						
	FY2026-2027			FY2027-2028		
	A *Agency Budget Request	B House Proposed Budget	Difference (B-C)	A *Agency Budget Request	B House Proposed Budget	Difference (B-C)
General Fund	$16,132,604	$15,825,900	($306,704)	$16,308,880	$15,709,500	($599,380)
General Fund - Spinal Cord	2,000,000	1,920,000	(80,000)	2,000,000	1,920,000	(80,000)
Restricted Fund	8,251,600	8,089,200	(162,400)	8,285,040	8,016,100	(268,940)
Federal Fund	6,151,900	6,153,700	1,800	6,192,545	6,201,800	9,255
Tobacco Settlement Fund	6,250,000	5,540,900	(709,100)	6,250,000	5,120,500	(1,129,500)
TOTAL	**$38,786,104**	**$37,529,700**	**($1,256,404)**	**$39,036,465**	**$36,967,900**	**($2,068,565)**

*Base Agency Budget Includes 2% COLA, Health Insurance, and Defined Calculations

- No additional funding items

2026-2028 Biennial Budget Update

Governor's Budget Recommendation (HB 304)

- Postsecondary Institutions exempted from base budget reductions
- Performance Fund distributed to base budgets of institutions that earned funds (total of $115 million moved to base for FY27 and FY28; no performance appropriation)
- Adjusted campus base budgets for changes in Fire and Tornado Fund premiums
- $42M for EKU Osteopathic Medicine Escrow
- $4M for UK Holocaust Education Initiative
- $768M in Bond Funded Capital Projects (both new capital and asset preservation)

Proposed House Budget (HB 500)

- Stated base and mandated program budget reductions of 4% in FY27 and an additional 3% in FY28
- Performance fund maintained at $115 million in FY27 and FY28
- Total reductions compared to FY26 base of $48.0M (-4.4%) in FY27 and $79.6M (-7.4%) in FY28
- Pension subsidy adjusted for some institutions
- $190M in Bond Funded Asset Preservation Projects

KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

Council on Postsecondary Education
2022-30 Statewide Strategic Agenda: Institutional Update

January 30, 2026

KCTCS POINTS OF PRIDE

- KCTCS is the **largest provider of postsecondary education** in the state, with an annual enrollment of over **114,100 students**.
- KCTCS enrolls **over 45.9%** of the state's public higher education undergraduate students.
- Over the past 8 years, KCTCS enrollment growth has surpassed the national average in every fall semester (except the COVID-impacted Fall 2020). In Fall 2025, **KCTCS grew by 6.2%** compared to the national average of 3.9% for public two-year institutions.
- KCTCS has **increased its three-year graduation rate** every year since 2012-13.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM

IMPACT ON KENTUCKY

More than 114,000 students enrolled in academic and technical programs.

+ **Over 70,000 Kentuckians** receive customized workforce training to upskill for their careers.

+ **Nearly 15,000 firefighters** trained through the Kentucky Fire Commission.

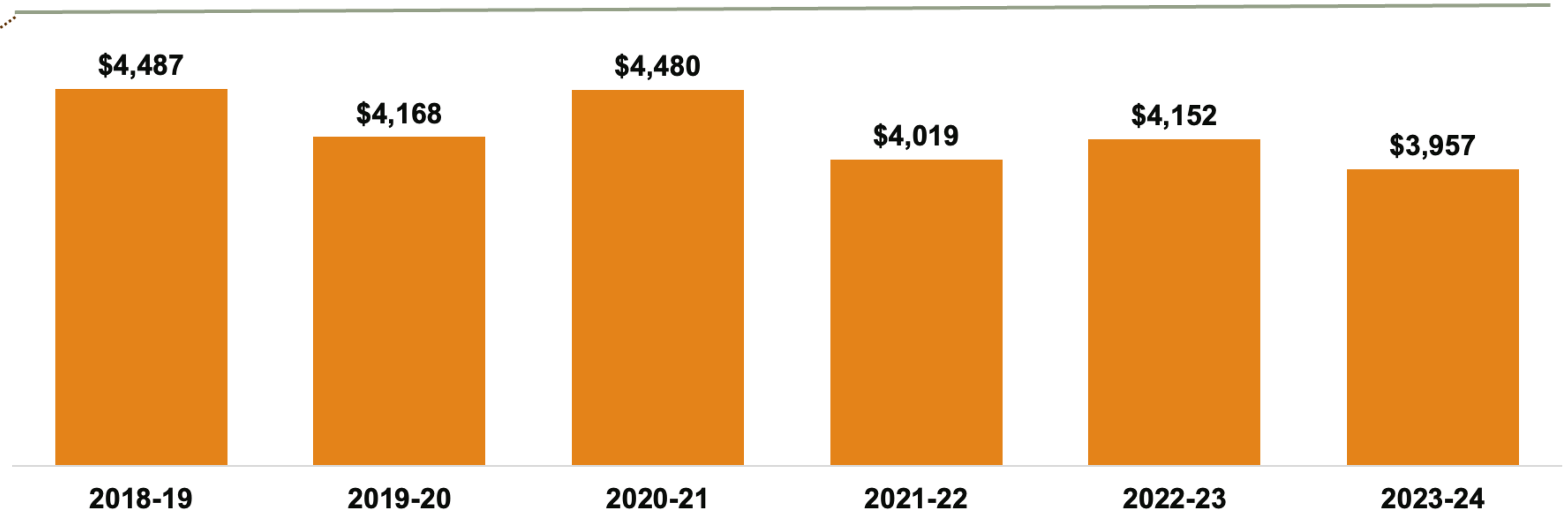
= **199,000** Kentuckians impacted by KCTCS each year.

1 out of every 49 jobs in Kentucky is supported by the activities of KCTCS colleges and their students.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM

KEY PERFORMANCE INDICATORS: AFFORDABILITY

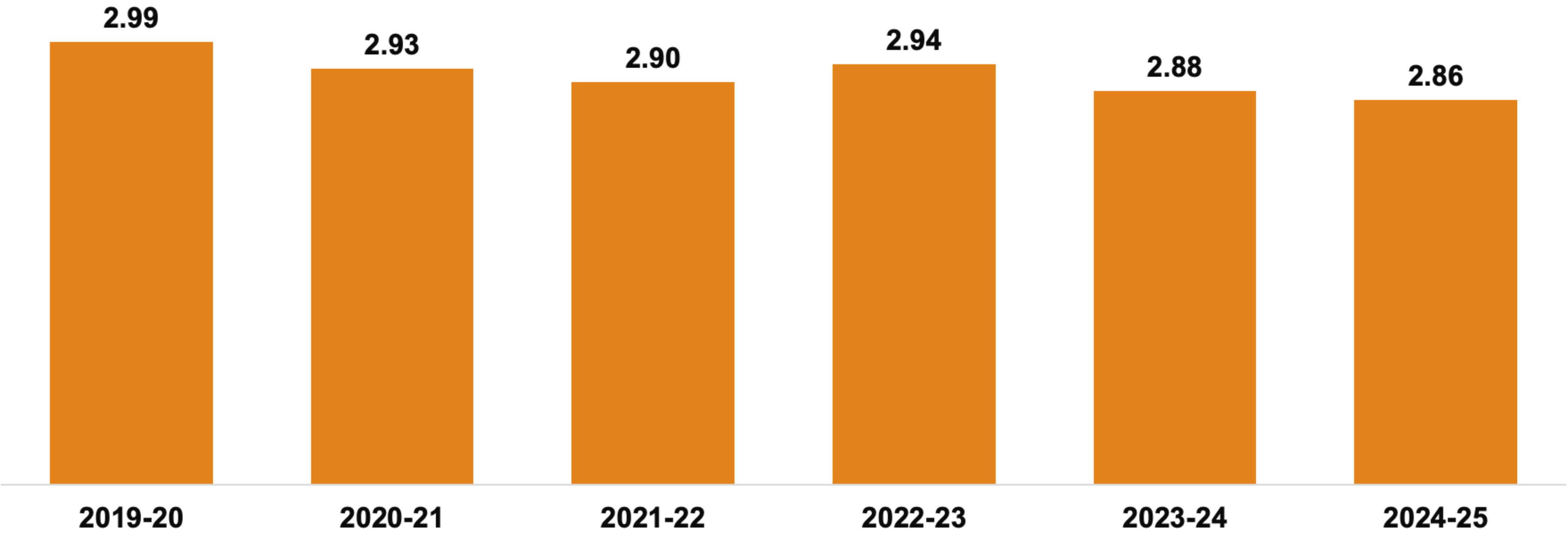
First-Time Student Unmet Financial Need: Average annual amount students pay out of pocket after financial aid and student aid index (SAI) are subtracted.



****State Target:** Average unmet financial need among first-time students of $5,000.*

KEY PERFORMANCE INDICATORS: AFFORDABILITY

Time to Degree: Average number of academic years students are enrolled prior to undergraduate degree completion.



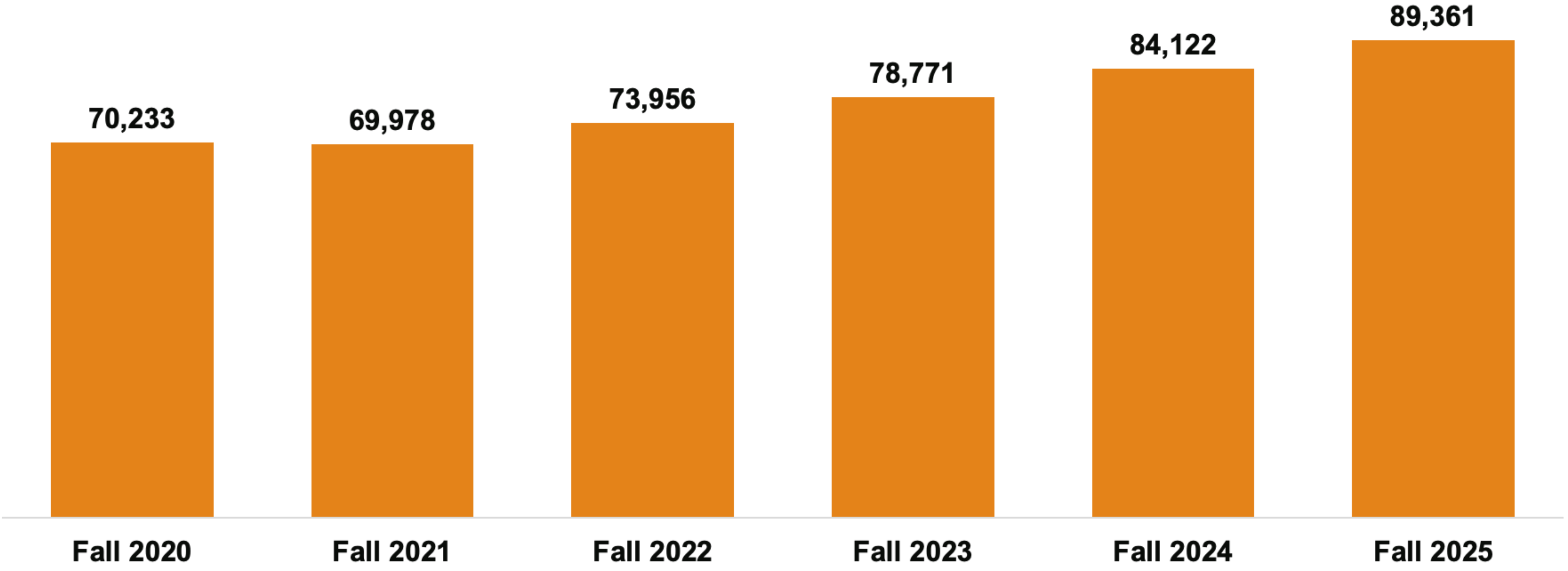
**No state targets.*

KCTCS'S KEY STRATEGIES ON AFFORDABILITY

- Enhance advocacy and increase fundraising for scholarships to reduce student reliance on loans.
  - ***74% of KCTCS students** graduate with zero student loan debt.*
  - *KCTCS has the **lowest tuition** of any higher-education institution in Kentucky.*
- Work with state and federal governments on the strategies and implementation of the new Workforce Pell funding to ensure students who may not otherwise qualify for financial aid can benefit from these funds.
- Increase awareness of the Work Ready Kentucky Scholarship.
- Identify and engage more industry partners willing to invest in higher education through tuition benefits, flexible scheduling, and paid work-and-learn opportunities.
- Explore alternative revenue streams and partnerships to fund student wrap-around services.

KEY PERFORMANCE INDICATORS: TRANSITIONS

Undergraduate Enrollment: Total unduplicated number of students who enroll in an undergraduate program offered by one of Kentucky's public colleges or universities in an academic year, either full-time or part-time.



***State Target:** *Total undergraduate enrollment in all sectors of 222,000 by 2030. For Fall 2025, total undergraduate enrollment projects at 227,582.*

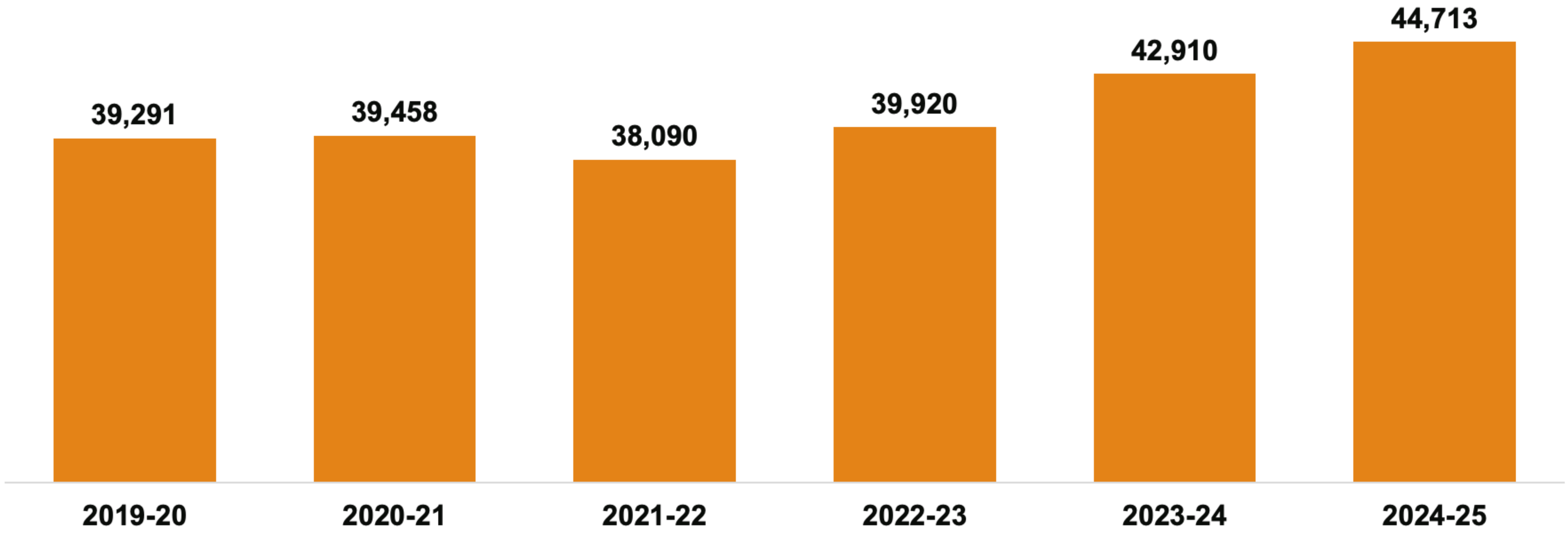
KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM

KCTCS'S KEY STRATEGIES ON TRANSITIONS

- Reaffirm and expand transfer agreements with Kentucky four-year higher education institutions including our private and independent colleges and universities to ensure seamless transfer pathways for KCTCS students.
  - *Around **15,000 KCTCS students, including 58.7% of AA and AS graduates,** transfer to a four-year college or university each year.*
- Work with four-year institutions on a common course equivalency numbering plan to reflect a commitment to improving transparency within the transfer experience for Kentucky students.
- Develop a KCTCS Enrollment Strategy by continuing to address the FAFSA/student aid challenges, continuing to support the KCTCS Enrollment Collaborative, and evaluating the application to enrollment pipeline.
- Review and evaluate Dual Credit offerings at KCTCS.
  - *KCTCS educates **61.2% of Kentucky high school students.***
- Develop and implement targeted recruitment strategies highlighting high-demand careers and flexible programming.

KEY PERFORMANCE INDICATORS: SUCCESS

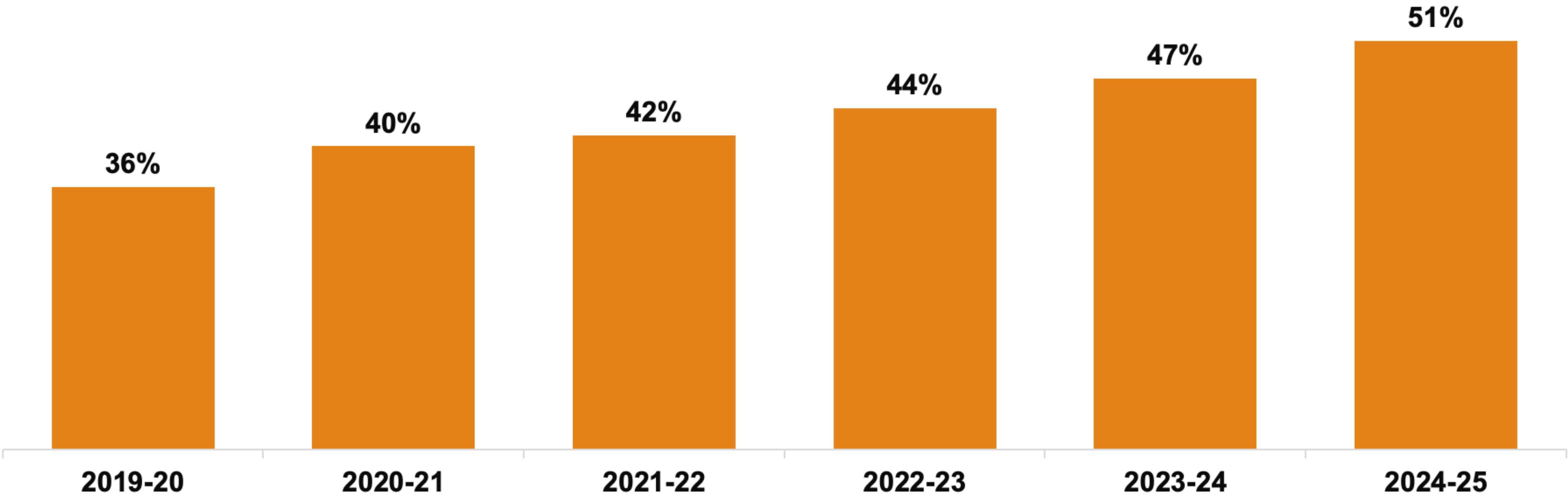
Undergraduate Degrees & Credentials: Number of associate degrees and credentials awarded in an academic year.



KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM

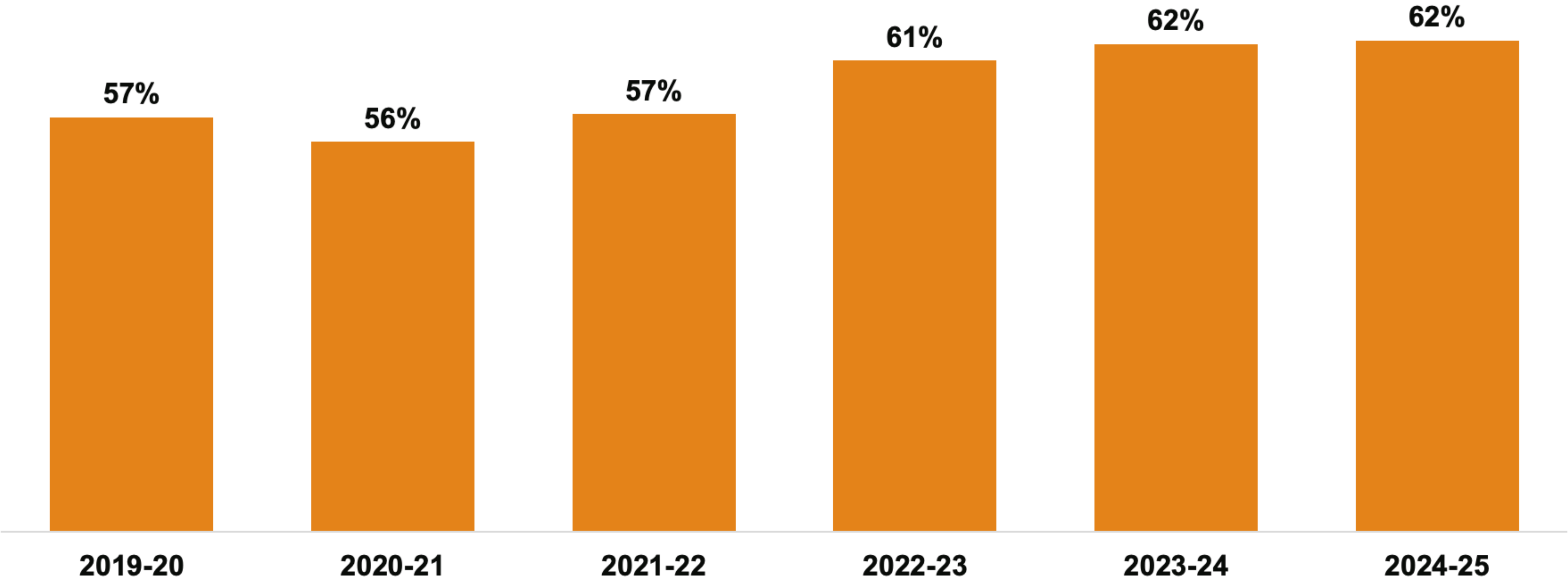
KEY PERFORMANCE INDICATORS: SUCCESS

Graduation Rate: Percentage of first-time, full-time degree-seeking students who receive a credential or associate's degree within 3 years.



KEY PERFORMANCE INDICATORS: SUCCESS

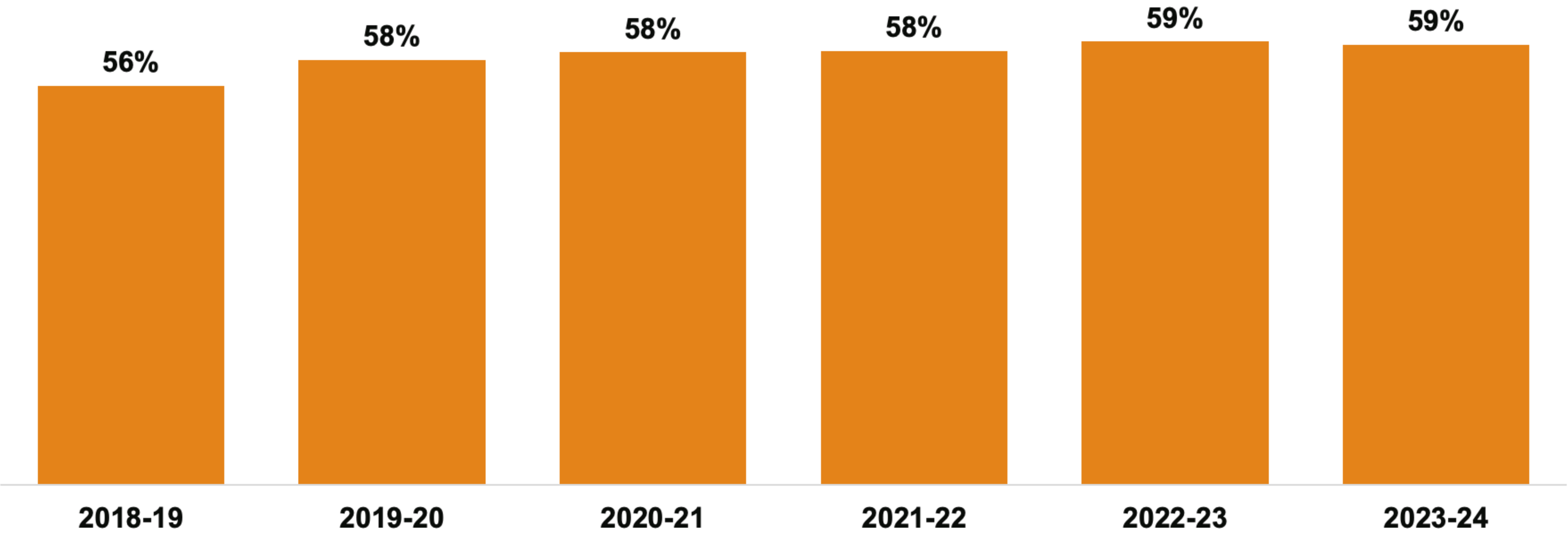
Retention Rate: Percentage of first-time, degree- or credential-seeking students enrolled in the summer or fall of their first year who are still enrolled at the same institution the following fall or completed a credential.



KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM

KEY PERFORMANCE INDICATORS: SUCCESS

Two Year to Four Year Transfer : Percent of KCTCS students who earn an associate of arts or associate of science degree and then transfer to a four-year institution by the next academic year.



KCTCS'S KEY STRATEGIES ON SUCCESS

- Review programs and curriculum to ensure relevancy and alignment with transfer and workforce requirements.
- Communicate with business and industry partners to ensure programs align with the needs of Kentucky's economy.
- Develop high-quality, flexible program delivery models that are relevant and scalable to increase program recruitment, retention, and completion.
- Implement services and supports to assist students in overcoming nonacademic barriers to success, such as food insecurity.
- Enhance advising and career counseling.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM

KCTCS'S KEY STRATEGIES ON TALENT

- Utilize legislative funds such as TRAINS dollars to support business and industry trainings.
- Work with leaders in local communities to understand their needs,, identify regional and state-wide trends, and establish systems to continuously serve the evolving needs of Kentucky communities.
  - *KCTCS fosters over **2,600 partnerships** across Kentucky.*
- Develop short- and long-term work-based learning opportunities for technical programs of study including apprenticeships, internships, and clinicals.
- Expand the use of Handshake as a systemwide career platform, providing students with personalized employer connections and experiential learning opportunities.
- Continue systemwide implementation of the Career Development project with a focus on improving coordination across colleges to align education, career development, and workforce outcomes.

KCTCS'S KEY STRATEGIES ON VALUE

- Work with federal, state, and local government leaders to ensure understanding of and opportunity for expanding classroom to career pipelines and partnerships.
- Work with KDE to better engage teachers, counselors, parents, and students about the value and opportunities to obtain an affordable education at KCTCS that leads to sustainable employment.
- Utilize marketing and advertising to increase public awareness of the value and affordability of KCTCS.

QUESTIONS


ELIZABETHTOWN
COMMUNITY & TECHNICAL COLLEGE
Because of you I didn't give up
MOMMA did it
Magan
2025
MOM OF 3 WITH 2 DEGREES

HIGHER EDUCATION *Matters*

2022-30 STATEWIDE STRATEGIC AGENDA

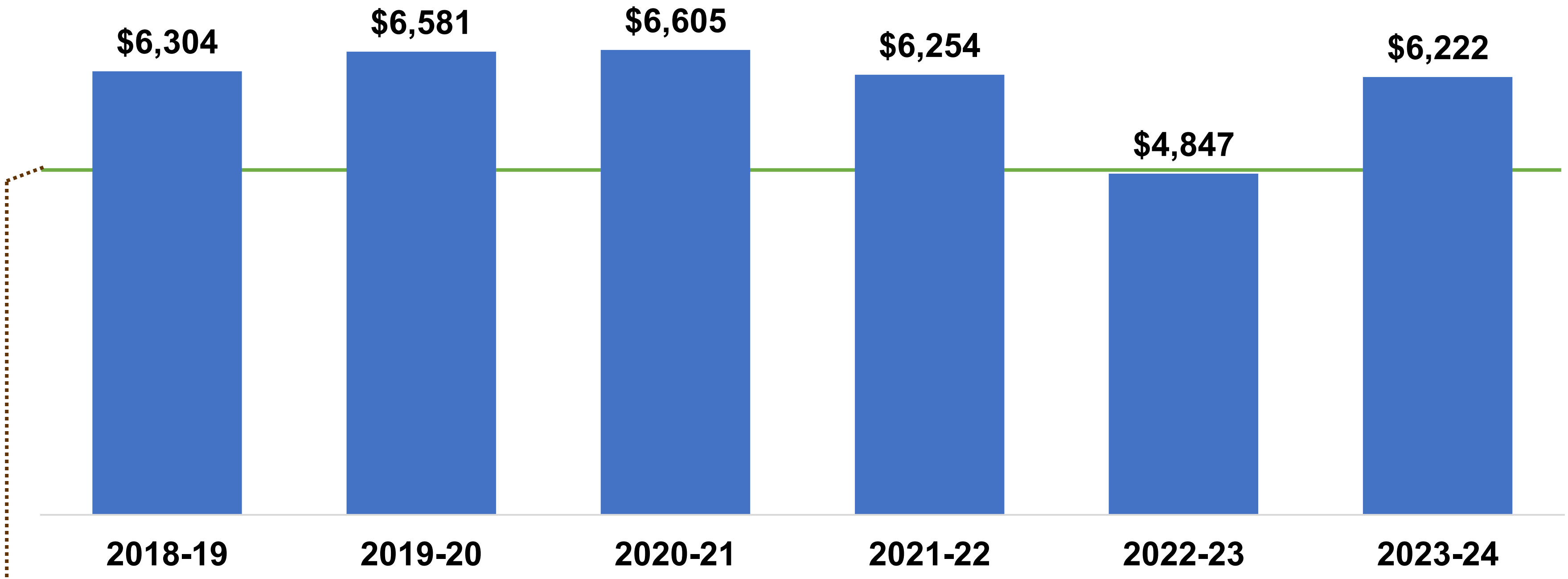
INSTITUTIONAL UPDATE

Murray State University

January 2026

KEY PERFORMANCE INDICATOR - AFFORDABILITY

First-Time Student Unmet Financial Need: Average annual amount students pay out of pocket after financial aid and student aid index (SAI) are subtracted.

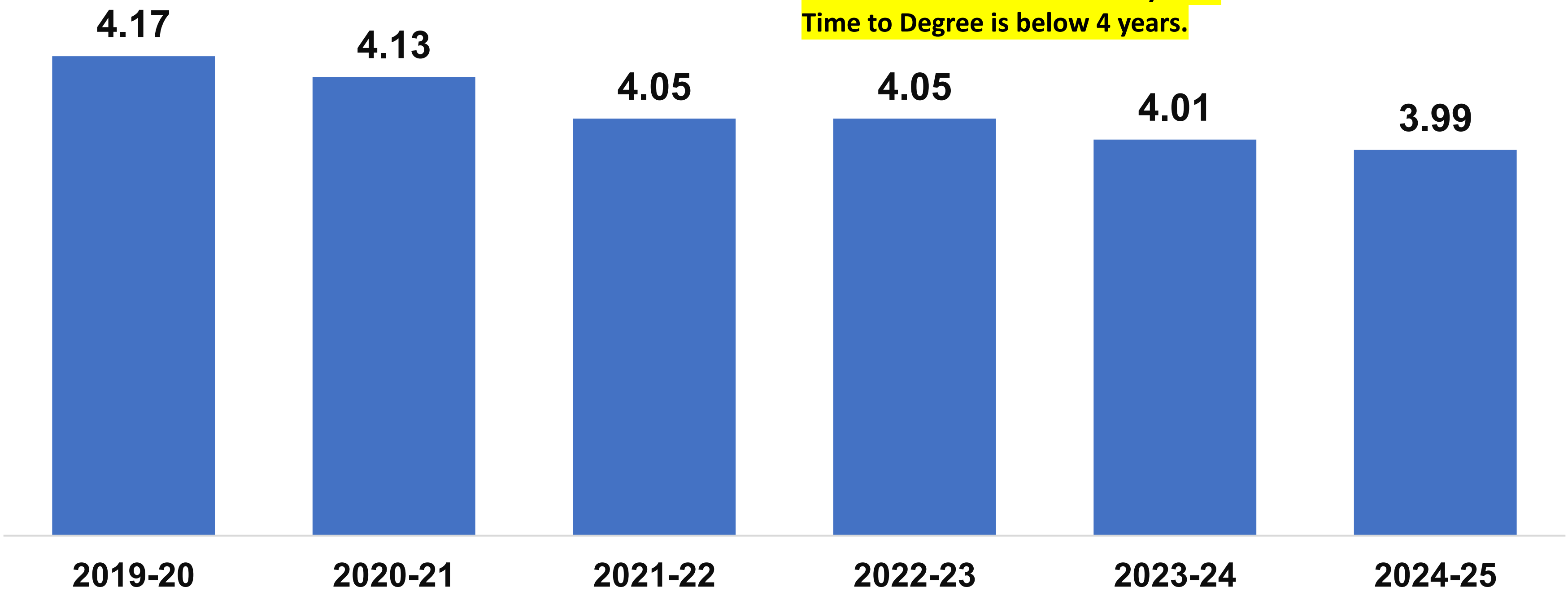


***State Target:** *Average unmet financial need among first-time students of $5,000.*

KEY PERFORMANCE INDICATOR -- AFFORDABILITY

Time to Degree: Average number of academic years students are enrolled prior to undergraduate degree completion.

First Time in Recorded History that Time to Degree is below 4 years.



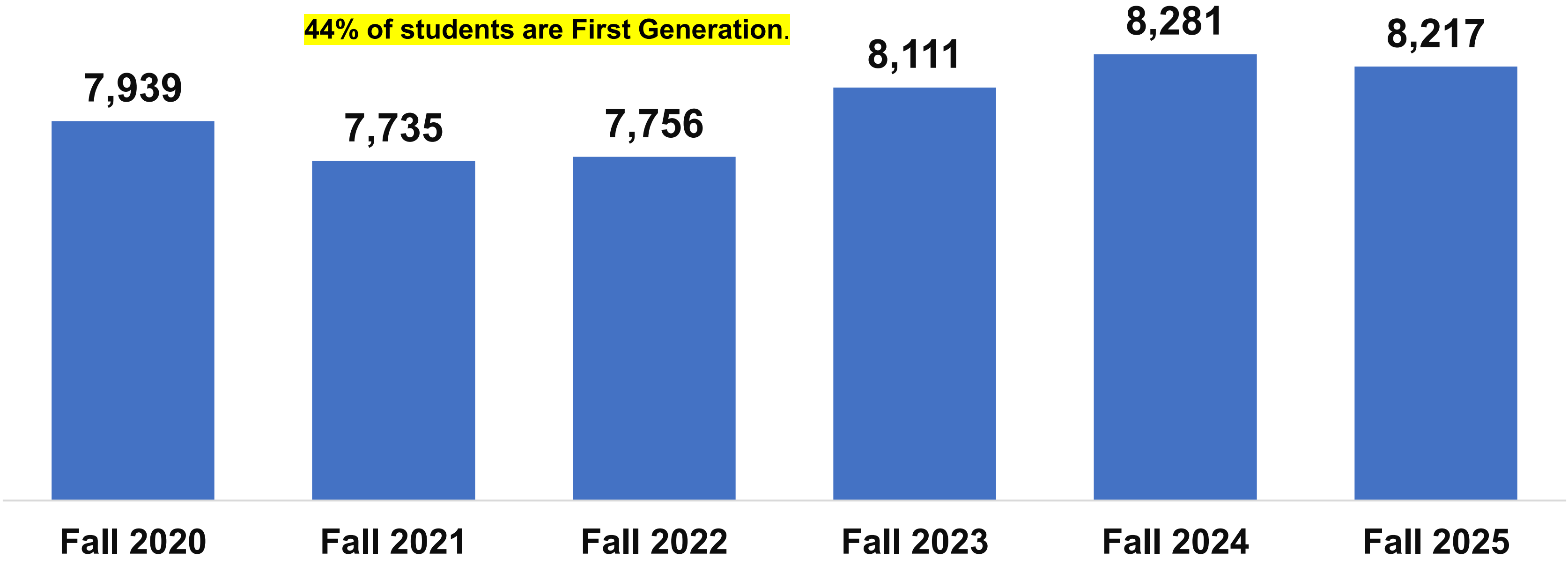
**No state targets.*

CAMPUS STRATEGIES FOR AFFORDABILITY

- ***Unmet Need –*** Change is a result of the updated federal methodology for calculating the Cost of Attendance for dining and housing.
- ***Murray State Promise*** (KY FTF and FTT, Pell eligible and received Pell grant)
  - A record, $140M, in Financial Aid and Scholarships in FY2024-25
- ***Racers Finish*** (Adult Degree Completion Program and Scholarship for returning students) – 39 (including Spring 2026) graduated in 1.5 years and **75** contacted.
- **Time to Degree** – first time in recent recording that it is below 4 years.
- Third year of streamlined net tuition pricing

KEY PERFORMANCE INDICATOR - TRANSITIONS

Undergraduate Enrollment: Total unduplicated number of students who enroll in an undergraduate program offered by one of Kentucky's public colleges or universities in an academic year, either full-time or part-time.



***State Target:** *Total undergraduate enrollment in all sectors of 222,000 by 2030. As of Fall 2024, total enrollment equaled 217,555.*

PERFORMANCE INDICATORS - TRANSITIONS

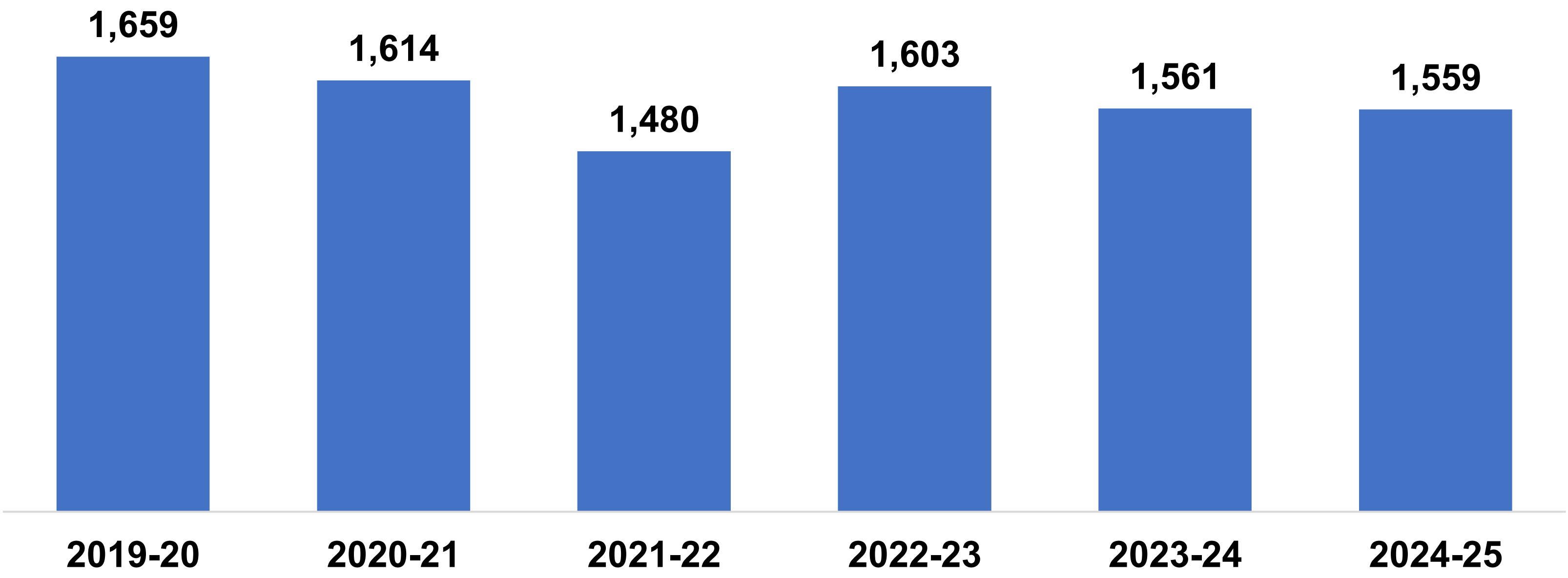
- Increase of 6% over Fall 2022 – already met CPE target from FY24
- We have the second highest fall enrollment in the last 7 years.
- Residential Colleges – Living and Learning Communities
  - New Learning Commons/Residential Hall - $38M
  - Housing Occupancy – almost 100%
  - Purchased 268 bed apt. complex – Station 74 in Fall 2024

<u>Fall 2025</u>

- 70% of FTF enter with college credit (Avg – 20 hours)
- 49 states (North Dakota), 116 KY counties, 60 countries
- Dual Credit ~1,000 students

KEY PERFORMANCE INDICATOR - SUCCESS

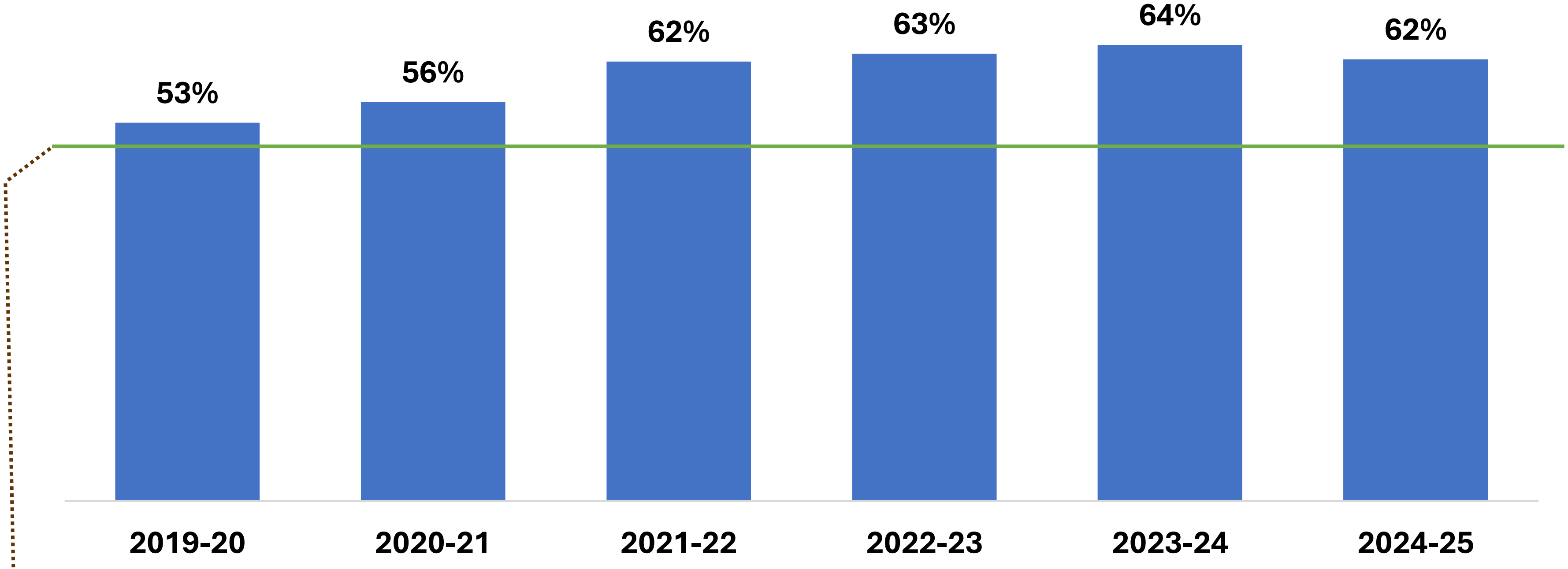
Undergraduate Degrees & Credentials: Number of bachelor's degrees awarded in an academic year.



***State Target:** *To increase Kentucky's bachelor's attainment to the national average (~26% of the working age population) by 2030), Kentucky will need 158,000 new degrees by 2030 (raising average annual production by about 4,000).*

KEY PERFORMANCE INDICATOR - SUCCESS

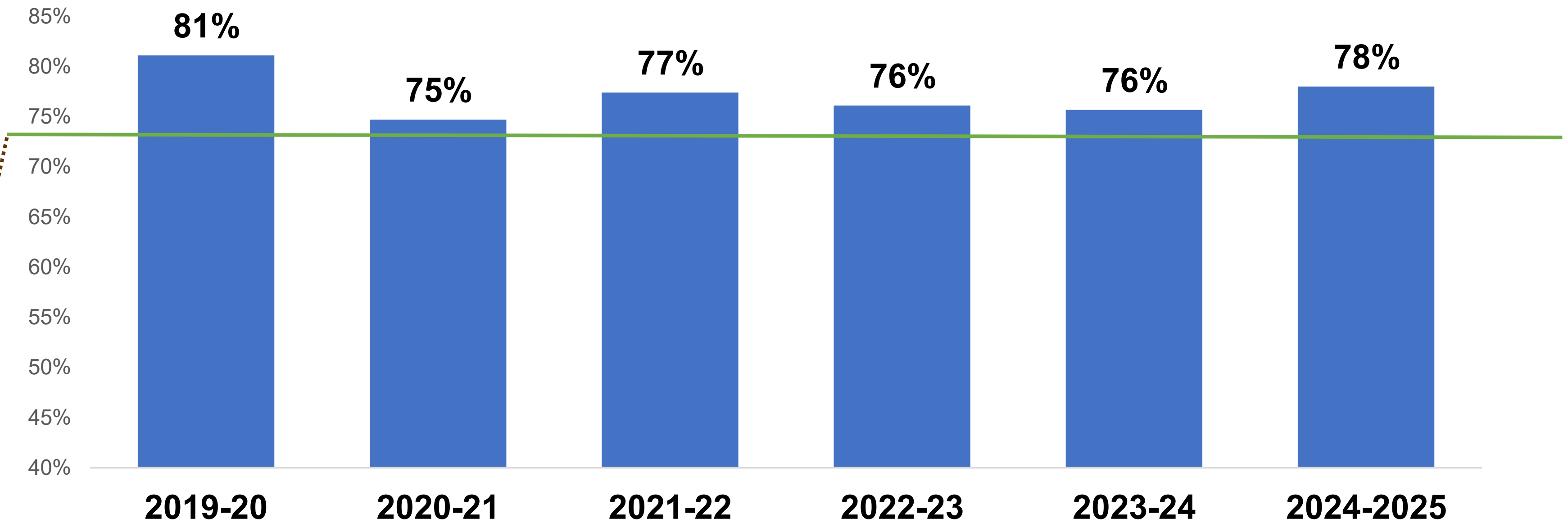
150% Graduation Rate: Percentage of first-time, full-time degree-seeking students who receive an undergraduate degree within 6 years



***Benchmark Data**: The latest available national rate among institutions in the same Carnegie Classifications as Kentucky regional institutions is 52%. The 2030 goal for all Kentucky four-year publics is 65%.*

KEY PERFORMANCE INDICATOR - SUCCESS

Retention Rate: Percentage of first-time, degree- or credential-seeking students enrolled in the summer or fall of their first year who are still enrolled at the same institution the following fall.



****Benchmark Data**: The latest available national rate among institutions in the same Carnegie Classifications as Kentucky regional institutions is 75%. The 2030 goal for all Kentucky four-year publics is 84%.*

PERFORMANCE INDICATORS - SUCCESS

30+
CONSECUTIVE YEARS
TOP TIER UNIVERSITY
- U.S. NEWS & WORLD REPORT

BEST BANG
FOR THE BUCK
- WASHINGTON MONTHLY

Centennial Campaign - $108M

- Access/Affordability
- Scholarships and Need-Based Aid

US News & World Report (2025)

- 6th in Top Public Schools (South)
- 6th in Best Regional Universities for Veterans
- 14th in Best Regional Universities (South)
- 19th in Best Value Schools (South)

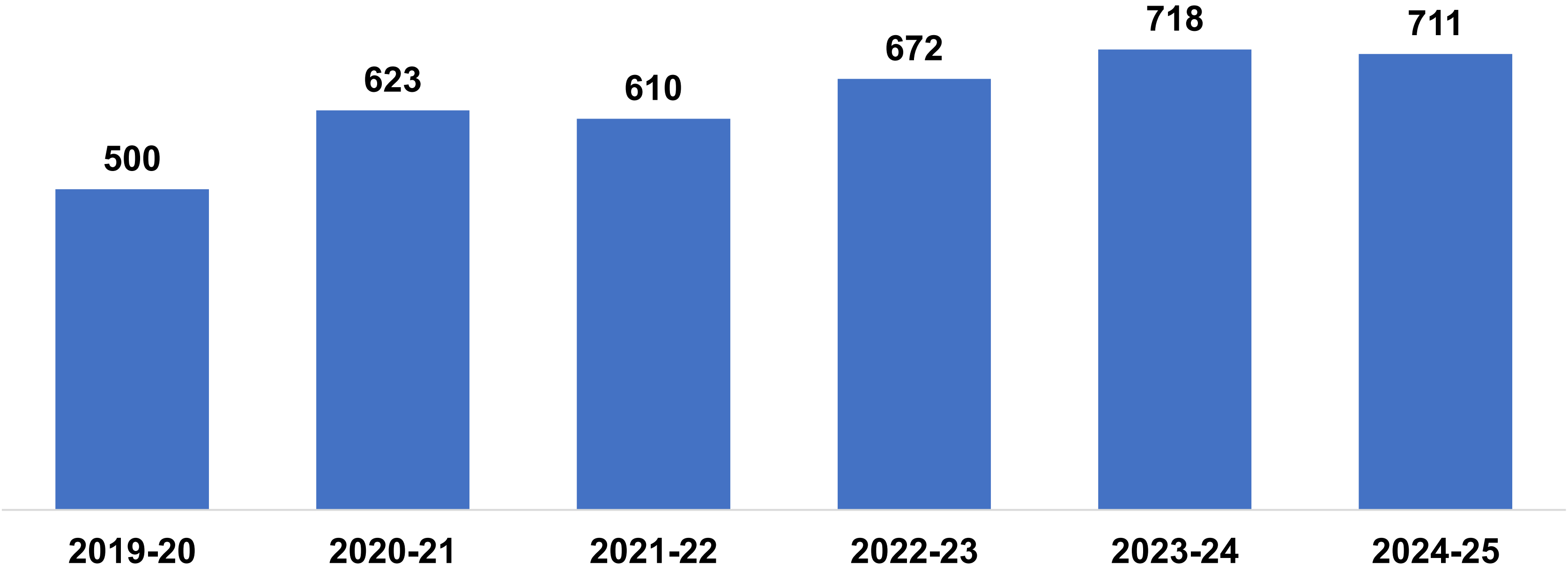
Best Bang for the Buck – Washington Monthly

PERFORMANCE INDICATORS - SUCCESS

- **Highest percentage of STEM+H** Degrees to Total Bachelor Degrees in the Commonwealth among public universities (46%)
- The total number of degrees is consistent with last year. We graduated 50 more students this December than last year!
- **5%** increase in UG degrees since FY22
- **17%** increase in Six Year Graduation Rate since FY20
- Concerted effort with professional advising, last 5-week courses of a term and wrap-around services for students to increase retention by **2%** points to **78%**

KEY PERFORMANCE INDICATOR - TALENT

Graduate and Professional Degrees: Total number of graduate/professional degrees awarded in an academic year.



***State Target:** *To increase Kentucky's graduate attainment to the national average (17% of the working-age population) by 2030, the state will need 127,000 new degrees by 2030 (raising average annual production by about 2,200).*

PERFORMANCE INDICATORS - TALENT

- Graduate degrees are consistent with last year in numbers and represent a **42%** increase over FY20
- **25%** increase in 60-hour progression in Performance Funding Metric
- **TimelyCare** initiative – 24/7/365 mental health assistance with connected to ours SACSCOC MSU Matter – Racers Care program
- **High School Programs**
  - Governor's Scholar Program (350 students – awarded another 3 year cycle!)
  - Commonwealth Honors Academy (100 students)
  - Dual Credit Initiative – Christian County Racer Academy at Hopkinsville Murray State Campus

CAMPUS STRATEGIES FOR VALUE

School of Nursing & Health Professions Bldg. Rendering - $45.5 M

Veterinary Sciences Bldg. Rendering - $60M

CAMPUS STRATEGIES FOR VALUE

Learning Commons (Luckett & Farley) - $38M

Cybersecurity - $10M

- **EdSights** – Retention Management Program – started Spring 2026 with President's Commission on Retention and Student Success
- **51%** of students graduate with no known debt (best among public, comprehensives)
- **$633 Million -** annual Economic Impact for the Commonwealth of Kentucky
- **Regional Campuses** – serve as Centers for Excellence with Occupational Therapy, Electromechanical Engineering Technology, Respiratory Therapy, Elementary Education
- **Cybersecurity enrollment** increase of **30%** for last 2 years

Thank you!

TOPIC/TITLE:	Proposed New Academic Programs
STAFF CONTACT:	Sheila Brothers, MPA Senior Director of Academic Excellence
TYPE/REQUEST:	☒ Action ☐ Information

SUMMARY OF ACTION REQUESTED

The Academic and Strategic Initiatives Committee recommends the Council approve the following proposed new academic programs:

1. University of Kentucky – B.A., Film and Sonic Art (CIP 50.0602)
2. Kentucky State University – B.S., Aquatic Science (CIP 26.1304)
3. Kentucky State University – B.A., Public Policy (CIP 44.0501)
4. Kentucky State University – M.P.H., Master of Public Health in Nutrition (CIP 51.2207)
5. Murray State University – D.V.M., Doctor of Veterinary Medicine (CIP 01.8001)

The university-submitted documentation has been included in your agenda packets for review.

APPLICABLE STATUTE(S), REGULATION(S), CPE POLICIES

- KRS 164.020 (15) empowers the Council on Postsecondary Education to define and approve the offering of all postsecondary education technical, associate, baccalaureate, graduate, and professional degree, certificate, or diploma programs in the public postsecondary education institutions.

- KRS 164.295 (2) (b) permits comprehensive universities to offer doctoral programs, including but not limited to Doctor of Philosophy degree programs, advanced practice doctoral degree programs, and doctoral degree programs for professional practice and licensure.

- KRS 164.295 (3) (a) – (c) provides the standards a comprehensive university must maintain to be eligible to submit a proposal for a new doctoral program.
  a) A first to second year retention rate in at least two (2) of the last three (3) years:
     1. In the seventy-fifth percentile of all comprehensive universities nationally; or
     2. In the eightieth percentile of all comprehensive universities within states that are members of the Southern Regional Education Board;

b) A six (6) year graduate rate for bachelor's degrees in at least two (2) of the last three (3) years:
    a. In the seventy-fifth percentile of all comprehensive universities nationally; or
    b. In the eightieth percentile of all comprehensive universities within states that are members of the Southern Regional Education Board; and
c) Sufficient unrestricted cash reserves and short-term investments to cover the institution's total operating and nonoperating expenses for three (3) months as calculated from the prior fiscal year's audited financial statement.

APPROVAL PROCESS

The four proposed bachelor's and master's degrees were originally submitted prior to September 2025 and thus followed the prior approval process as described:

- Universities requested student and market demand information from Council staff and then submitted a Notification of Intent (NOI) to propose a new program.
- NOIs were reviewed on a monthly basis by public postsecondary chief academic officers, who were encouraged to offer comments.
- Universities submitted the program proposal for Council staff review.
- Universities received approval from their governing boards to offer the program.
- Programs vetted by Council staff were placed on an ASI Committee agenda.

The DMV program was submitted after the approval of the program approval policy as approved by the Council on September 11. Details regarding that process can be found at the provided link.

PROPOSED PROGRAM SUMMARY

Institution:	University of Kentucky
Program Name:	Film and Sonic Art
Degree Designation:	Bachelor of Arts
CIP Code:	50.0602
Credit Hours:	120
Implementation Date:	8/5/2026

PROGRAM DESCRIPTION

The proposed program will meet the evolving needs of cinematic and sonic innovators. With a foundation that encourages both technical expertise and artistic exploration, graduates will be prepared for careers across diverse fields, including narrative, experimental, and traditional filmmaking, animation and visual effects, sound design, and audio production. The program's flexibility will allow students to create a custom educational pathway tailored to their individual creative interests and career goals in film and sound production.

As a result of this program, graduates will be able to:

- Critically analyze and interpret film, audio, and multimedia works through aesthetic, cultural, and socio-political lenses;
- Contextualize their creative work within global and local traditions;
- Collaborate and lead in cinematic and sonic spaces; and
- Effectively communicate ideas through cinematic and sonic content creation.

The program will give students hands-on experience in filmmaking, sound design, and media arts while encouraging critical thinking and creative problem-solving. By combining theory with practice, students will develop the skills needed to thrive in a rapidly changing media landscape. In addition to offering instruction in movie and music production, the program will equip students with the tools to shape culture, tell compelling stories, and contribute to the creative economy.

Connection to Other Programs

This program will incorporate coursework from the School of Art and Visual Studies, the School of Music, the Department of Theatre and Dance, and the School of Journalism and Media. The program will use four courses that are already taught.

A similar film program exists at WKU, but it does not include integration of cinematic production with sound and audio engineering that UK's program will provide.

Academic Quality
Selective admissions requirements will help ensure high quality students. An existing "Internship Coordinator" with relationships with local and national organizations and businesses will assist students in identifying internships for their areas of interest.

Student Demand
Initial estimates of enrollment are:
Year 1 – 15
Year 2 – 15
Year 3 – 20
Year 4 – 20
Year 5 – 25

Employment Demand
With the introduction of a tax incentive program, Kentucky is positioning itself as an attractive destination for film and audio production. The Bureau of Labor Statistics (BLS) projects regional positions for special effects artists and animators will grow by 19% regionally and by 38% at the state level, with entry-level salaries averaging $48,000 annually. Positions for camera operators (television, video, and film) have lower growth rates at the regional and state levels (3% and 4%, respectively) but entry-level salaries are around $76,000.

Budget
Sufficient faculty exist to launch and support the initial cohort, although additional faculty may be needed as enrollment grows. Any additional hires will be funded by student tuition revenue.

Projected Revenue over Next Five Years ($): $ 5,141,939
Projected Expenses over Next Five Years ($): $ 446,500

PROPOSED PROGRAM SUMMARY

Institution:	Kentucky State University
Program Name:	Aquatic Science
Degree Designation:	Bachelor of Science
CIP Code:	26.1304
Credit Hours:	120
Implementation Date:	2/1/2026

PROGRAM DESCRIPTION

The proposed program will prepare students to manage and protect aquatic ecosystems. The program will focus on the study of freshwater and estuarine environments, integrating biology, chemistry, physics, and environmental science to address complex challenges in the areas of water quality, water treatment, habitat conservation, climate change, and sustainable resource management. Almost every municipality in the country has a drinking water and wastewater treatment plant, where retirements often outpace onboarding by significant margins.

As a result of this program, graduates will be able to:

- Demonstrate understanding of key concepts, theories, and practical applications related to aquatic science fields such as ecology, water chemistry, fisheries & aquaculture;
- Effectively communicate orally and in scientific writing;
- Use and interpret quantitative information presented in peer reviewed scientific journals, research and statistical analysis; and
- Conduct environmental assessments, monitor aquatic populations, and use advanced instrumentation and software.

The proposed program will be the first undergraduate program in aquatic sciences in Kentucky. The program will blend limnology, aquatic ecology, fisheries, marine biology, and aquaculture together to give students a dynamic educational experience.

Academic Quality

The proposed program will incorporate all 10 Essential Skills included in Kentucky's Graduate Profile framework*.* Multiple secondary schools submitted letters in support of the program and the associated dual credit courses that may serve to pique secondary students' interest in the discipline.

The program will also meet the educational guidelines of the American Fisheries Society, and parts of the curriculum have been designed in consultation with the Kentucky's Department of Fish and Wildlife Resources.

Connection to Other Programs
KSU is home to some of the world's leading scientists and educators in aquatic sciences and it offers a highly respected Master of Science program in aquaculture. The proposed program is expected to also enhance recruitment of students into the master's program.

This program will replace the Aquaculture Systems track in the B.S. Agriculture, Food, and the Environment.

Student Demand
Initial estimates of enrollment are:
Year 1 – 20
Year 2 – 40
Year 3 – 80
Year 4 – 120
Year 5 – 120

Employment Demand
The Bureau of Labor Statistics (BLS) groups aquatic science positions into categories like environmental scientists and hydrologists, which are projected to grow by 6% and 5%, respectfully, in the coming years. Global aquaculture is the fastest-growing food production sector and is expected to grow by 30 – 40% by 2030, boosting demand for specialists in aquatic animal health, nutrition, and system design. Graduates from an aquatic science program can expect to find employment in federal agencies (Environmental Protection Agency, United States Department of Agriculture, Fish and Wildlife, and National Oceanic and Atmospheric Association), state and local government (state fish and wildlife offices and local divisions of water), as well as with private sector organizations (environmental consulting firms and biotech companies).

Budget
Existing staff who support graduate-level advising and course material development will help support the new program. Existing faculty are sufficient to teach courses in the new program in the beginning, but additional faculty may need to be hired as the program grows. Federal grant funds will also be used to support the program.

Projected Revenue over Next Five Years ($): $ 4,940,000
Projected Expenses over Next Five Years ($): $ 144,675

PROPOSED PROGRAM SUMMARY

Institution:	Kentucky State University
Program Name:	Public Policy
Degree Designation:	Bachelor of Arts
CIP Code:	44.0501
Credit Hours:	120
Implementation Date:	7/1/2026

Program Description

The program will equip students with a comprehensive understanding of public policy, policy-making processes, governance, and governmental relations. With a focus on critical thinking, analytical skills, and ethical decision-making, graduates will be prepared to engage with public institutions, advocate for policy change, and contribute to the development of informed and innovative solutions in both public and private sectors. The program will prepare students for careers in public affairs, advocacy, non-profit leadership, consultancy, administration and other roles that contribute to the effective formulation and implementation of public policy.

As a result of this program, graduates will be able to:

- Develop a comprehensive understanding of the legislative processes of public policy and government structures;
- Encourage innovative approaches to policy challenges and solutions for societal issues;
- Participate in and contribute to the policy process; and
- Articulate and apply a public service perspective.

Connection to Other Programs

This re-opening of KSU's previous Bachelor of Arts in Public Administration program is one of the objectives of KSU's Management Plan. The redesign includes content in political science, public policy, government affairs, and global governance. The program makes use of nine existing political science courses and allows students to double major in political science.

A similar program exists at the University of Kentucky (UK). While UK's program has a notable emphasis on preparing students for entrance into law school, KSU's focuses on governmental public affairs and public policy.

Academic Quality

The proposed program will assess its student learning outcomes through signature assignments that directly measure mastery of the 10 Essential Skills at milestone and capstone levels.

Student Demand

Initial estimates of enrollment are:

Year 1 – 15
Year 2 – 30
Year 3 – 45
Year 4 – 60
Year 5 – 75

Employment Demand
Graduates will be prepared for careers in public policy research and analysis, urban administration, and non-profits and non-governmental organizations. At the regional level, the Bureau of Labor Statistics predicts regional employment growth in the range of 2.5% in the coming years, with an average wage of $73,516 and approximately 300 open positions.

Budget
The program is projected to generate substantial revenue, with the projection based on a conservative estimate of 15 students per year, each taking 24 credit hours annually at a rate of $475 per credit hour, plus an estimated flat fee of $50 per student per term.

Projected Revenue over Next Five Years ($):	$ 7,156,250
Projected Expenses over Next Five Years ($):	$ 1,206,000

PROPOSED PROGRAM SUMMARY

Institution:	Kentucky State University
Program Name:	Master of Public Health in Nutrition
Degree Designation:	Master of Public Health
CIP Code:	51.2207
Credit Hours:	46
Implementation Date:	7/1/2026

PROGRAM DESCRIPTION

The program will prepare students to plan, manage, and evaluate public health care services in public agencies, the private sector, and other settings. The program includes instruction in epidemiology, biostatistics, public health principles, preventive medicine, health policy and regulations, health care services and related administrative functions, public health law enforcement, health economics and budgeting, public communications, and professional standards and ethics.

As a result of this program, graduates will be able to:

- Incorporate interdisciplinary knowledge from all public health domains, such as epidemiology, biostatistics, and health policy, to design effective interventions across various sectors;
- Use epidemiological tools and data analysis to identify, assess, and address population health challenges, focusing on disease prevention and health promotion;
- Create and implement public health messaging strategies that improve health literacy, engage diverse populations, and promote positive health behaviors; and
- Promote policies and practices that improve access to healthcare and address social determinants of health, reducing health inequities in vulnerable populations.

A particularly distinctive feature of the program is its integration of a nutrition component, which adds a critical layer to public health training. By incorporating nutrition science into the broader public health framework, students will gain the ability to address issues that are particularly relevant to vulnerable populations, such as chronic disease prevention, food insecurity, and dietary health disparities.

Academic Quality

KSU will seek accreditation from the Council on Education for Public Health (CEHP). KSU will use partnerships with local health departments, nonprofit organizations, and state agencies to provide students with applied practice experiences aligned with workforce demands and Kentucky’s public health priorities.

Connection to Other Programs

Undergraduate students at KSU in nursing, exercise science, psychology, and family and consumer sciences have expressed interest in graduate-level pathways in health and nutrition. In addition, KSU expects cross-collaboration with the proposed program and the existing MSW Social Work. Although similar programs exist in the state, KSU's program stands out with its focus on nutrition.

Student Demand

Initial estimates of enrollment are:
Year 1 – 20
Year 2 – 20
Year 3 – 30
Year 4 – 30
Year 5 – 40

Employment Demand

Labor market projections from the Bureau of Labor Statistics (BLS) show sustained growth in roles such as public health nutritionist, epidemiologist (nutrition), community health leader, and wellness coordinator, with median salaries ranging from $70,000–$85,000. Similar projections suggest 4% regional growth in nutritionist and health services manager positions, with 5% growth at the state level.

Budget

Adjunct faculty will be hired to help support the program. Gradual increases in operational costs are expected to be offset by student tuition revenue.

Projected Revenue over Next Five Years ($):	$ 2,100,000
Projected Expenses over Next Five Years ($):	$ 389,854

PROPOSED PROGRAM SUMMARY

Institution:	Murray State University
Program Name:	Doctor of Veterinary Medicine
Degree Designation:	DVM
CIP Code:	01.8001
Credit Hours:	170
Implementation Date:	8/1/2027

Program Description

The proposed program will be the first Doctor of Veterinary Medicine program in Kentucky. As opposed to a traditional education model where students complete clinical rotations at an institutionally owned and operated site, the program will use a distributed education model. Fourth-year students will engage in clinical rotations through various individual veterinary clinics and practices, including Murray State's Breathitt Veterinary Center. This model was used by the last six schools of veterinary medicine to be accredited by the American Veterinary Medical Association (AVMA).

As a result of this program, graduates will be able to:

- Demonstrate critical thinking and problem solving to arrive at evidence-based decisions that consider animal and client needs, available resources, and social context;
- Perform preventive, diagnostic, medical, and surgical procedures for the health, wellness, and treatment of animals, appropriate to the context and life stage;
- Design and implement programs in herd and flock health, disease prevention, and control to improve the health, welfare and productivity of animal populations; and
- Communicate and collaborate effectively with diverse clients, colleagues, other healthcare professionals, and the public.

Connection to Other Programs

Over 560 students were enrolled in Murray's pre-veterinary and veterinary technology and animal health in Fall 2024. These long-standing programs are supported by extensive animal health facilities that include: the Carman Pavilion (home of Murray's pre-vet program), Rudolph Equine Education Center; the west, north, and Eagle Rest farms; the Tosh swine facility; and Breathitt Veterinary Center, which is one of only 23 "Level One" diagnostic laboratories in the nation. Murray State's farms are home to Angus, equine, and swine herds that are used for instruction and research purposes.

Academic Quality

The proposed program will seek accreditation by the American Veterinary Medical Association.

Student Demand
Initial estimates of enrollment are:
Year 1 – 80
Year 2 – 180
Year 3 – 280
Year 4 – 380
Year 5 – 400

Employment Demand
Clients of Murray's Breathitt Veterinary Center have cited the need for more rural veterinarians. The Bureau of Labor Statistics projects 2% growth in DVM positions and graduates can expect an entry level salary of $72,729. Between 2023 and 2033, the Kentucky Center for Statistics projects Kentucky will have 652 veterinarian job openings.

Budget
Murray State anticipates needing to hire approximately 45 faculty over a four-year period as the program progresses and enrollment grows. Some faculty will be hired directly for the DVM program, while others will be hired to replace existing faculty who have moved internally to the DVM program.

Projected Revenue over Next Five Years ($):	$ 75,633,433
Projected Expenses over Next Five Years ($):	$ 67,909,194

Comprehensive University Eligibility to Offer Doctoral Programs – KRS 164.295

- A first to second year retention rate in at least two (2) of the last three (3) years:
  - In the 75th percentile of all comprehensive universities nationally; or
  - In the 80th percentile of all comprehensive universities within states that are members of the Southern Regional Education Board;
- A six (6) year graduate rate for bachelor's degrees in at least two (2) of the last three (3) years:
  - In the 75th percentile of all comprehensive universities nationally; or
  - In the 80th percentile of all comprehensive universities within states that are members of the Southern Regional Education Board; and
- Sufficient unrestricted cash reserves and short-term investments to cover the institution's total operating and nonoperating expenses for three (3) months as calculated from the prior fiscal year’s audited financial statement

Murray State University - Student Success Metrics

Analysis of Criteria Required for Eligibility to Submit Proposals for New Doctoral Programs to CPE (2025 RS SB 77)

Criterion: A first-to-second year retention rate in at least two (2) of the last three (3) years:

1) In the seventy-fifth (75th) percentile of all comprehensive universities nationally; or

2) In the eightieth (80th) percentile of all comprehensive universities within states that are members of the Southern Regional Education Board (SREB)

First to Second Year Retention Rate										
Institution Name	Currently Meets Criterion	2023 Reporting Year			2022 Reporting Year			2021 Reporting Year		
		Institutional Rate	75th Percentile National	80th Percentile SREB	Institutional Rate	75th Percentile National	80th Percentile SREB	Institutional Rate	75th Percentile National	80th Percentile SREB
Murray State University	Yes	76.1%	77%	76%	77.4%	76%	76%	74.7%	75%	74%

Criterion: A six (6) year graduation rate for bachelor's degrees in at least two (2) of the last three (3) years:

1) In the seventy-fifth (75th) percentile of all comprehensive universities nationally; or

2) In the eightieth (80th) percentile of all comprehensive universities within states that are members of the Southern Regional Education Board (SREB)

Six Year Graduation Rate *(150%)*										
Institution Name	Currently Meets Criterion	2023 Reporting Year			2022 Reporting Year			2021 Reporting Year		
		Institutional Rate	75th Percentile National	80th Percentile SREB	Institutional Rate	75th Percentile National	80th Percentile SREB	Institutional Rate	75th Percentile National	80th Percentile SREB
Murray State University	Yes	62.9%	56%	52%	61.7%	55%	52%	56.0%	56%	52%

Source: Integrated Postsecondary Education Data System (IPEDS), National Center for Education Statistics

Murray State University - Unrestricted Cash Reserve Calculation

Figures sourced from institution provided Moody's Liquidity Worksheet and FY 2025 Audited Financial Statements:

$ 101,402,000	Unrestricted Operating Funds that can be Liquidated, Settled, and Accessed Within 1 Month
$ 101,402,000	**Total Unrestricted Cash & Short-term Investments (Numerator)**

$ 205,929,000	Total Operating Expenses
$ (3,463,000)	Less GASB 68 pension benefit
$ 5,086,000	Less GASB 75 OPEB pension benefit
$ (14,755,000)	Less Depreciation & Amortization
$ 5,620,000	Total Nonoperating Expenses
$ 198,417,000	**Total Operating & Nonoperating Expenses (Denominator)**

$ 101,402,000	**Total Unrestricted Cash & Short-term Investments**	**X**	**12**	**=**	**6.13**	**Months of available unrestricted funds**
$ 198,417,000	**Total Operating & Nonoperating Expenses**					

All figures rounded to the nearest $1,000

Murray State University
Proposed Doctorate of Veterinary Medicine

Council on Postsecondary Education
January 30, 2026

Criteria for Eligibility for Comprehensives to Offer Doctorates

- A **first to second year retention rate** in at least two of the last three years:
  - In the 75th percentile of all comprehensive universities nationally or 80th percentile of all comprehensive universities in Southern Regional Education Board states
- A **six-year graduate rate for bachelor's degrees** in at least two of the last three years
  - In the 75th percentile of all comprehensive universities nationally or 80th percentile of all comprehensive universities in Southern Regional Education Board states
- Sufficient **unrestricted cash reserves and short-term investments** to cover total operating and nonoperating expenses for three months
  - Calculated from the prior fiscal year's audited financial statement

Murray State University - Student Success Metrics

First-to-Second Year Retention Rate	2021	2022	2023
Institutional Rate	74.7%	77.4%	76.1%
National 75th Percentile Rate *(Minimum: 75th percentile in 2 of 3 years)*	75%	76%	77%
SREB 80th Percentile Rate *(Minimum: 80th percentile in 2 of 3 years)*	74%	76%	76%

Source: Integrated Postsecondary Education Data System (IPEDS), National Center for Education Statistics

Murray State University - Student Success Metrics

Six-Year Graduation Rate	2021	2022	2023
Institutional Rate	56%	61.7%	62.9%
National 75th Percentile *(Minimum: 75th percentile in 2 of 3 years)*	56%	55%	56%
SREB 80th Percentile *(Minimum: 80th percentile in 2 of 3 years)*	52%	52%	52%

Source: Integrated Postsecondary Education Data System (IPEDS), National Center for Education Statistics

Murray State University - Unrestricted Cash Reserve

$ 101,402,000	Unrestricted Operating Funds that can be Liquidated, Settled, and Accessed Within 1 Month
$ 101,402,000	**Total Unrestricted Cash & Short-term Investments (Numerator)**

$ 205,929,000	Total Operating Expenses
$ (3,463,000)	Less GASB 68 pension benefit
$ 5,086,000	Less GASB 75 OPEB pension benefit
$ (14,755,000)	Less Depreciation & Amortization
$ 5,620,000	Total Nonoperating Expenses
$ 198,417,000	**Total Operating & Nonoperating Expenses (Denominator)**

$ 101,402,000	**Total Unrestricted Cash & Short-term Investments**	**X**	**12**	**=**	**6.13**	**Months of available unrestricted funds**
$ 198,417,000	**Total Operating & Nonoperating Expenses**					

All figures rounded to the nearest $1,000

Figures sourced from institution provided Moody's Liquidity Worksheet and FY 2025 Audited Financial Statements

Program Approval Process

Step One: Notification of Intent and Self Study

Notification of Intent

- Program Overview and Description
- Institutional Capacity
- Academic Quality
- Job Opportunities

Capacity to Offer Doctoral Programs Self Study

- Mission
- Governance and Administration
- Facilities
- Academic Resources
- Admissions and Student Success
- Financial Resources

Step Two: External Review Feasibility Study

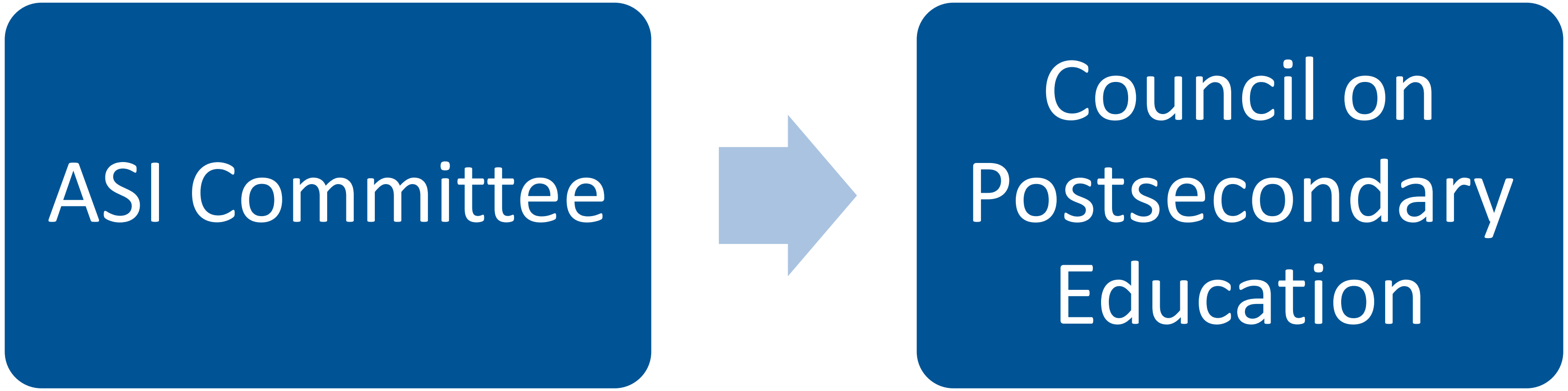
- Institutional Capacity
- Market Demand
- Curriculum
- Faculty
- Financial Feasibility
- Competitive Landscape
- Research Infrastructure
- Accreditation
- Enrollment and Graduation Projections

Institutions must address concerns or limitations identified by the external reviewer.

Step Three: Proposal

- Program Details and Description
- Mission Alignment
- No Discriminatory Concepts
- Unnecessary Duplication
- Alignment with Statewide Strategic Agenda
- Cooperation/Collaboration Opportunities
- Student Demand
- Program Need
- Expected Enrollment and Impact on Other Programs
- Specialized Accreditation and Licensure
- Admissions and Graduation Requirements
- Administrative Oversight
- Research Opportunities and Partnerships
- Financial Viability
- Faculty
- Curricular Coherence
- Online Learning

Step Four: Council Approval



TOPIC/TITLE:	KCTCS Programs approved between Nov. 2025 – Jan. 2026
STAFF CONTACT:	Sheila Brothers, MPA Senior Director of Academic Excellence
TYPE/REQUEST:	☐ Action ☒ Information

SUMMARY OF TOPIC

The Academic and Strategic Initiatives Committee received this information update at its January 26, 2026, meeting. Council staff reviewed and approved the following program:

- Bluegrass Community and Technical College - Associate of Applied Science, Water Resource Technology (CIP 15.0506).

No further action is needed by the Council.

APPLICABLE STATUTE(S), REGULATION(S), CPE POLICIES

KRS 164.020 (15) empowers the Council to define and approve the offering of all technical, certificate, diploma, associate, baccalaureate, graduate, and professional degree at public postsecondary institutions. It also mandates that the Council expedite the approval of requests from KCTCS for new programs of a vocational-technical and occupational nature.

APPROVAL PROCESS

Associate degree programs of a vocational/technical/occupational nature (i.e. AAS) undergo the following process for approval:

- KCTCS posts a proposal to the program approval system. Institutions and Council staff have 30 days to respond.
- If no issues are identified, the program is approved by Council staff and reported as an information item to the Council.
- If issues are identified, the institution addresses those through the program approval system, and the review period is extended. Once the issues are resolved, the program is approved by Council staff and reported as an information item at the next Council meeting.

SUMMARY OF PROGRAM APPROVED

1. Bluegrass Community and Technical College - Associate of Applied Science, Water Resource Technology (15.0506)
   The program equips students as the trained workforce needed for water and wastewater handling facilities and associated infrastructure. There are no similar credit-bearing programs in the region, and the program will be offered online. Students will be paired directly with potential in-state employers and will be marketed to both high-school students and adult learners. All 10 Essential Skills are included in the program.

TOPIC/TITLE:	Fall 2025 Final Enrollment Update
STAFF CONTACT:	Chris Ledford, Director of Data and Advanced Analytics
TYPE/REQUEST:	☐ Action ☒ Information

SUMMARY OF TOPIC

The Academic and Strategic Initiatives Committee received this information update at its January 26, 2026, meeting. Staff provided final enrollment statistics for the Fall 2025 semester at Kentucky's public and private colleges and universities. No action is needed by the Council.

SUPPORTING INFORMATION

Objective 4 of Kentucky's statewide strategic agenda describes the state's priority to increase college-going rates and enrollment in postsecondary education. One way this is measured is by the key performance indicator of:

- Undergraduate Enrollment: Total unduplicated number of students who enroll in an undergraduate program in an academic year, either full-time or part-time.

Link: Dashboard for Undergraduate Enrollment (will be updated after all enrollment files are loaded)

ENROLLMENT STATISTICS

- Total enrollment across all sectors increased by 3.3%, growing from 271,968 in Fall 2024 to 281,050 in Fall 2025.
- Total undergraduate enrollment grew by 4.6%, driven by:
  - Undergraduate adults (+6.8%)
  - First-time undergraduate adults (+12.9%)
  - First-time undergraduates (+3.7%)
- Graduate enrollment declined by 1.8%, decreasing from 52,310 to 51,395.
- Dual enrollment increased by 6.2% across all sectors, reflecting growth in early postsecondary participation.

WHY THIS MATTERS

Growth in first-time undergraduate, adult, and dual enrollment signals strong momentum for future postsecondary enrollment and credential production. Increases among adult learners—especially first-time adult students—highlight an important opportunity, as Kentucky has a large population of adults with no prior college experience. Sustaining these enrollment gains will be critical to meeting workforce needs and achieving Kentucky's 60x30 postsecondary attainment goal.

TOPIC/TITLE:	Workforce Development in Film Industry
STAFF CONTACTS:	Leslie Sizemore, Vice President of Workforce & Economic Development Mary Jackson, Associate of Workforce & Economic Development
TYPE/REQUEST:	☐ Action ☒ Information

SUMMARY OF TOPIC

The Academic and Strategic Initiatives Committee received this information update at its January 26, 2026, meeting. Staff provided an overview of CPE's work in Kentucky's up-and-coming film and television sector. No action is needed by the Council.

SUPPORTING INFORMATION

The Council on Postsecondary Education's (CPE) Workforce and Economic Development Unit is actively engaged with Kentucky's film and television sector through strategic partnerships, workforce research, and statewide coordination. Staff participates regularly in meetings of the Kentucky Film Commission and the Kentucky Film Education Committee and engages with the Kentucky Film Foundation to strengthen relationships with industry-aligned nonprofit and philanthropic partners. These efforts ensure CPE remains informed of workforce needs while positioning the agency as a connector between postsecondary education, workforce development, and the state's growing film and television industry.

- Career Awareness and Outreach: CPE promotes career opportunities in film and television on the statewide Futuriti website. In addition, the Career Development Officers affinity group and postsecondary advisors have been briefed on Kentucky's growing film/television sector.
- Current Focus Areas: CPE is currently researching strategies to strengthen training, credentialing, and certification pathways aligned with industry-identified needs. Central to this work is the development of a statewide asset map that identifies majors, minors, and related programs that directly or indirectly prepare students for careers in film and television.

CURRENT FILM PROGRAMS IN KENTUCKY

Kentucky's postsecondary film education ecosystem is already anchored by several strong programs, including the following:

- University of Kentucky – Film, Media, and Digital Studies with strong production and media theory components
- Western Kentucky University – Nationally recognized Film and Media Arts program
- Northern Kentucky University – Media Informatics and communication-based pathways supporting production and digital media
- Bluegrass Community and Technical College – Applied, workforce-oriented film and production programming
- Asbury University – Comprehensive film and media offerings, including undergraduate majors and minors, graduate MFA and MA programs, a dedicated sound stage, industry-standard production facilities, and an ARRI Certified Film School designation

These institutions serve as core talent-development anchors and will be central to future discussions around transfer pathways, credentialing, and course sharing.

IDENTIFIED WORKFORCE GAPS

Industry feedback indicates the most significant talent shortages are in the following areas:

- Post-production roles (editing, color, sound, visual effects)
- Production design
- Construction and set build teams
- Production management roles (line producers, assistant directors, production coordinators)
- Gaffers and electricians

These gaps present opportunities for targeted curriculum development, short-term credentials, and stackable certifications.

FUTURE OPPORTUNITIES AND STRATEGIC DIRECTION

CPE is exploring opportunities for KCTCS course sharing using BCTC film coursework as a foundation to expand statewide access and reduce duplication. The agency also aims to develop clear transfer pathways from KCTCS institutions to public and private four-year film programs. Additionally, CPE will assist the newly hired Executive Director of the Kentucky Film Office in navigating Kentucky's postsecondary landscape to ensure alignment between education, workforce preparation, and industry growth.

TOPIC/TITLE:	Kentucky Student Success Collaborative (KYSSC) Update
STAFF CONTACT:	Lilly Massa-McKinley, Ed.D. Assistant Vice President, KYSSC
TYPE/REQUEST:	☐ Action ☒ Information

SUMMARY OF TOPIC

The Academic and Strategic Initiatives Committee received this information update at its January 26, 2026, meeting. Staff provided an update on the implementation and strategic vision for the Kentucky Student Success Collaborative (KYSSC) to support campuses in their efforts to improve student outcomes. Slides from the presentation can be found in the Committee's meeting materials from January 26, 2026. This will not be covered in detail during the board meeting.

SUPPORTING INFORMATION

The KYSSC focuses on three core objectives: 1) cultivate a culture of collaboration, 2) build capacity for leading change, and 3) measure gains in student success.

Since CPE launched the KYSSC in 2021, it has developed a framework, infrastructure, and model for continuous improvement at scale. Dr. Massa-McKinley will share early results, active efforts, and what's next for the KYSSC.

TOPIC/TITLE:	Tuition and Mandatory Fee Policy, 2025-26 and 2026-27
STAFF CONTACTS:	Bill Payne, Vice President, Finance Policy & Programs Adam Blevins, Director, Finance Policy & Programs
TYPE/REQUEST:	☒ Action ☐ Information

SUMMARY OF ACTION REQUESTED

The Finance Committee reviewed this request at their January 26, 2026, meeting and recommends the Council approve the proposed Tuition and Mandatory Fee Policy for Academic Years 2025-26 and 2026-27 (Attachment A). Other than changing the year referenced in the title, this is the same policy that was approved by the Council at its June 13, 2025, meeting.

SUPPORTING INFORMATION

At the January 27, 2025, Finance Committee meeting, staff provided an update on the 2025-26 tuition-setting process and shared a draft *Tuition and Mandatory Fee Policy for Academic Year 2025-26* for committee member review. The draft policy included some minor wordsmithing changes, along with two more substantive changes. Namely, staff proposed eliminating the Special Use Fee Exception Policy and Asset Preservation Fee Exception Policy provisions in the policy. The draft policy was presented for information (no committee action) to allow time for proposed revisions to be fully vetted with campus presidents and Chief Budget Officers.

Although in draft form, the 2025-26 tuition policy, along with the policy from the previous tuition cycle, helped guide the development of tuition and fee ceilings for academic years 2025-26 and 2026-27. Those ceilings established maximum allowable base rates and dollar increases each year over a two-year period for each postsecondary sector. In other words, the Council adopted differential one-year and two-year maximum base-rate and dollar-increase ceilings for the research universities, comprehensive universities, and KCTCS institutions. The draft policy also facilitated staff evaluation of campus tuition and fee proposals submitted for academic year 2025-26.

On June 13, 2025, the Council approved a final version of the *Tuition and Mandatory Fee Policy for Academic Year 2025-26*, which eliminated the Special Use Fee Policy Exception and Asset Preservation Fee Policy Exception provisions from the policy, but also included an explicit definition of *mandatory fees* that could be applied by CPE staff and Council members when evaluating proposed fees at the institutions.

At the meeting, staff will present the same policy that was adopted by the Council at the June meeting last year, with one minor change. As can be seen in Attachment A, the title of the policy has been modified to reflect that the Council adopted two-year ceilings this tuition-setting cycle. Specifically, after discussions with CPE Executive Leadership, it was determined that any potential changes to the current policy should be discussed with campus officials in coming months and modified ahead of the 2027-28 tuition cycle.

No substantive changes in the tuition policy are proposed for academic year 2026-27.

NEXT STEPS

Once approved, the policy will facilitate evaluation of campus tuition and fee proposals submitted for the upcoming 2026-27 academic year. One institution, Kentucky State University, has already submitted a tuition proposal for Council review and action. It is anticipated that the remaining institutions will submit their tuition proposals for Council approval at either the April or June meetings.

Tuition and Mandatory Fee Policy

Academic Years 2025-26 and 2026-27

Proposed for Approval by Council: January 30, 2026

Effective Date: January 30, 2026

Background

The Council on Postsecondary Education is vested with authority under KRS 164.020 to determine tuition at public postsecondary 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, rate ceilings established by the Council include both tuition and mandatory fees. 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 Council's 2022-30 Strategic Agenda for Kentucky Postsecondary Education.

Fundamental Objectives

Funding Adequacy

HB 1 requires that Kentucky 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 the postsecondary institutions.

Affordability and Access

Broad educational attainment is essential to a vibrant state economy and to intellectual, cultural, and political vitality. For this reason, 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 dual credit students, underrepresented students, including first-generation college students and students from economically disadvantaged backgrounds, adult learners, and part-time students.

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, student and family contributions, employment, and financial aid, including grants and loans.

In developing a tuition and fee recommendation, the Council and the institutions shall work collaboratively and pay attention to balancing the cost of attendance— including tuition and mandatory fees, room and board, books, and other direct and indirect costs—with the ability of students and families to pay. This will be accomplished 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 workforce initiatives. The colleges and universities seek to ensure that every dollar available to them is utilized to maximize return on investment and achieve outcomes most beneficial to the Commonwealth and its regions. Senate Bill 153, the *Postsecondary Education Performance Funding Bill,* enacted during the 2017 regular session provides 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 and objectives.

Attracting and Importing Talent to Kentucky

Kentucky cannot 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 larger share 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 fee policy is provided below. Council staff will periodically review and evaluate the policy to determine its impact on attracting and retaining nonresident 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 rates adopted for nonresident students shall be higher than the prices charged 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.

Definition of Mandatory Fees

A mandatory fee is a distinct charge applied to students as a condition of enrollment, regardless of degree level or program, and is required of such a large proportion of all students that a student who does not pay the fee is an exception. Typically, mandatory fees support a specific purpose, activity, or service that is available to all students attending the institution.

Mandatory fees include, but are not limited to, fees for health services, building use, student services and activity fees, recreation fees, technology fees, and athletic fees, where the charge is not optional for students. Mandatory fees do not include fees assessed to students in specific programs (e.g., music, nursing, lab fees) or fees unique to a given situation (e.g., late registration, automobile registration), or fees for housing and dining.

Special Use Fee Exception Policy

On April 28, 2011 the Council adopted a Special Use Fee Exception Policy that allowed Kentucky public postsecondary institutions, under certain conditions, to implement student endorsed fees that would be excluded from consideration when assessing institutional compliance with Council approved rate ceilings. In other words, in any given year, an institution could request, and the Council could approve, a new mandatory fee for the purposes of constructing a new facility or renovating an existing facility that would support student activities or services on campus but would not count toward a rate or dollar increase ceiling established by the Council.

Specifically, a Special Use Fee was defined in the policy as follows:

> 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.

The underlying rationale for the exception policy was that the Council and campus officials wanted to accommodate the desires of students to assess a fee on themselves to improve facilities that sustain student activities and services, without sacrificing revenue necessary to support institutional operations. Under the Council's previous approach, such fees, when implemented in the same year that the Council adopted a tuition and fee rate ceiling, would reduce the amount of unrestricted tuition and fee revenue available for the institution to support its Education and General (E&G) operation.

Fees that qualified for a Special Use Fee exemption were for a fixed, recurring amount that could not increase over time. For this reason, during the process of establishing tuition and fee ceilings, Council staff deducts these fees from total tuition and fees before applying a percent increase parameter. This keeps the fees at the same amount each year until they expire. In other words, percent increase parameters adopted by the Council are applied to current-year base rates. 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 policy stipulates that Special Use Fees will not be assessed at full rate in perpetuity, but will either terminate upon completion of the debt, or in the case of new facilities, continue at a reduced rate to defray ongoing maintenance and operations (M&O) costs. In addition, institutions are required to have a plan for the eventual reduction or elimination of the fee upon debt retirement.

Between June 10, 2011 and June 12, 2015, the Council approved Special Use Fee exception requests for five institutions. Although several institutions have asked about Special Use Fee exceptions in recent years, the Council changed its stance on allowing exemptions from rate ceilings. Declining enrollment at most institutions, precipitated by decreasing numbers of high school graduates and falling college participation rates, brought about a renewed focus on affordability and increased transparency in college pricing.

For several years, it has been a common practice for the Council to count all increases in mandatory fees toward tuition and fee rate ceilings and to not allow exceptions from the price caps. For this reason, the Special Use Fee Exception Policy will be terminated beginning in academic year 2025-26.

Although institutions will no longer be able to request exemptions from tuition and fee rate ceilings, periodic reporting requirements for Special Use Fees will remain in effect. Specifically, upon request by the Council, institutions will provide documentation certifying the date a Special Use 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 finance facilities that support student activities and services, and the number of years the fee will remain in place.

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 exempted from tuition and fee caps set annually by the Council. Toward the end of calendar year 2017, staff worked with campus presidents, chief budget officers, and Budget Development Work Group members to draft a proposed exception policy that could be presented to the Council for review and approval.

On February 2, 2018, the Council adopted an Asset Preservation Fee Exception Policy that allowed each institution the option to implement a student fee for asset preservation that would not be considered by staff when assessing compliance with Council approved rate ceilings. Under the new policy, an institution could request, and the Council could approve, a new mandatory fee supporting the renovation or renewal of existing instructional facilities and neither the percent, nor the dollar increase associated with that fee would count toward a rate ceiling established by the Council.

Specifically, an Asset Preservation Fee was defined in the policy as follows:

> 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.

The rationale for this exception stemmed from a desire on the part of stakeholders to address an overwhelming asset preservation and renovation need ($7.3 billion in 2013) through sizable and sustained investment in existing postsecondary facilities and the realization that this could best be accomplished through a cost-sharing arrangement involving the state, postsecondary institutions, and students and families. The implementation of an optional student fee with revenue dedicated to supporting asset preservation projects was seen as the best way to ensure the ongoing participation of students and families in the cost-sharing approach.

Fees that qualified for an Asset Preservation Fee exemption were for a fixed, recurring amount that could not increase over time. For this reason, during the process of establishing tuition and fee ceilings, Council staff deducts these fees from total tuition and fees before applying a percent increase parameter. This keeps the fees at the same amount each year until they expire. In other words, percent increase parameters adopted by the Council are applied to current-year base rates. 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).

At the time when the exception policy was established, the Council did not expect Asset Preservation Fees that qualified for an exemption under the policy to remain in effect in perpetuity. To be eligible for an exemption, a requesting institution was required to have a plan in place for the eventual elimination of the proposed fee within 25 years of its initial implementation date.

Between June 22, 2018 and April 26, 2019, the Council approved Asset Preservation Fee exception requests for four institutions. Although several institutions have asked about an Asset Preservation Fee exception since 2019, the Council changed its stance on allowing exemptions from rate ceilings. Declining enrollment at most institutions, precipitated by decreasing numbers of high school graduates and falling college participation rates, brought about a renewed focus on affordability and increased transparency in college pricing.

For several years, it has been a common practice for the Council to count all increases in mandatory fees toward tuition and fee rate ceilings and to not allow exceptions from the price caps. For this reason, the Asset Preservation Fee Exception Policy will be terminated beginning in academic year 2025-26.

Although institutions will no longer be able to request exemptions from tuition and fee rate ceilings, periodic reporting requirements for Asset Preservation Fees will remain in effect. Upon request by the Council, 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 finance facilities that support the instructional mission, 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).

TOPIC/TITLE:	Proposed Tuition and Fees, Academic year 2026-27 - Kentucky State University
STAFF CONTACTS:	Bill Payne, Vice President, Finance Policy & Programs Adam Blevins, Director, Finance Policy & Programs
TYPE/REQUEST:	☒ Action ☐ Information

SUMMARY OF ACTION REQUESTED

The Finance Committee reviewed this request at their January 26, 2026, meeting and recommends the Council approve the tuition and mandatory fee charges for resident undergraduate and graduate students, nonresident undergraduate and graduate students, and on-line learners for academic year 2026-27 as proposed by Kentucky State University and approved by their governing board.

BACKGROUND INFORMATION

On April 17, 2025, the Council on Postsecondary Education approved tuition and mandatory fee ceilings for academic years 2025-26 and 2026-27. The parameters adopted at that meeting limit increases in annual base rates for resident undergraduate students: (a) to no more than $675.00 over two years, and no more than $450.00 in any one year, at the public research universities; (b) to no more than $630.00 over two years, and no more than $420.00 in any one year, at the comprehensive universities; and (c) to no more than $9.00 per credit hour over two years, and no more than $6.00 per credit hour in any one year, at KCTCS institutions.

Two months later, at the June 13 meeting, the Council approved campus tuition and fee proposals for academic year 2025-26 submitted by Eastern Kentucky University (EKU), Murray State University (MuSU), and Western Kentucky University (WKU). At that same meeting, the Council approved a request to delegate authority to the CPE President to approve tuition and fee proposals submitted by the remaining institutions (i.e., UK, UofL, KSU, MoSU, NKU, and KCTCS), provided the proposed rates complied with Council parameters. Proposals from these institutions were received in late June and early July, reviewed by CPE staff for compliance, and approved by President Thompson. These actions were reported to the Council at the September 12, 2025, meeting.

At the meeting, staff will bring for review and approval a tuition and fee proposal for academic year 2026-27 submitted by Kentucky State University. If authorized, it is anticipated that the committee will endorse the university's proposal for full Council action at the January 30, 2026, Council meeting. Staff reviewed KSU's proposed tuition and fee charges for every degree level, residency designation, and attendance status and determined that the planned rates comply with Council approved tuition ceilings. The university's Board of Regents approved the proposed rates at their December 5, 2025, meeting.

COUNCIL APPROVED TUITION AND FEE CEILINGS

On April 17, 2025, the Council approved resident undergraduate tuition and mandatory fee ceilings for academic years 2025-26 and 2026-27 that equated to:

- Maximum base rate increases of no more than $\$675.^{00}$ over two years, and no more than $\$450.^{00}$ in any one year, for public research universities;
- Maximum base rate increases of no more than $\$630.^{00}$ over two years, and no more than $\$420.^{00}$ in any one year, for comprehensive universities; and
- Maximum base rate increases of no more than $\$9.^{00}$ per credit hour over two years, and no more than $\$6.^{00}$ 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 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.

Resident undergraduate tuition ceilings approved by the Council apply to each institution's base rate charge. Base rates are defined as total tuition and fees, minus any Council-approved Special Use Fees or Asset Preservation Fees, 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 rate increase parameters, which keeps the fees at a fixed amount until they expire.

KENTUCKY STATE UNIVERSITY'S PROPOSAL

On November 24, 2025, Kentucky State University officials submitted a tuition and fee proposal for academic year 2026-27 to the Council. They asked CPE staff to review the proposed rates and verify that they satisfied Council parameters. Staff reviewed the university's proposed 2026-27 tuition and fee charges for every degree level, residency designation, and attendance status and determined that the proposed rates complied with Council-approved ceilings. The proposed rates were approved by KSU's governing board at its December 5, 2025, meeting. Campus officials submitted tuition and fee revenue estimates for fiscal years 2025-26 and 2026-27 on January 21, 2026.

Kentucky State University's proposed tuition and fee base rates for academic year 2026-27 by degree level and residency designation are shown in Table 1. As can be seen, between academic years 2025-26 and 2026-27, the university is proposing to increase its annual base-rate charge for resident undergraduate students from $9,507 to $9,656, respectively, resulting in an increase of $149.00 or 1.6 percent, and is proposing to increase its base-rate charge for nonresident undergraduates from $13,848 to $14,071, an increase of $223.00 or 1.6 percent. Finally, KSU is proposing to keep per-credit-hour rates the same between this year and next (i.e., no increase) for resident and nonresident graduate students.

Upon review, CPE staff determined that the proposed base rate charges for resident and nonresident undergraduate students for 2026-27, and the dollar increases in those rates from the prior year, comply with Council parameters. Specifically, the university's proposed resident undergraduate rate of $9,656 is below the maximum allowable base rate of $9,717 that the Council established for KSU in academic year 2026-27, and the proposed $149.00 increase in the resident undergraduate rate satisfies the ceiling that limits the increase in the base rate to no more than $420.00 in any one year at the comprehensive universities.

KSU's proposed 2026-27 resident undergraduate rate also complies with the two-year ceiling that restricts the increase to no more than $630.00 over two years at a comprehensive university. For KSU, the maximum allowable increase over two years was $630.00 or 6.9 percent and the proposed resident undergraduate rate in 2026-27 results in a two-year increase of $569.00 or 6.3 percent. Finally, the university's proposed tuition and fee charge for nonresident students adheres to the Council parameter that requires nonresident undergraduate rates to comply with provisions of an existing Memorandum of Understanding and the parameter that allows institutions to charge graduate and on-line students market competitive rates.

Kentucky State University — Table 1
Proposed Tuition and Fee Base Rates
Academic Year 2026-27

Rate Category	Current 2025-26 Base Rates	Proposed 2026-27 Base Rates	Dollar Change	Percent Change
Undergraduate				
Resident	$9,507	$9,656	$149	1.6%
Nonresident	13,848	14,071	223	1.6%
Graduate				
Resident	$645.00 pch	$645.00 pch	$0.00	0.0%
Nonresident	645.00 pch	645.00 pch	0.00	0.0%

Base rates for KSU do not include an Asset Preservation Fee of $150.00 per semester, or $300.00 per year for full-time students.

pch = per credit hour

Attachment A contains additional categories of tuition and fee charges, including proposed per-credit-hour rates for part-time resident and nonresident undergraduate students, for part-time resident and nonresident graduate students, and for online students. Staff recommends approval of these additional rates as proposed by the university. Please note that KSU displays mandatory fees separately in Attachment A, however, Council staff includes these fees (i.e., Activity Fee, Homecoming Fee, Safety and Security Fee, and Technology Fee) in the base rates, which are displayed in Table 1.

KSU officials estimate that their proposed 2026-27 tuition and fee charges for all categories of students (i.e., every academic level, residency designation, and full-time or part-time status) will generate a lesser amount of tuition and fee revenue for the university compared to the revenue generated the previous year. The university's estimate for gross tuition and fee revenue in 2026-27 is about $20.0 million, which is $2.7 million less than the estimated tuition and fee revenue for the current year (see Attachment B).

STAFF RECOMMENDATION

Council staff reviewed the tuition and fee proposal for academic year 2026-27 submitted by Kentucky State University and determined that the rates contained therein comply with the resident undergraduate tuition and fee ceiling for a comprehensive university adopted by the Council at the April 17, 2025, meeting. Staff also determined that the university's planned base rate charge for nonresident undergraduate students adheres to provisions of a previously approved Memorandum of Understanding (MOU) between the Council and institution. Finally, proposed base rate charges for graduate and on-line students comply with Council parameters.

Proposed 2026-27 Tuition and Mandatory Fee Charges
Kentucky State University

Category	Fall 2026	Spring 2027	Annual 2026-27	Summer 2027	Winter 2026
Undergraduate					
Resident					
Full-time (12 credit hours)*	4,415.00	4,415.00	8,830	-	-
Per Credit Hour**	368.00	368.00	736	368.00	368.00
Nonresident					
Full-time (12 credit hours)*	6,622.50	6,622.50	13,245	-	-
Per Credit Hour**	552.00	552.00	1,104	552.00	552.00
Virtual Courses					
Per Credit Hour**	437.00	437.00	874	437.00	437.00
KYSU Online					
Per Credit Hour**	350.00	350.00	700	350.00	350.00
Military Rate					
Per Credit Hour**	250.00	250.00	500	250.00	250.00
Graduate					
Resident/Non-Resident					
Full-time*					
Per Credit Hour**	605.00	605.00	1,210	605.00	605.00
Virtual Courses					
Per Credit Hour**	605.00	605.00	1,210	605.00	605.00
KYSU Online					
Per Credit Hour**	475.00	475.00	950	475.00	475.00
Military Rate					
Per Credit Hour**	275.00	275.00	550	275.00	275.00

		Fee that is part of base rate:	Fee that is NOT base rate:
* Full-time undergraduate and graduate tuition rates do not include the following:			
$175 per semester mandatory Activities Fee.			
$156 per semester mandatory Technology Fee.			
$52 per semester mandatory Safety & Security Fee.			
$150 per semester mandatory Asset Preservation Fee.			X
$60 mandatory Fall semester homecoming fee	FALL SEMESTER ONLY		

** Per Credit Hour undergraduate and graduate tuition rates do not include the following:
$30 per credit hour mandatory Technology Fee.
$10 per credit hour mandatory Safety & Security Fee.
$10 per credit hour mandatory Asset Preservation Fee.

*** Virtual Courses are designed for traditional students and can be taken on a part-time basis. KYSU Online is the university's fully-online distance education program, accessible to students worldwide.

ATTACHMENT B

Estimated 2026-27Gross Tuition and Mandatory Fee Revenue
Kentucky State University

Category	Estimated 2025-26	Estimated 2026-27
Undergraduate		
Resident	$ 3,808,878	$ 4,260,000
Nonresident	8,801,995	9,060,000
Online	6,500,000	2,500,000
Graduate		
Resident	153,912	276,000
Nonresident	922,306	1,200,000
Online	1,536,980	1,387,000
Summer	910,442	1,300,000
Total	**$ 22,634,513**	**$ 19,983,000**

TOPIC/TITLE:	Interim Capital Project – Murray State University
STAFF CONTACTS:	Greg Rush, Assistant Vice President, Finance Policy & Programs Adam Blevins, Director, Finance Policy & Programs
TYPE/REQUEST:	☒ Action ☐ Information

SUMMARY OF ACTION REQUESTED

The Finance Committee reviewed this request at their January 26, 2026, meeting and recommends the Council approve the interim capital project proposed by Murray State University (MuSU) to replace the Susan E. Bauernfeind Wellness Center Pool HVAC Unit and Building Automation Systems (BAS) Controls. The total project scope is $2,200,000. Relevant documentation, including certification of Board approval, the endorsement of the president, and a supplemental photo, is included in Attachments A-C.

APPLICABLE STATUTE(S), REGULATION(S), CPE POLICIES

- KRS 45.760
- KRS 164A.575
- KRS 45.763

House Bill 592 (18RS) 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: (1) the projects are funded with non-general fund appropriations; (2) do not jeopardize funding for existing programs; and (3) are reported by the institution to the Capital Projects and Bond Oversight Committee. The relevant 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."

SUPPORTING INFORMATION

MuSU staff is requesting authorization for an interim capital project to replace the Susan E. Bauernfeind Wellness Center Pool HVAC Unit and Building Automation Systems (BAS) Controls. The rooftop units sit in a recessed area, which restricts airflow and makes it difficult for the units to operate. The roof surface temperature in the recessed roof area has been recorded at 117 degrees. Unit #5, which serves the natatorium area, has been an issue since the building opened. During peak temperatures, the unit cannot stay operational without additional attention to the condensers. The project would relocate unit #5 from the recessed area to an adjacent roof area. There is currently little temperature and humidity control in the building due to the outdated building automation system (BAS). The project will replace all BAS controls.

The Board of Regents, at its meeting on December 12, 2025, approved a change in the funding source to University Deferred Maintenance funds with an increase of $200,000 for a total project scope of $2,200,000.

During the interim, the agencies involved and the approval process for a capital project that exceeds $1,000,000 is as follows:

- The project must be approved by an institution's board of trustees or regents;
- The project must be submitted to the Council on Postsecondary Education for review and action;
- If approved by the Council, projects at 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 EKU, MoSU, MuSU, NKU, UK, UofL, WKU and KCTCS 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; and
- 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 by the General Assembly in the enacted 2024-2026 budget (RS 24, HB 6), Council approval is now required to authorize this project.

MuSU will use institutional funds to finance this project. The project will not use any general funds, or any funds appropriated for another purpose. Debt will not be used to finance any portion of this project; therefore, provisions of KRS 45.763 do not apply.

NEXT STEPS

Following action by the Council, CPE staff will notify the president of MuSU, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee regarding this interim capital project.

MURRAY STATE UNIVERSITY
Office of the President

January 14, 2026

Dr. Aaron Thompson
President – Council on Postsecondary Education
100 Airport Road
Frankfort, KY 40601

Dear President Thompson:

In accordance with provisions of Kentucky Revised Statute (KRS) 164A.575(15), Murray State University is seeking interim authorization from the Council on Postsecondary Education (CPE) Finance Committee and Board to replace the Susan E. Bauernfeind Wellness Center Pool HVAC Unit and Building Automation Systems (BAS) controls. The total budget is $2,200,000.

The Susan E. Bauernfeind Wellness Center was constructed in 2004. The 83,071 square foot building consists of offices, exercise space, locker rooms, and a lounge. The Center has three full-size basketball courts, two racquetball courts, a walking track, exercise machines, training space, two aerobic studios, a five-lane lap pool, leisure pool, whirlpool, vortex, and a water bench. The Center is primarily used by students, but faculty, staff, alumni, and retirees can also purchase memberships.

The rooftop units sit in a recessed area, which restricts airflow and makes it difficult for the units to operate. The roof surface temperature in the recessed roof area has been recorded at 117 degrees. Unit #5 that serves the natatorium area has been an issue since the building opened. During peak temperatures, the unit cannot stay operational without additional attention to the condensers. The project would relocate unit #5 from the recessed area to an adjacent roof area. There is currently very little temperature and humidity controls in the building due to the outdated building BAS controls. The project will replace all BAS controls. The Board of Regents at its Quarterly Meeting on December 12, 2025, approved a change in the funding source to University Deferred Maintenance funds with an increase of $200,000 for a total project of $2,200,000.

We are requesting that this interim project be presented to the CPE Finance Committee on January 26, 2026, and subsequently to the Council Board for approval at its January 30, 2026, meeting. After receiving full approval by the Council on Postsecondary Education, we will forward the project request to the Capital Projects and Bond Oversight Committee. This project will not use any current General funds or any funds appropriated for another purpose.

If you have any questions or need any additional information, please feel free to contact me.

Sincerely,

Ron K. Patterson, Ed.D.
President

Attachments

cc: Wendy Cain – Murray State University
Bill Payne – Council on Postsecondary Education
Carla Wright – Office of the State Budget Director

This is to certify that this is an accurate representation of the action taken by the MSU Board of Regents on December 12, 2025. The Minutes will be forwarded upon approval by the Board at its February 27, 2026 meeting.

Jill Hunt 01.08.26

Jill Hunt, Secretary
Murray State University Board of Regents

BOARD OF REGENTS: 12.12.25

Agenda Item: 8.F.1.

TOPIC: **Finance Committee – Projects***

STAFF CONTACT: Wendy Cain – Assistant Vice President – Finance and Treasurer to the Board of Regents

BACKGROUND:

Delegation of Authority Item #20 states that "…Prior to moving forward, all projects, including price contracts related to capital projects, costing over $500,000 and up to the threshold denoted by Kentucky statute should be reviewed by the Board Chair and the *President and a determination made in terms of those projects requiring further Board* approval."

Attached is the schedule listing new projects or projects with a total estimated cost of over $500,000.

RECOMMENDATION:

That the Board of Regents, upon the recommendation of the President of the University, approve the projects outlined on the attached listing.

RECOMMEND APPROVAL: **Ron K. Patterson, President**

COMMITTEE ACTION: **Approved, Finance Committee.**

BOARD ACTION: **Approved.**

Murray State University
Projects > $500,000 Approval
Per Delegation of Authority Item 20

Prepared for the December 12, 2025 Board of Regents Meeting

Facility/Area	Scope	Estimated Start Date	Estimated End Date	Previous Funding Approved	New Funding Requested	Total Current Scope	
Restricted Funding (Bond Issuance)							
CFSB Center	Lower bowl seating and club space	12/2024	11/2026	$ 2,000,000	$ 13,000,000	$ 15,000,000	(e)
Restriced Funding:							
Reagan Baseball Field	Clubhouse	6/2026	12/2027	$ -	$ 3,000,000.00	$ 3,000,000.00	
Reagan Baseball Field	Infield artificial turf installation	12/2025	03/2026	$ -	$ 810,000	$ 810,000	
Departmental Funding:							
Stewart Stadium	Misc. Atheltics Renovations	6/2026	12/2027	$ -	$ 595,000.00	$ 595,000.00	
Wellness Center	Refresh of Building and Equipment	6/2026	12/2027	$ -	$ 615,000.00	$ 615,000.00	
2013 Series A Bonds:							
Hester Hall	Replacement of aquatherm water mains, branches and valves	05/2025	08/2027	$ -	$ 1,608,000	$ 1,608,000	
CERR Funds:							
Wilson Hall	Replacement of roof decking and flat roof	05/2025	08/2025	$ -	$ 645,000	$ 645,000	
Other Funding (Plant Deferred Maintenance):							
Bauernfeind Wellness Center	Pool HVAC unit replacement and BAS upgrades	02/2026	03/2027	$ -	$ 2,200,000	$ 2,200,000	(a)
2024-2026 State Asset Preservation Funding (No Match):							
Mason Hall	Renovations for SoNHP, additional funding to include the Dental Hygiene program space	12/2023	01/2028	$ 9,000,000	$ 4,000,000	$ 13,000,000	(b)(c)(d)

(a) This project was previously approved by the Board in September 2024 for $2,000,000 from State Asset Preservation funding (no match). The funding source is being changed to Plant Deferred Maintenance funds and with an increase of $200,000 due to inflation increases.
(b) This project was previously approved by the Board in December 2024 for $9,000,000 from State Asset Preservation funding (no match).
(c) $2.5M E&G Building, Elevator Upgrades was previously approved by the Board in March 2025. These funds are being reallocated to Mason Hall
(d) $2M from the previously allocated Wellness Center project, approved by the board September 2024, is being reallocated to Mason Hall
(e) This project was previously approved by the Board in December 2024 for $2,000,000 from private donor funds, we are increasing the scope of the project which includes the cost of bond issuance.

Funding source for this project is being changed to Plant Deferred Maintenance funds.

Wellness Center

TOPIC/TITLE:	Area Technology Center Employee Waiver Policy
STAFF CONTACTS:	Adam Blevins, Director, Finance Policy & Programs Brent Floyd, Senior Associate, Finance Policy and Programs
TYPE/REQUEST:	☒ Action ☐ Information

SUMMARY OF ACTION REQUESTED

The Finance Committee reviewed this request at their January 26, 2026, meeting and recommends the Council approve the proposed Area Technology Center Employee Tuition Waiver Program to better align with KRS 164.020(32). Specific proposed revisions are outlined on the next page, and the revised policy is included as Attachment C.

SUPPORTING INFORMATION

Prior to the 2018 Regular Session of the General Assembly, KRS 164.020(33) provided that the Council on Postsecondary Education shall:

> "Develop a statewide policy to promote employee and faculty development in all postsecondary institutions and in state and locally operated secondary area technology centers through the waiver of tuition for college credit coursework in the public postsecondary education system. Any regular full-time employee of a postsecondary public institution or a state or locally operated secondary area technology center may, with prior administrative approval of the course offering institution, take a maximum of six (6) credit hours per term at any public postsecondary institution. The institution shall waive the tuition up to a maximum of six (6) credit hours per term."

During the 2018 Regular Session, the language was amended (Attachment A) to remove faculty and staff from all public postsecondary institutions from the waiver program, and to include language requiring participants to complete the Free Application for Federal Aid (FAFSA). The revised language, now included in KRS 164.020(32), requires that the Council:

> "Develop a statewide policy to promote employee and faculty development in state and locally operated secondary area technology centers through the waiver of tuition for college credit coursework in the public postsecondary education

> system. Any regular full-time employee of a state or locally operated secondary area technology center may, with prior administrative approval of the course offering institution, take a maximum of six (6) credit hours per term at any public postsecondary institution. The institution shall waive the tuition up to a maximum of six (6) credit hours per term."

The statute also stipulates that employees participating in the waiver program must:

> "…complete the Free Application for Federal Student Aid to determine the level of need and eligibility for state and federal financial aid programs. The amount of tuition waived shall not exceed the cost of tuition at the institution less any state or federal grants received, which shall be credited first to the student's tuition."

The Council has had a tuition waiver policy for the faculty and staff tuition waiver program since 2000 (Attachment B), which identifies the tuition waiver program as the "Faculty and Staff Tuition Waiver Program." The current policy does not reflect the revised statute codified in KRS 164.020(32).

PROPOSED REVISIONS

To comply with the revised language of KRS 164.020(32), CPE staff propose a revised set of guidelines to align institutional practice, Council policy, and statutory requirements (Attachment C). Proposed changes to the waiver policy include:

- revising language throughout the document to improve clarity and readability;
- renaming the policy from the "Faculty and Staff Tuition Waiver Program" to the "Area Technology Center Employee Tuition Waiver Program";
- replacing statutory language on the first page to reflect the revised statute;
- striking the "Definitions" section to address redundant language throughout the document;
- Revising items 1, 4, 7, 9, and 11 in the "General Requirements" section to reflect statutory changes;
- Removing item 12 in the "General Requirements" section to better align with the revised statute;
- Revising items 1 and 3 in the "Eligibility Criteria" section to refine language specifying that only area and technology center employees are eligible.

Kentucky-grown agricultural products are purchased, the products shall be purchased in accordance with KRS 45A.645. Only contracts entered into or renewed after July 15, 2008, shall be required to comply with the provisions of this subsection.

(c) All governing boards that purchase Kentucky-grown agricultural products shall, on or before January 1 of each year, provide a report to the Legislative Research Commission and to the Department of Agriculture describing the types, quantities, and costs of each product purchased. The report shall be completed on a form provided by the department.

(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 reallotted 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.

(16)[~~(14)~~] Governing boards shall apply the reciprocal resident bidder preference described in KRS 45A.494 prior to the award of any contract.

(17)[~~(15)~~] Governing boards may authorize the use of reverse auctions as defined in KRS 45A.070 for the procurement of goods and leases.

(18) (a) Notwithstanding KRS 56.070, the governing board may obtain private insurance to cover any state property in the institution's possession against loss by fire and other hazards. The level of private insurance coverage shall be commensurate with or greater than the insurance coverage provided through the state fire and tornado insurance fund. An institution whose governing board elects to obtain private insurance shall notify the secretary of the Finance and Administration Cabinet at least six (6) months before terminating the institution's insurance coverage through the state fire and tornado insurance fund.

(b) No later than January 1 of each year, an institution whose governing board elects to obtain private insurance instead of insurance coverage provided through the state fire and tornado insurance fund shall certify, in writing, to the secretary of the Finance and Administration Cabinet that the property is insured in accordance with paragraph (a) of this subsection and shall attach a copy of the private insurance policy.

➔Section 4. KRS 164.020 is amended to read as follows:

The Council on Postsecondary Education in Kentucky shall:

(1) Develop and implement the strategic agenda with the advice and counsel of the Strategic Committee on Postsecondary Education. The council shall provide for and direct the planning process and subsequent strategic implementation plans based on the strategic agenda as provided in KRS 164.0203;

(2) Revise the strategic agenda and strategic implementation plan with the advice and counsel of the committee as set forth in KRS 164.004;

(3) Develop a system of public accountability related to the strategic agenda by evaluating the performance and effectiveness of the state's postsecondary system. The council shall prepare a report in conjunction with the accountability reporting described in KRS 164.095, which shall be submitted to the committee, the Governor, and the General Assembly by December 1 annually. This report shall include a description of contributions by postsecondary institutions to the quality of elementary and secondary education in the Commonwealth;

(4) Review, revise, and approve the missions of the state's universities and the Kentucky Community and Technical College System. The Council on Postsecondary Education shall have the final authority to determine the compliance of postsecondary institutions with their academic, service, and research missions;

(5) Establish and ensure that all postsecondary institutions in Kentucky cooperatively provide for an integrated system of postsecondary education. The council shall guard against inappropriate and unnecessary conflict and duplication by promoting transferability of credits and easy access of information among institutions;

(6) Engage in analyses and research to determine the overall needs of postsecondary education and adult education in the Commonwealth;

(7) Develop plans that may be required by federal legislation. The council shall for all purposes of federal legislation relating to planning be considered the "single state agency" as that term may be used in federal legislation. When federal legislation requires additional representation on any "single state agency," the Council on Postsecondary Education shall establish advisory groups necessary to satisfy federal legislative or regulatory guidelines;

(8) Determine tuition and approve the minimum qualifications for admission to the state postsecondary educational system. In defining residency, the council shall classify a student as having Kentucky residency if the student met the residency requirements at the beginning of his or her last year in high school and enters a Kentucky postsecondary education institution within two (2) years of high school graduation. In determining the tuition for non-Kentucky residents, the council shall consider the fees required of Kentucky students by institutions in adjoining states, the resident fees charged by other states, the total actual per student cost of training in the institutions for which the fees are being determined, and the ratios of Kentucky students to non-Kentucky students comprising the enrollments of the respective institutions, and other factors the council may in its sole discretion deem pertinent;

(9) Devise, establish, and periodically review and revise policies to be used in making recommendations to the Governor for consideration in developing recommendations to the General Assembly for appropriations to the universities, the Kentucky Community and Technical College System, and to support strategies for persons to maintain necessary levels of literacy throughout their lifetimes including but not limited to appropriations to the Kentucky Adult Education Program. The council has sole discretion, with advice of the Strategic Committee on Postsecondary Education and the executive officers of the postsecondary education system, to devise policies that provide for allocation of funds among the universities and the Kentucky Community and Technical College System;

(10) Lead and provide staff support for the biennial budget process as provided under KRS Chapter 48, in cooperation with the committee;

(11) (a) Except as provided in paragraph (b) of this subsection, review and approve all capital construction projects covered by KRS 45.750(1)(f), including real property acquisitions, and regardless of the source of funding for projects or acquisitions. Approval of capital projects and real property acquisitions shall be on a basis consistent with the strategic agenda and the mission of the respective universities and the Kentucky Community and Technical College System.

(b) The organized groups that are establishing community college satellites as branches of existing community colleges in the counties of Laurel, Leslie, and Muhlenberg, and that have substantially obtained cash, pledges, real property, or other commitments to build the satellite at no cost to the Commonwealth, other than operating costs that shall be paid as part of the operating budget of the main community college of which the satellite is a branch, are authorized to begin construction of the satellite on or after January 1, 1998;

(12) Require reports from the executive officer of each institution it deems necessary for the effectual performance of its duties;

(13) Ensure that the state postsecondary system does not unnecessarily duplicate services and programs provided by private postsecondary institutions and shall promote maximum cooperation between the state postsecondary system and private postsecondary institutions. Receive and consider an annual report prepared by the Association of Independent Kentucky Colleges and Universities stating the condition of independent institutions, listing opportunities for more collaboration between the state and independent institutions and other information as appropriate;

(14) Establish course credit, transfer, and degree components as required in KRS 164.2951;

(15) Define and approve the offering of all postsecondary education technical, associate, baccalaureate, graduate, and professional degree, certificate, or diploma programs in the public postsecondary education institutions. The council shall expedite wherever possible the approval of requests from the Kentucky Community and Technical College System board of regents relating to new certificate, diploma, technical, or associate degree programs of a vocational-technical and occupational nature. Without the consent of the General Assembly, the council shall not abolish or limit the total enrollment of the general program offered at any community college to meet the goal of reasonable access throughout the Commonwealth to a two (2) year course of general studies designed for transfer to a baccalaureate program. This does not restrict or limit the authority of the

council, as set forth in this section, to eliminate or make changes in individual programs within that general program;

(16) Eliminate, in its discretion, existing programs or make any changes in existing academic programs at the state's postsecondary educational institutions, taking into consideration these criteria:

(a) Consistency with the institution's mission and the strategic agenda;

(b) Alignment with the priorities in the strategic implementation plan for achieving the strategic agenda;

(c) Elimination of unnecessary duplication of programs within and among institutions; and

(d) Efforts to create cooperative programs with other institutions through traditional means, or by use of distance learning technology and electronic resources, to achieve effective and efficient program delivery;

(17) Ensure the governing board and faculty of all postsecondary education institutions are committed to providing instruction free of discrimination against students who hold political views and opinions contrary to those of the governing board and faculty;

(18) Review proposals and make recommendations to the Governor regarding the establishment of new public community colleges, technical institutions, and new four (4) year colleges;

(19) Postpone the approval of any new program at a state postsecondary educational institution, unless the institution has met its equal educational opportunity goals, as established by the council. In accordance with administrative regulations promulgated by the council, those institutions not meeting the goals shall be able to obtain a temporary waiver, if the institution has made substantial progress toward meeting its equal educational opportunity goals;

(20) Ensure the coordination, transferability, and connectivity of technology among postsecondary institutions in the Commonwealth including the development and implementation of a technology plan as a component of the strategic agenda;

(21) Approve the teacher education programs in the public institutions that comply with standards established by the Education Professional Standards Board pursuant to KRS 161.028;

(22) Constitute the representative agency of the Commonwealth in all matters of postsecondary education of a general and statewide nature which are not otherwise delegated to one (1) or more institutions of postsecondary learning. The responsibility may be exercised through appropriate contractual relationships with individuals or agencies located within or without the Commonwealth. The authority includes but is not limited to contractual arrangements for programs of research, specialized training, and cultural enrichment;

(23) Maintain procedures for the approval of a designated receiver to provide for the maintenance of student records of the public institutions of higher education and the colleges as defined in KRS 164.945, and institutions operating pursuant to KRS 165A.310 which offer collegiate level courses for academic credit, which cease to operate. Procedures shall include assurances that, upon proper request, subject to federal and state laws and regulations, copies of student records shall be made available within a reasonable length of time for a minimum fee;

(24) Monitor and transmit a report on compliance with KRS 164.351 to the director of the Legislative Research Commission for distribution to the Health and Welfare Committee;

(25) (a) Develop in cooperation with each public university and the Kentucky Community and Technical College System a comprehensive orientation and education program for new members of the council and the governing boards and continuing education opportunities for all council and board members. For new members of the council and institutional governing boards, the council shall:

1. Ensure that the orientation and education program comprises six (6) hours of instruction time and includes but is not limited to information concerning the roles of the council and governing board members, the strategic agenda and the strategic implementation plan, and the respective institution's mission, budget and finances, strategic plans and priorities, institutional policies and procedures, board fiduciary responsibilities, legal considerations including open records and open meetings requirements, ethical considerations arising from board membership, and the board member removal and replacement provisions of KRS 63.080;

2. Establish delivery methods by which the orientation and education program can be completed in person or electronically by new members within one (1) year of their appointment or election;

3. Provide an annual report to the Governor and Legislative Research Commission of those new board members who do not complete the required orientation and education program; and

4. Invite governing board members of private colleges and universities licensed by the Council on Postsecondary Education to participate in the orientation and education program described in this subsection;

(b) Offer, in cooperation with the public universities and the Kentucky Community and Technical College System, continuing education opportunities for all council and governing board members; and

(c) Review and approve the orientation programs of each public university and the Kentucky Community and Technical College System for their governing board members to ensure that all programs and information adhere to this subsection;

(26) Develop a financial reporting procedure to be used by all state postsecondary education institutions to ensure uniformity of financial information available to state agencies and the public;

(27) Select and appoint a president of the council under KRS 164.013;

(28) Employ consultants and other persons and employees as may be required for the council's operations, functions, and responsibilities;

(29) Promulgate administrative regulations, in accordance with KRS Chapter 13A, governing its powers, duties, and responsibilities as described in this section;

(30) Prepare and present by January 31 of each year an annual status report on postsecondary education in the Commonwealth to the Governor, the Strategic Committee on Postsecondary Education, and the Legislative Research Commission;

(31) Consider the role, function, and capacity of independent institutions of postsecondary education in developing policies to meet the immediate and future needs of the state. When it is found that independent institutions can meet state needs effectively, state resources may be used to contract with or otherwise assist independent institutions in meeting these needs;

(32) Create advisory groups representing the presidents, faculty, nonteaching staff, and students of the public postsecondary education system and the independent colleges and universities;

(33) Develop a statewide policy to promote employee and faculty development [~~in all postsecondary institutions and~~]in state and locally operated secondary area technology centers through the waiver of tuition for college credit coursework in the public postsecondary education system. Any regular full-time employee of [~~a postsecondary public institution or~~]a state or locally operated secondary area technology center may, with prior administrative approval of the course offering institution, take a maximum of six (6) credit hours per term at any public postsecondary institution. The institution shall waive the tuition up to a maximum of six (6) credit hours per term***. The employee shall complete the Free Application for Federal Student Aid to determine the level of need and eligibility for state and federal financial aid programs. The amount of tuition waived shall not exceed the cost of tuition at the institution less any state or federal grants received, which shall be credited first to the student's tuition***;

(34) Establish a statewide mission for adult education and develop a twenty (20) year strategy, in partnership with the Kentucky Adult Education Program, under the provisions of KRS 164.0203 for raising the knowledge and skills of the state's adult population. The council shall:

(a) Promote coordination of programs and responsibilities linked to the issue of adult education with the Kentucky Adult Education Program and with other agencies and institutions;

(b) Facilitate the development of strategies to increase the knowledge and skills of adults in all counties by promoting the efficient and effective coordination of all available education and training resources;

(c) Lead a statewide public information and marketing campaign to convey the critical nature of Kentucky's adult literacy challenge and to reach adults and employers with practical information about available education and training opportunities;

(d) Establish standards for adult literacy and monitor progress in achieving the state's adult literacy goals, including existing standards that may have been developed to meet requirements of federal law in conjunction with the Collaborative Center for Literacy Development: Early Childhood through Adulthood; and

(e) Administer the adult education and literacy initiative fund created under KRS 164.041;

(35) Participate with the Kentucky Department of Education, the Kentucky Board of Education, and postsecondary education institutions to ensure that academic content requirements for successful entry into postsecondary education programs are aligned with high school content standards and that students who master the high school academic content standards shall not need remedial courses. The council shall monitor the results on an ongoing basis;

(36) Cooperate with the Kentucky Department of Education and the Education Professional Standards Board in providing information sessions to selected postsecondary education content faculty and teacher educators of the high school academic content standards as required under KRS 158.6453(2)(l);

(37) Cooperate with the Office for Education and Workforce Statistics and ensure the participation of the public institutions as required in KRS 151B.133;

(38) Pursuant to KRS 63.080, review written notices from the Governor or from a board of trustees or board of regents concerning removal of a board member or the entire appointed membership of a board, investigate the member or board and the conduct alleged to support removal, and make written recommendations to the Governor and the Legislative Research Commission as to whether the member or board should be removed; and

(39) Exercise any other powers, duties, and responsibilities necessary to carry out the purposes of this chapter. Nothing in this chapter shall be construed to grant the Council on Postsecondary Education authority to disestablish or eliminate any college of law which became a part of the state system of higher education through merger with a state college.

➔Section 5. Whereas the state and federal background checks authorized in this Act are vital for ensuring ongoing federal education funding compliance, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor April 26, 2018.

CHAPTER 201

(SB 200)

AN ACT relating to the Kentucky Communications Network Authority, making an appropriation therefor, and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 154.15-020 is amended to read as follows:

(1) The Kentucky Communications Network Authority is established and shall be attached to the Office of the Governor. The authority shall be headed by an executive director who shall be hired by the board and approved by the Governor.

(2) Notwithstanding KRS 42.726, the duties of the authority shall be to:

(a) Oversee and maintain KentuckyWired, the Commonwealth's open-access broadband network;

(b) Manage the master agreement establishing the public-private partnership between the Commonwealth and its private industry partner or partners. The purpose of the agreement is to design, engineer, build, operate, maintain, and upgrade the network;

(c) Provide network connectivity to public agencies;

(d) Offer access to entities eligible to utilize excess capacity on the network;

(e) Manage other aspects of the network and its utilization through the executive director and with oversight and input from the board established in KRS 154.15-030 and the advisory group established in this section;

Kentucky Council on Postsecondary Education

Tuition Waivers

Faculty & Staff Tuition Waiver Program Policy (5/22/00)

Unit/Department: Finance & Tuition

CPE Contact
Bill Payne, Vice President
Email: bill.payne@ky.gov

Adopted: May 22, 2000

2:51: FACULTY AND STAFF TUITION WAIVER PROGRAM POLICY

I. Statement of Purpose

The 1997 First Extraordinary Session of the General Assembly resulted in the creation of a faculty and staff tuition waiver program [KRS 164.020(32)] with the express purpose of promoting employee and faculty development. Specific responsibility was granted to the Council on Postsecondary Education to develop and implement this program. Consistent with stated legislative purpose, this policy sets out the parameters of this program, which is intended to enhance the professional development opportunities of the faculty and staff of the public postsecondary institutions and of state or locally operated secondary area technology centers.

II. Statutory Authority

KRS 164.020(32) provides that the Council on Postsecondary Education shall:

> (32) Develop a statewide policy to promote employee and faculty development in all postsecondary institutions and in state and locally operated secondary area technology centers through the waiver of tuition for college credit coursework in the public postsecondary education system. Any regular full-time employee of a postsecondary public institution or a state or locally operated secondary area technology center may, with prior administrative approval of the course offering institution, take a maximum of six (6) credit hours per term at any public postsecondary institution. The institution shall waive the tuition up to a maximum of six (6) credit hours per term; . . .

Additional requirements for employees of the Kentucky Community and Technical College System are stated in KRS 164.5807:

> (6) A regular full-time employee may, with prior administrative approval, take one (1) course per semester or combination of summer sessions on the University of Kentucky's campus or at a community college during the employee's normal working hours. The University of Kentucky shall defray the registration fee up to a maximum of six (6) credit hours per semester or combination of summer sessions.

Section A. Definitions

1. "Course-offering institution" means the institution where an employee has enrolled to take a college credit course under the provisions of this policy.

2. “Employing institution” means the institution or a state or locally operated secondary area technology center where an employee seeking a benefit under this policy works on a full-time basis.

3. “Institution” means a state-supported postsecondary institution as described in KRS 164.001(10).

4. “Regular full-time employee” or “employee” means an employee so classified by an employing institution or area technology center within the human resources system of that institution or area technology center.-

5. “Summer term” or “summer session” means the period in the academic calendar between the spring and the fall semester.

6. “Technology Center” means a state operated secondary area technology center as defined in KRS 151B.110 or a locally operated secondary area technology center.

Section B: General Requirements

1. The program is to be titled the Faculty and Staff Tuition Waiver Program.

2. The Faculty and Staff Tuition Waiver Program applies to the waiver of tuition and does not include mandatory student fees, course and other fees, textbooks or other charges assessed by a course-offering institution.

3. The Council on Postsecondary Education requires that all tuition waived under this program be:

    a. recorded consistent with residency requirements; and

    b. recorded in the financial accounting system of the course-offering institution consistent with financial reporting guidelines of the Council

4. A student participating in the Faculty and Staff Tuition Waiver Program shall be separately identified in the course offering institution’s student database consistent with Council guidelines.

5. The Faculty and Staff Tuition Waiver Program applies to all courses offered for college credit not specifically excluded by this policy.

6. A course-offering institution may, through a written policy, exclude non-credit continuing or community education courses, courses offered through overseas programs, correspondence courses, and audited courses.

7. Participation in the Faculty and Staff Tuition Waiver Program may generate additional taxable income under the provisions of the federal tax code for graduate, professional and

doctoral level programs.

a. The course-offering institution shall provide a report to the chief personnel officer of each employing institution or technology center on all employees participating in the Faculty and Staff Tuition Waiver Program. The report shall designate the course number and whether the course is undergraduate, graduate, doctoral or professional.

b. The employing institution is responsible for withholding proper taxes and for reporting taxable income regardless of where the course is taken.

c. Any tax liability incurred through participation in this program is the responsibility of the participating employee.

8. This policy confers a financial benefit to regular, full-time employees and is not intended to guarantee access or preferential treatment to any academic course or program.

9. An employee eligible to participate in this program may take courses during normal working hours with written permission of the employing institution.

10. An institution is not required to offer a course during an academic term unless there are a sufficient number of tuition-paying students taking the course. An institution may restrict enrollment in a course if space is not available.

11. An institution or technology center may offer additional benefits to its own employees or to employees of other postsecondary institutions that exceed the benefits of this policy.

12. Credit hours earned under the state policy are not assignable; however, an employing institution that wishes to allow its employees to assign credit hours to third parties may do so, either by having the employee sign a waiver of the state policy in favor of the institutional policy or by the institution granting credit hours in excess of those provided by the state.

Section C: Eligibility Criteria

1. An employee, to be eligible for participation in the Faculty and Staff Tuition Waiver Program, must be classified by the employing institution or technology center as a regular full-time employee. Certification of employment shall be provided by the employing institution or technology center for each academic term in which the employee seeks to participate in the program.

2. If employment is terminated prior to the first day of classes, an approved tuition waiver will be cancelled.

3. An employee is not eligible to receive a tuition waiver under this program in excess of six credit hours per academic term from an institution or combination of institutions.

4. Employees must meet the course-offering institution's:

   a. general admission requirements; and

   b. any specific program requirements.

5. A course-offering institution may require that a student achieve a minimum grade level, not to exceed a 2.0 on a 4.0 grade scale, in order to continue to be eligible to participate in the Faculty and Staff Tuition Waiver Program in subsequent academic terms.

Certification: ______________________________
Gordon K. Davies, President

Previous Actions: **November 3, 1997**

Original Approval: **August 8, 1997**

Area Technology Center Employee Tuition Waiver Program

Proposed for Approval by Council: January 30, 2026

With Effective Date of January 30, 2026

Background and Statement of Purpose

The 1997 First Extraordinary Session of the General Assembly resulted in the creation of a faculty and staff tuition waiver program [KRS 164.020(33)] with the express purpose of promoting employee and faculty development. Specific responsibility was granted to the Council on Postsecondary Education to develop and implement this program.

The initial legislation provided tuition waivers for faculty and staff at postsecondary institutions and area technology centers. During the 2018 Regular Session, the statute was amended to remove tuition waivers for postsecondary institution faculty and staff, but retained tuition waivers for area technology center employees. Additionally, the revised policy stipulates that waiver program participants must complete the Free Application for Federal Student Aid (FAFSA). The revised policy below reflects changes required by the amended statute.

Statutory Authority

KRS 164.020(32) provides that the Council on Postsecondary Education shall:

> "Develop a statewide policy to promote employee and faculty development in state and locally operated secondary area technology centers through the waiver of tuition for college credit coursework in the public postsecondary education system. Any regular full-time employee of a state or locally operated secondary area technology center may, with prior administrative approval of the course offering institution, take a maximum of six (6) credit hours per term at any public postsecondary institution. The institution shall waive the tuition up to a maximum of six (6) credit hours per term."

The statute also stipulates that employees participating in the waiver program must:

> "…complete the Free Application for Federal Student Aid to determine the level of need and eligibility for state and federal financial aid programs. The amount of tuition waived shall not exceed the cost of tuition at the institution less any state or federal grants received, which shall be credited first to the student's tuition."

General Requirements

1. The program shall be named the Area Technology Center Employee Tuition Waiver Program, hereafter referred to as the "tuition waiver program."

2. The tuition waiver program only provides for the waiver of tuition. It does not apply to fees, including mandatory student fees, course and program fees, housing or dining fees, or any other student charges assessed by a course-offering institution.

3. The public postsecondary institutions that provide tuition waivers under this program shall report annually to the Council the number of area technology center employees who receive a waiver, the number of credit hours waived, and the dollar value of those waivers.

4. An area technology center employee participating in the tuition waiver program shall be identified in the institution's student records consistent with the Council's database reporting guidelines.

5. The tuition waiver program applies to all courses offered for college credit that are not specifically excluded by this policy.

6. Through written policy, a course-offering institution may exclude non-credit continuing education or community education courses, courses offered through overseas programs, correspondence courses, and audited courses.

7. Participation in the Area Technology Center Employee Tuition Waiver Program may generate additional taxable income under the provisions of the federal tax code for graduate, professional, and doctoral level programs.

   a. The course-offering institution shall provide a report to personnel office staff of each area technology center that identifies employees who participate in the tuition waiver program, course number, and degree level (i.e., undergraduate, graduate, doctoral, or professional).
   b. Area technology center staff are responsible for withholding taxes and reporting taxable income of program participants, regardless of where the course is taken.
   c. Participating employees are responsible for any tax liability incurred through participation in this program.

8. This policy confers a financial benefit to regular, full-time employees and is not intended to guarantee access or preferential treatment to any academic course or program.

9. An employee eligible to participate in this program may take courses during normal working hours with written permission from their respective area technology center.

10. Public postsecondary institutions are not required to offer a given course during an academic term, unless there is a sufficient number of paying students taking the course. An institution may restrict enrollment in a given course if space is not available.

11. An area technology center may offer additional benefits to its employees that exceed the waiver benefits provided through this policy.

Eligibility Requirements

1. To be eligible for participation in the tuition waiver program, an employee must be classified by the area technology center as a regular full-time employee. Before the beginning of each academic term, area technology centers shall certify the full-time employment of eligible employees who seek to participate in the tuition waiver program

2. If employment is terminated before the first day of classes, an approved tuition waiver shall be cancelled.

3. An area technology center employee is not eligible to receive tuition waivers that exceed six (6) credit hours per academic term from any single institution or combination of institutions.

4. Eligible employees must meet the participating postsecondary institution's general admission and program-specific academic requirements to receive a waiver.

5. Participating institutions may require waiver recipients to maintain a minimum grade point average (GPA) of 2.0 on a 4.0 scale to continue to receive waivers from the tuition waiver program.

TOPIC/TITLE:	Equine Trust Fund Program Guidelines
STAFF CONTACTS:	Brent Floyd, Senior Associate, Finance Policy and Programs Adam Blevins, Director, Finance Policy and Programs
TYPE/REQUEST:	☒ Action ☐ Information

SUMMARY OF ACTION REQUESTED

The Finance Committee reviewed this request at their January 26, 2026, meeting and recommends the Council approve the proposed guidelines for the Equine Trust Fund Program. Staff will also brief the committee on the work of this committee.

APPLICABLE STATUTES, REGULATIONS, POLICIES

KRS 138.510(1)(d)5 establishes the Postsecondary Education Equine Trust and Revolving Fund, where:

> "one-tenth of one percent (0.1%) of all money wagered on live races and historical horse races at the track shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities and the Bluegrass Community and Technical College, except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed three hundred twenty thousand dollars ($320,000)."

SUPPORTING INFORMATION

The Council is named as the administrative agent of the Equine Trust Funds, and the agency may "promulgate administrative regulations to establish procedures for administering the program and criteria for evaluating and awarding grants."

Thus far, the funds from this program have been managed internally by CPE staff in collaboration with the Equine Trust Fund Advisory Committee. After the last review of the program's guidelines, staff determined this program should be managed similarly to other programs the Finance Policy and Programs team manages, such as the Endowment Match Program and the asset preservation pools.

The Postsecondary Education Equine Trust Program Guidelines (Attachment A) are divided into 5 sections. Below is an overview of what is contained in each section:

1. Introduction: The Introduction section outlines some of the key language from KRS 138.510(1)(d)5, as well as a brief overview of the functionality of the Advisory Committee (Equine Trust Advisory Committee).

2. Eligibility for Participation: Section states which postsecondary institutions are eligible to participate. Current eligible institutions are Morehead State University, Murray State University, the University of Kentucky, the University of Louisville, Western Kentucky University, and Bluegrass Community and Technical College. The University of Louisville does not have an equine farm; thus, they typically waive participation due to a lack of need for capital and equipment purchases.

3. Criteria for the Award of Funds: This section outlines that funds are to be used for construction, expansion, or renovation projects or for the purchase of capital equipment. Criteria are provided to better define what is and is not acceptable, and information on how allocations are determined is provided.

4. Reporting Guidelines: Budgeting and reporting requirements are outlined in this section. Institutions maintain contracts with CPE that require annual financial reports to confirm compliance before allocation distributions are approved. CPE also requires institutions to obtain approval for any 10% or greater budget revision.

5. Equine Trust Advisory Committee: KRS 138.510(1)(d)5 mandates that CPE “establish an advisory committee of interested parties”. This section of the guidelines explains the committee’s composition and its duties and responsibilities. Committee members shall be nominated by their institution and confirmed by the Chair of the Council on Postsecondary Education.

POSTSECONDARY EDUCATION EQUINE TRUST PROGRAM GUIDELINES

Introduction

KRS 138.510(1)(d)5 establishes the Postsecondary Education Equine Trust and Revolving Fund from the proceeds of the Kentucky pari-mutuel tax. Specifically, it provides that:

a. An amount equal to one-tenth of one percent (0.1%) of all money wagered on live races and historical horse races at the track shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities and the Bluegrass Community and Technical College, except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed three hundred twenty thousand dollars ($320,000).
b. These funds shall not be used for salaries or for operating funds for teaching, research, or administration. Funds allocated under this subparagraph shall not replace other funds for capital purposes or operation of equine programs at state universities and the Bluegrass Community and Technical College.

The Council on Postsecondary Education is designated as the administrative agent for the funds and is required to "establish an advisory committee of interested parties, including all universities and the Bluegrass Community and Technical College with established equine programs, to evaluate proposals and make recommendations for the awarding of funds." An account has been established to fulfill the purpose prescribed by statute.

The Advisory Committee (aka., the Equine Trust Fund Group) meets at least twice per year to share institutional program updates, review fund revenues and expenditures, and discuss parties' contractual administrative obligations, including initial budget requests, substantive budget revisions, and annual programmatic financial reporting. The meetings will be publicly noticed by the Council in compliance with the Kentucky Open Meetings Act.

Eligibility for Participation

Morehead State University, Murray State University, the University of Kentucky, the University of Louisville, Western Kentucky University, and Bluegrass Community and Technical College operate equine programs and are eligible to participate in the Postsecondary Education Equine Trust and Revolving Fund per KRS 138.510(5).

Criteria for the Award of Funds

Projects funded shall:

- Significantly improve academic equine program facilities and equine program infrastructure that supports such facilities through construction, expansion, or renovation.
    - o "Equine program facilities" includes buildings and key building systems, such as the plumbing system, electrical system and permanently affixed power generators, mechanical and HVAC system, elevator system, escalator system,

fire protection and alarm system, gas distribution system, and the security system.

- "Equine program infrastructure" includes infrastructure, such as roads, walkways, and steam tunnels that support current and ongoing use of academic equine program facilities.
- Qualities of projects that significantly improve academic equine program facilities or equine program infrastructure include:
    - Projects that extend the useful life of the building or key building system, as opposed to projects anticipated to be completed over the expected useful life of the building or key building system (e.g., routine maintenance).
    - Routine maintenance and repair projects and ongoing building maintenance and operations (M&O) costs, typically funded through an institution's operating budget are <u>not</u> eligible for funds.
    - Projects that place the property in better operating condition, as opposed to projects that keep a unit of property in ordinarily efficient operating condition.

- For items of equipment to be eligible for funding, they must: (1) have a useful life in excess of 2 years; and (2) have a cost of $5,000 or more.
- Recognize the needs of all institutions; and
- <u>Not</u> include salary or other operating expenses or replace other funds for capital purposes.

The *yearly allocation of the Postsecondary Education Equine Trust and Revolving Fund* will include a base-funding amount that may be conservatively supported by the historical receipts of the fund. Institutions shall submit budgets for the expenditure of their base funding allocations identifying each capital construction, expansion, or renovation project and equipment purchase. Cost estimates for individual items along with brief descriptions of each item and their use are also encouraged. Allocations cannot exceed available revenue at any point in time. The Council reserves the right to adjust allocations should actual receipts fall short of the amounts initially approved.

Council staff, along with the Advisory Committee, may evaluate proposals for additional funding for specific capital purposes at the institutions apart from the initial equal distributions in each fiscal year and amend the relevant contracts to accommodate the additional funding.

Council staff, along with the Advisory Committee, may recommend a fiscal year contract amendment if receipts are in excess of the initial fiscal year allotment to the institutions. Budget requests for excess receipts shall be provided to Council staff before additional disbursements are paid to the institutions.

Institutions are required to comply with all statutes relating to capital project authorization. At a minimum, projects meeting the statutory capital project definitions and thresholds (KRS 45.750) must be approved by an institution's board and the Council on Postsecondary Education to have projects authorized.

Reporting Guidelines (defined in institutional contracts)

An annual or biennial budget shall be received by Council staff prior to the start of the period (year or biennium). The Advisory Committee will review initial institution budgets and substantive budget revisions as information items. Any change of 10% or greater from one line item to another, using the total annual budgeted expenses for a given year as the base, is considered a substantive budget revision and will require CPE approval.

Carryforwards must be designated for a capital project (i.e., capital construction, expansion, or renovation) or equipment purchases. Therefore, carryforwards should always be included in the base when determining the 10% threshold. Expenditures that cross budget periods do not require a budget revision, as it is assumed an institution's carryforward contains the funds to cover these costs. However, the annual programmatic report should note that such an expense is from a prior budget period.

Funds for capital construction, expansion, or renovation projects and equipment purchases that are consistent with the statute will be distributed to the institutions, in accordance with the contracts, and shall be deposited by the institution into institution-designated restricted fund accounts. Funds may be accumulated over more than one fiscal year provided that these funds are designated for a capital construction, expansion, or renovation project or equipment purchase.

Annual programmatic financial reports displaying the expenditure and use of funds (July 1 through June 30) must be submitted to Council staff by the following October 1.

Equine Trust Advisory Committee

Composition:
The Committee shall be composed of one representative from each participating institution. This representative shall by nominated by the institution and confirmed by the chair of the Council on Postsecondary Education. Representatives serve four-year terms and may be reappointed at the will of both parties. Should a representative vacate their position at a participating program, the participating institution shall nominate a replacement within 30 days to serve the remainder of the term.

Duties and Responsibilities:
The Council is the designated administrative agent for the Equine Trust and Revolving Fund. The primary responsibility of the Committee is to advise Council staff on its administration.

A. Guidelines: Engage in feedback with CPE staff to review and revise the Postsecondary Education Equine Trust Program Guidelines.
B. Additional funding: Proposals for additional funding and contract amendments if receipts exceed the initial fiscal year allotment shall also be reviewed by the Committee.
C. Voting: Actions taken by the Committee require a majority vote of all appointed committee members. In the event of a tie, CPE's Vice President of Finance Policy & Programs or their designee will cast a tie-breaking vote. All actions taken by the committee must be compliant with both KRS 138.510(1)(d)5 and the Postsecondary Education Equine Trust Program Guidelines.

TOPIC/TITLE:	2026-2028 Biennial Budget Update
STAFF CONTACTS:	Bill Payne, Vice President, Finance Policy and Programs Greg Rush, Assistant Vice President, Finance Policy and Programs
TYPE/REQUEST:	☐ Action ☒ Information

SUMMARY OF TOPIC

The Finance Committee received this information update at its January 26, 2026, meeting. It will not be covered or presented in detail at the board meeting; however, staff will be available for questions. No action is needed from the Council.

Staff provided an update on the development of the 2026-2028 biennial budget, including an overview of the budget proposal presented by Governor Andy Beshear on January 7, 2026.

HIGHLIGHTS OF THE POSTSECONDARY INSTITUTION BUDGET

The Governor's proposed budget included the following highlights for postsecondary institutions:

Operating Funds

- Postsecondary Institutions were exempted from the 3% base budget reduction implemented by the Governor.
- The FY 2026 performance funding distribution is added to the base General Fund budgets for the institutions for FY 2027 and FY 2028.
- Base budgets for the institutions were adjusted for Fire and Tornado Fund assessments. This led to increases in some institutions' base budgets and decreases for others.
- General Fund was replaced with Fire Commission restricted funds for the KCTCS State Fire and Rescue Training mandated program.

Capital Investment

The following bond-funded capital projects totaling $768.0 million are included in the Governor's recommended budget:

University of Kentucky	Construct Research Facility	$200,000,000
University of Louisville	Construct STEM Building	142,000,000
Eastern Kentucky University	Asset Preservation Pool Aviation Acquisition Pool	65,000,000 10,000,000
Kentucky State University	Renovate Facility for Health Sciences Center Renovate Baseball Stadium	20,000,000 2,000,000
Morehead State University	Construct New Agricultural Sciences Building	30,665,000
Murray State University	Construct Emergency Veterinary & Teaching Clinic	48,500,000
Northern Kentucky University	Renovate Business Academic Building	75,000,000
Western Kentucky University	Asset Preservation Pool	100,000,000
Kentucky Community and Technical College System	Re-entry Campus-Northpoint Training Center Renovate Mayo Campus-Big Sandy CTC Upgrade Prestonsburg Campus Bldgs-Big Sandy CTC Renovate Leestown Building A-Bluegrass CTC	42,000,000 4,500,000 7,400,000 21,000,000
	Total	**$768,065,000**

<u>Other</u>

Two one-time appropriations from the Budget Reserve Trust Fund are included in the Governor's recommended budget.

- $42.0 million for the Eastern Kentucky University Osteopathic Medicine Escrow
- $4.0 million for the University of Kentucky Holocaust Education initiative

HIGHLIGHTS OF THE CPE AGENCY BUDGET

<u>General Fund</u>

- Proposed Reductions: (1) 3% Baseline Reduction in FY2027 and FY2028. (2) FY2026 KERS retirement factor (Enacted retirement factor was greater than actual)
- Proposed Increases: (1) Defined calculations, health insurance, and KERS retirement factor (2) 2% Salary Increment
- Fund Source Swap: Reduce general funds in FY2027 and replace with restricted funds (Bucks for Brains Interest and Licensure)

Governor's Budget Request 2027-2028		
	FY2027	**FY2028**
Baseline Budget	$17,920,500	$17,920,500
Reduction - 3%	($439,300)	($439,300)
Reduction: Retirement (FY 26 Enacted vs Actual)	($232,900)	($232,900)
Increase: Defined Calculations, Health Insurance, and Retirement Increase	$108,800	$155,200
Increase: Salary Increment - 2%	$102,000	$209,600
Fund Swap - Bucks for Brains Interest	($3,077,300)	
Fund Swap - Licensure	($400,000)	
TOTAL General Fund Budget	**$13,981,800**	**$17,613,100**

Restricted Funds

- For FY2027, CPE requested $8,200,000. Governor's budget proposed $11,709,700
- For FY2028, CPE requested $8,200,000. Governor's budget proposed $9,025,900.
- The proposed differences are attributed mainly to the Licensure and Bucks for Brains fund swaps described in the General Fund section.

Federal Funds

- For FY2027, CPE requested $6,070,800. Governor's budget proposed $6,128,800
- For FY2028, CPE requested $6,070,800. Governor's budget proposed $6,190,100.

Tobacco Settlement Fund

- For FY2027, CPE requested $6,250,000. Governor's budget proposed $6,250,000
- For FY2028, CPE requested $6,250,000. Governor's budget proposed $5,480,300. (reduction of $769,700)

Additional Budget Request Items

- The CPE Agency Budget Request included an additional funding request totaling $2,020,000 per year to support an increase in Southern Regional Education Board Dues, Futuriti.org platform, Workforce and Economic Development initiatives, Graduate Profile, and Summer Bridge Programs.
- Additional funding for these items was not included in the Governor's budget proposal.

NEXT STEPS

It is expected that the House budget will be released by the end of January. The House Budget Subcommittee on Postsecondary Education has scheduled hearings on the budget each Thursday from January 22nd through March 5th.

TOPIC/TITLE:	Asset Preservation Pool Funding Update, 2022-24 and 2024-26
STAFF CONTACTS:	Adam Blevins, Director, Finance Policy and Programs Greg Rush, Assistant Vice President, Finance Policy and Programs
TYPE/REQUEST:	☐ Action ☒ Information

SUMMARY OF TOPIC

The Finance Committee received this information update at its January 26, 2026, meeting. It will not be covered or presented in detail at the board meeting; however, staff will be available for questions. No action is needed from the Council.

Staff provided an update on the status of the 2022-24 and 2024-26 Asset Preservation Pools, including the amount of pool funding for which capital projects have been identified and the portion of state funds that have been reimbursed to institutions as of December 2025.

BACKGROUND INFORMATION

In the 2022-2024 state budget (RS22 HB1), the General Assembly appropriated $683.5 million in General Fund supported bond funds for asset preservation projects on postsecondary education campuses. When combined with a $16.5 million stand-alone project for KCTCS, total funding for asset preservation for the biennium was $700.0 million.

Fund allocation among institutions was based on each institution’s share of Education and General square footage. Research universities are required to match each dollar of state funding with 30 cents of institutional resources, while the comprehensive universities and KCTCS are required to match each state dollar with 15 cents. Asset Preservation funds may be used to address renovation and renewal needs of Education and General facilities and state-owned and operated residential housing.

In the 2024-26 state budget (RS24 HB6), the General Assembly authorized $563.5 million in General Fund supported bond funds for another Postsecondary Education Asset Preservation Pool. Like the 2022-24 Asset Preservation Pool, the 2024-26 funds can be used for “individual asset preservation, renovation, and maintenance projects at Kentucky’s public postsecondary institutions in Education, General, and state-owned and operated residential housing facilities” (p. 199). Senate Bill 91 (24RS) modified the budget bill language, adding that the asset preservation funds could also be used for “fixed asset pedestrian and student parking areas, and for the razing of university-owned buildings” (p. 17).

The $563.0 million appropriated to the 2024-26 Asset Preservation Pool was allocated among institutions based on each institution’s share of system total Education and General square footage, after applying base funds of $15.0 million to each university and $30.0 million to KCTCS. Finally, lawmakers adjusted KSU’s funding up from the calculated total of $25.7 million total to $60.0 million. KCTCS’s total was also reduced from $142.3 million to $71.0 million. Pool funds were allocated to institutions in both years of the biennium, with each institution receiving an appropriation for half (50%) of its allocation in 2022-23 and receiving an appropriation for the other half (50%) of its allocation in 2023-24.

Included in the enacted budget (RS24 HB6) is language specifying campus matching requirements for accessing allocated 2024-26 Asset Preservation Pool funds. These funds differ from those required for the 2022-24 Asset Preservation Pool and require:

- each project for research institutions to be matched at 25 percent from funds provided by each research institution, and
- no required match for asset preservation projects at the comprehensive institutions and the Kentucky Community and Technical College System.

The General Assembly operationalized the matching requirement for the research institutions by requiring each to spend 25 cents for every state dollar used to complete an individual asset preservation project.

In each biennium, the General Assembly included language in the budget bill authorizing capital projects, as defined in KRS 45.750(1)(f), funded from the Asset Preservation Pools. Per KRS 164.020(11)(a), CPE is also required to “review and approve all capital construction projects covered by KRS 45.750(1)(f), including real property acquisitions, and regardless of the source of funding for projects or acquisitions”. Furthermore, CPE, in collaboration with the Office of the State Budget Director, certifies that individual projects are eligible for Asset Preservation Pool funds. As such, on June 17, 2022, and June 21, 2024, the Council approved the 2022-2024 Asset Preservation Pool Guidelines and 2024-2026 Asset Preservation Pool Guidelines, respectively, which specify the criteria institutions’ capital projects must meet to be eligible for funding from the Asset Preservation Pools. Each set of guidelines has been revised since initial approval. At each of the aforementioned meetings, the Council also delegated authority to CPE staff to review and approve capital projects submitted for Asset Preservation Pool funds to expedite the reimbursement process.

The 2022-24 and 2024-26 Guidelines require CPE staff to provide the Council with periodic updates regarding the status of Asset Preservation Pool distributions and campus matching funds by project and institution.

2022-24 ASSET PRESERVATION POOL UPDATE

In House Bill 1 of the 2022 Regular Session, the General Assembly appropriated $683.5 million in General Fund supported bond funds for the 2022-24 Asset Preservation Pool. As of December 2025, projects have been identified and certified by CPE staff for 99.3% ($678.5 million) of the state funds. Furthermore, the public postsecondary institutions have received reimbursements for 69.4% ($474.0 million) of the state funds.

See Attachments A, C, and D for more information on the 2022-24 Asset Preservation Pool.

2024-26 ASSET PRESERVATION POOL UPDATE

In House Bill 6 of the 2024 Regular Session, the General Assembly appropriated $563.0 million in General Fund supported bond funds for the 2024-26 Asset Preservation Pool. As of December 2025, projects have been identified and certified by CPE staff for 77.6% ($437.1 million) of the state funds. Furthermore, the public postsecondary institutions have received reimbursements for 8.0% ($45.2 million) of the state funds.

See Attachments B, E, and F for more information on the 2024-26 Asset Preservation Pool.

Asset Preservation Pool Update **Attachment A**

As of December 2025

2022-24 Asset Preservation Pool

By Institution

Institution	A State Funds Designated for Projects[1]	B State Funds Appropriated[2]	C = B - A Remaining State Funds (Undesignated)[3]	D = A / B % of State Funds Designated for Projects	E State Funds Reimbursed[4]	F = E / B % of State Funds Reimbursed	G Campus Match Designated for Projects[5]	H Campus Match Appropriation[6]	I = H - G Remaining Campus Match (Undesignated)[7]	J = G / H % of Campus Match Designated for Projects	K = A + G Total Funds Designated for Asset Preservation Projects	L = B + H Total Asset Preservation Authority (State Funds + Campus Match)
UK	$151,554,477	$154,196,000	$2,641,523	98.3%	$90,338,505	58.6%	$45,518,143	$46,260,000	$741,857	98.4%	$197,072,620	$200,456,000
UofL	$81,882,879	$81,886,000	$3,121	100.0%	$55,087,979	67.3%	$24,569,121	$24,566,000	$0	100.0%	$106,452,000	$106,452,000
EKU	$54,576,096	$54,806,000	$229,904	99.6%	$30,863,178	56.3%	$7,870,944	$8,222,000	$351,056	95.7%	$62,447,040	$63,028,000
KSU	$15,616,522	$16,078,000	$461,478	97.1%	$15,669,565	97.5%	$2,342,478	$2,412,000	$69,522	97.1%	$17,959,000	$18,490,000
MoSU	$35,222,000	$35,222,000	$0	100.0%	$32,589,993	92.5%	$5,284,000	$5,284,000	$0	100.0%	$40,506,000	$40,506,000
MuSU	$47,095,820	$47,176,000	$80,180	99.8%	$34,566,960	73.3%	$7,209,743	$7,078,000	$0	101.9%	$54,305,563	$54,254,000
NKU	$46,656,343	$46,794,000	$137,657	99.7%	$28,864,811	61.7%	$6,861,328	$7,020,000	$158,672	97.7%	$53,517,671	$53,814,000
WKU	$67,144,939	$68,080,000	$935,061	98.6%	$22,017,755	32.3%	$8,224,407	$10,212,000	$1,987,593	80.5%	$75,369,346	$78,292,000
KCTCS	$178,730,597	$179,262,000	$531,403	99.7%	$164,042,640	91.5%	$26,503,953	$26,890,000	$386,047	98.6%	$205,234,550	$206,152,000
Total	**$678,479,673**	**$683,500,000**	**$5,020,327**	**99.3%**	**$474,041,386**	**69.4%**	**$134,384,117**	**$137,944,000**	**$3,559,883**	**97.4%**	**$812,863,790**	**$821,444,000**

By Sector

Sector	State Funds Designated for Projects[1]	State Funds Appropriated[2]	Remaining State Funds (Undesignated)[3]	% of State Funds Designated for Projects	State Funds Reimbursed[4]	% of State Funds Reimbursed	Campus Match Designated for Projects[5]	Campus Match Appropriation[6]	Remaining Campus Match (Undesignated)[7]	% of Campus Match Designated for Projects	Total Funds Designated for Asset Preservation Projects	Total Asset Preservation Authority (State Funds + Campus Match)
Research	$233,437,356	$236,082,000	$2,644,644	98.9%	$145,426,484	61.6%	$70,087,264	$70,826,000	$738,736	99.0%	$303,524,620	$306,908,000
Comprehensive	$266,311,720	$268,156,000	$1,844,280	99.3%	$164,572,262	61.4%	$37,792,900	$40,228,000	$2,435,100	93.9%	$304,104,620	$308,384,000
Two-Year	$178,730,597	$179,262,000	$531,403	99.7%	$164,042,640	91.5%	$26,503,953	$26,890,000	$386,047	98.6%	$205,234,550	$206,152,000
Total	**$678,479,673**	**$683,500,000**	**$5,020,327**	**99.3%**	**$474,041,386**	**69.4%**	**$134,384,117**	**$137,944,000**	**$3,559,883**	**97.4%**	**$812,863,790**	**$821,444,000**

Notes:

[1]State funds assigned to certified Asset Preservation Pool projects as submitted in project identification templates.

[2]Value of state funds allocated by the General Assembly for the 2022-24 Postsecondary Education Asset Preservation Pool (HB1, 2022RS). Amounts reflect the total authority for the 2022-24 biennium although the

[3]State funds not assigned to or designated for a certified Asset Preservation Pool project as submitted in project identification templates.

[4]Total value of state funds reimbursed for Asset Preservation Pool projects in the given biennium. Figures provided by OSBD.

[5]Campus matching funds designated for certified Asset Preservation Pool projects as submitted in project identification templates.

[6]Value of campus matching funds authorized by the General Assembly for the 2022-24 Postsecondary Education Asset Preservation Pool (HB1, 2022RS). Amounts reflect the total authority for the 2022-24 biennium

[7]Campus matching funds not assigned to or designated for a certified Asset Preservation Pool project as submitted in project identification templates.

Asset Preservation Pool Update

As of December 2025

Attachment B

2024-26 Asset Preservation Pool

By Institution

	A	B	C	D	E	F	G	H	I	J	K	L
			= B - A	= A / B		= E / B			= H - G	= G / H	= A + G	= B + H
Institution	State Funds Designated for Projects[1]	State Funds Appropriated[2]	Remaining State Funds (Undesignated)[3]	% of State Funds Designated for Projects	State Funds Reimbursed[4]	% of State Funds Reimbursed	Campus Match Designated for Projects[5]	Campus Match Appropriation[6]	Remaining Campus Match (Undesignated)[7]	% of Campus Match Designated for Projects	Total Funds Designated for Asset Preservation Projects	Total Asset Preservation Authority (State Funds + Campus Match)
UK	$55,520,000	$123,450,000	$67,930,000	45.0%	$0	0.0%	$13,880,000	$30,862,000	$16,982,000	45.0%	$69,400,000	$154,312,000
UofL	$68,654,446	$69,106,000	$451,554	99.3%	$4,834,223	7.0%	$17,276,400	$17,276,000	$0	100.0%	$85,930,846	$86,382,000
EKU	$50,115,000	$51,820,000	$1,705,000	96.7%	$15,495,159	29.9%	$0	$0	$0	0.0%	$50,115,000	$51,820,000
KSU	$33,180,000	$60,000,000	$26,820,000	55.3%	$18,745,090	31.2%	$0	$0	$0	0.0%	$33,180,000	$60,000,000
MoSU	$30,031,231	$37,670,000	$7,638,769	79.7%	$3,920,508	10.4%	$0	$0	$0	0.0%	$30,031,231	$37,670,000
MuSU	$44,641,800	$46,682,000	$2,040,200	95.6%	$436,706	0.9%	$0	$0	$0	0.0%	$44,641,800	$46,682,000
NKU	$35,377,892	$46,152,000	$10,774,108	76.7%	$684,665	1.5%	$0	$0	$0	0.0%	$35,377,892	$46,152,000
WKU	$48,800,000	$57,162,000	$8,362,000	85.4%	$217,151	0.4%	$0	$0	$0	0.0%	$48,800,000	$57,162,000
KCTCS	$70,748,000	$71,000,000	$252,000	99.6%	$818,395	1.2%	$0	$0	$0	0.0%	$70,748,000	$71,000,000
Total	**$437,068,369**	**$563,042,000**	**$125,973,631**	**77.6%**	**$45,151,897**	**8.0%**	**$31,156,400**	**$48,138,000**	**$16,981,600**	**64.7%**	**$468,224,769**	**$611,180,000**

By Sector

Sector	State Funds Designated for Projects[1]	State Funds Appropriated[2]	Remaining State Funds (Undesignated)[3]	% of State Funds Designated for Projects	State Funds Reimbursed[4]	% of State Funds Reimbursed	Campus Match Designated for Projects[5]	Campus Match Appropriation[6]	Remaining Campus Match (Undesignated)[7]	% of Campus Match Designated for Projects	Total Funds Designated for Asset Preservation Projects	Total Asset Preservation Authority (State Funds + Campus Match)
Research	$124,174,446	$192,556,000	$68,381,554	64.5%	$4,834,223	7.0%	$31,156,400	$48,138,000	$16,981,600	64.7%	$155,330,846	$240,694,000
Comprehensive	$242,145,923	$299,486,000	$57,340,077	80.9%	$39,499,279	74.4%	$0	$0	$0	0.0%	$242,145,923	$299,486,000
Two-Year	$70,748,000	$71,000,000	$252,000	99.6%	$818,395	1.2%	$0	$0	$0	0.0%	$70,748,000	$71,000,000
Total	**$437,068,369**	**$563,042,000**	**$125,973,631**	**77.6%**	**$45,151,897**	**8.0%**	**$31,156,400**	**$48,138,000**	**$16,981,600**	**64.7%**	**$468,224,769**	**$611,180,000**

Notes:

[1] State funds assigned to certified Asset Preservation Pool projects as submitted in project identification templates.

[2] Value of state funds allocated by the General Assembly for the 2024-26 Postsecondary Education Asset Preservation Pool (HB6, 2024RS). Amounts reflect the total authority for the 2024-26 biennium although the appropriations are allocated with half

[3] State funds not assigned to or designated for a certified Asset Preservation Pool project as submitted in project identification templates.

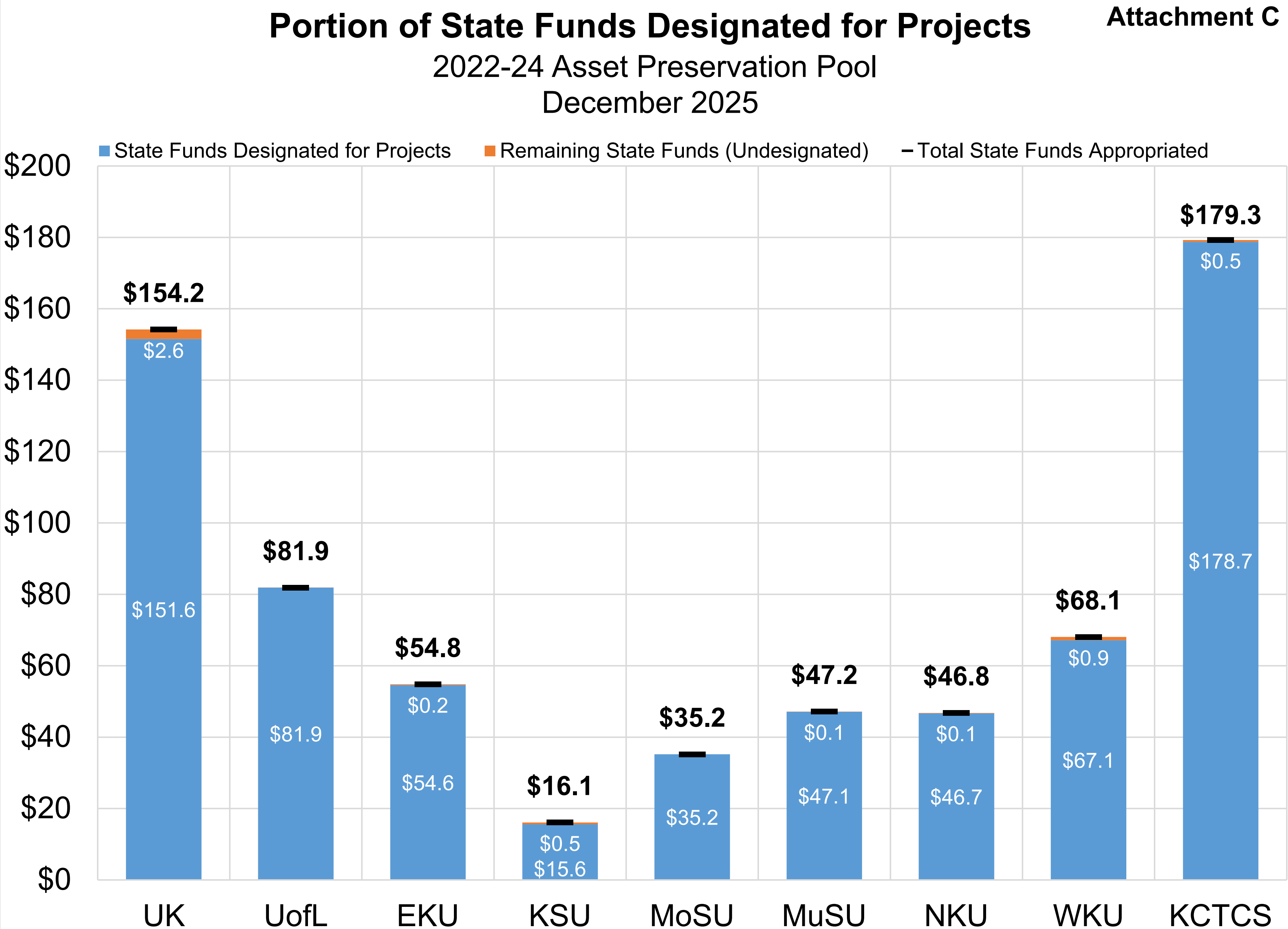
[4] Total value of state funds reimbursed for Asset Preservation Pool projects in the given biennium. Figures provided by OSBD.

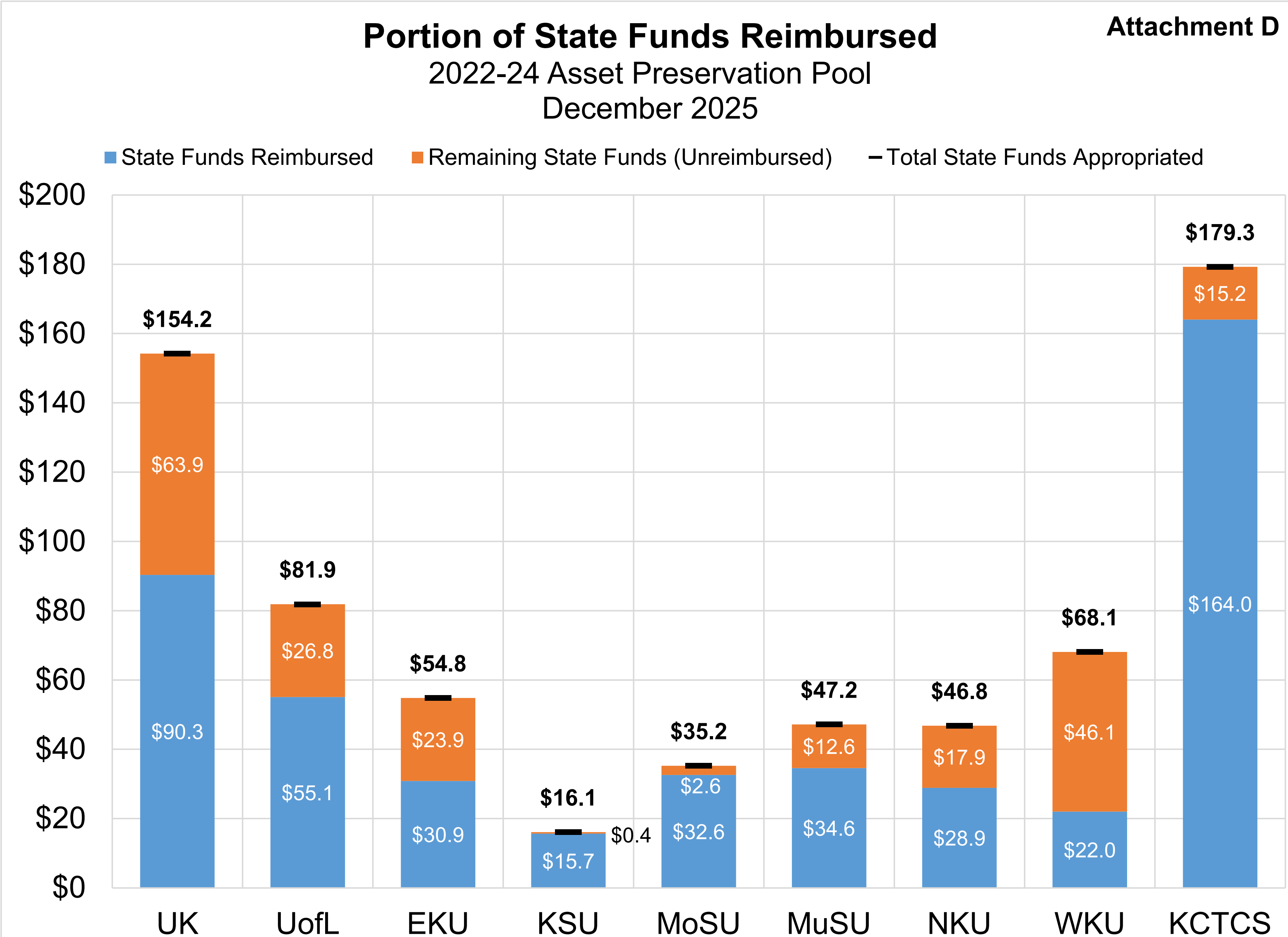
[5] Campus matching funds designated for certified Asset Preservation Pool projects as submitted in project identification templates.

[6] Value of campus matching funds authorized by the General Assembly for the 2024-26 Postsecondary Education Asset Preservation Pool (HB6, 2024RS). Amounts reflect the total authority for the 2024-26 biennium although the appropriations are allocated

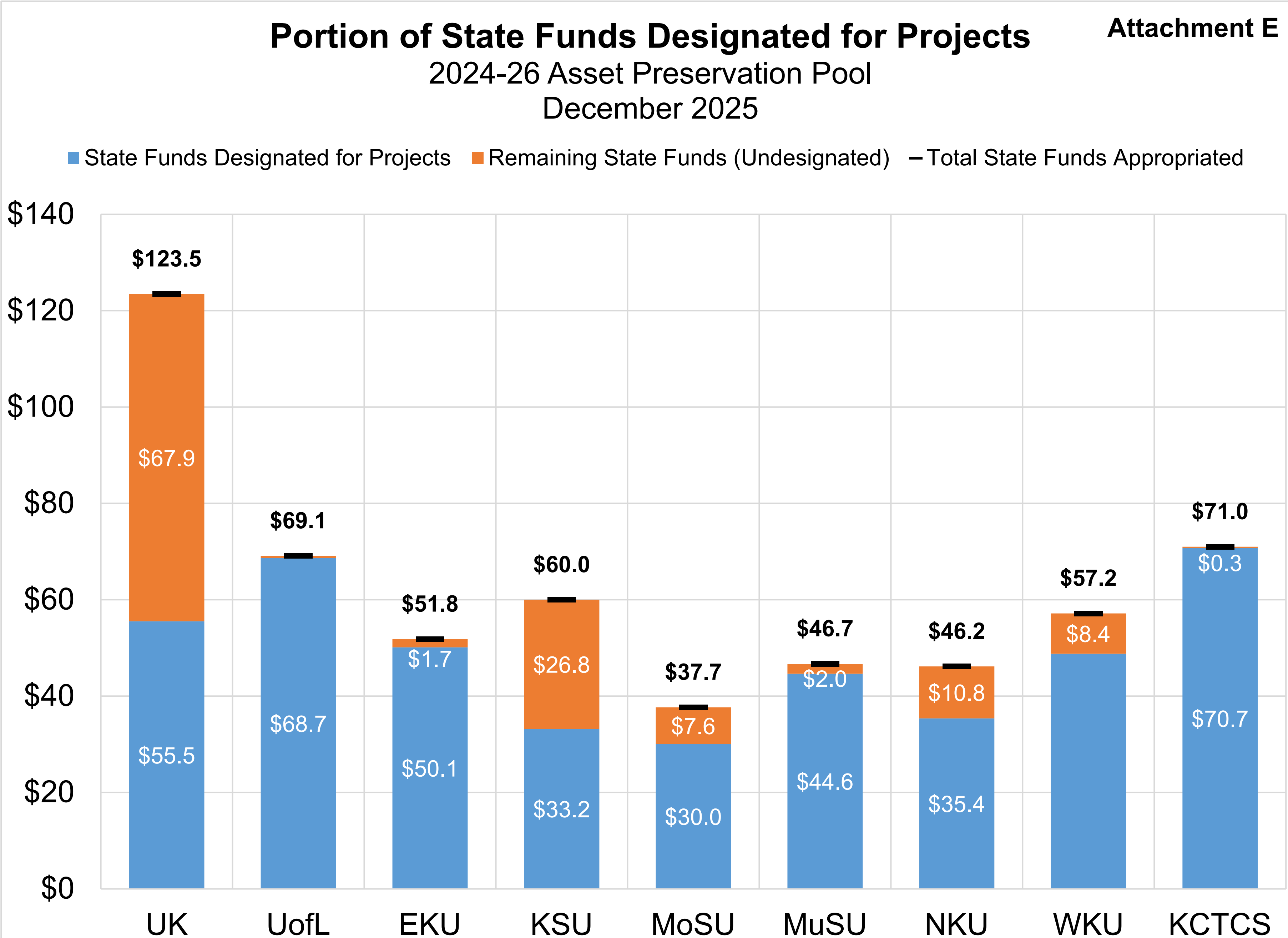
[7] Campus matching funds not assigned to or designated for a certified Asset Preservation Pool project as submitted in project identification templates.

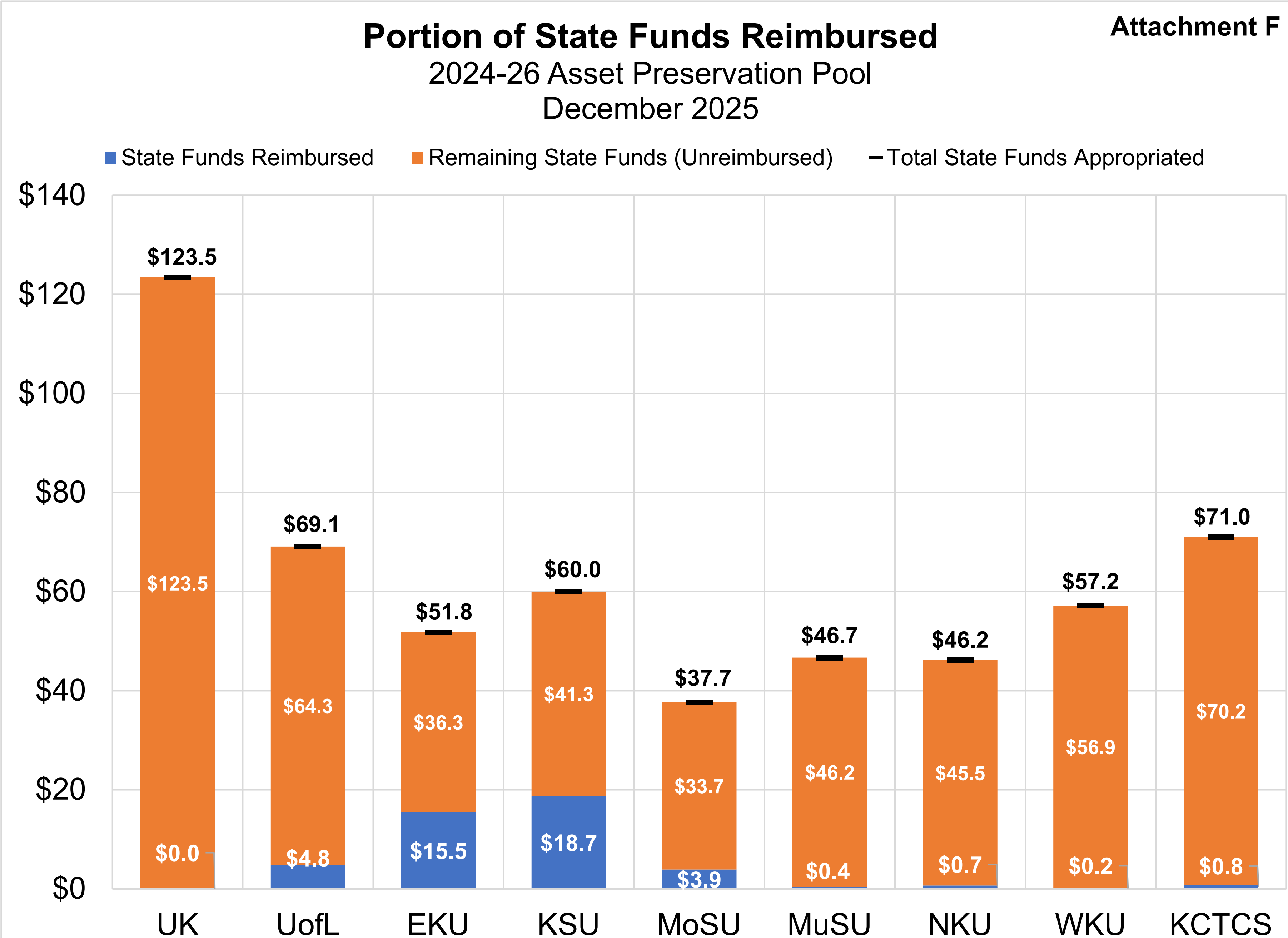
Attachment C




Portion of State Funds Reimbursed
2022-24 Asset Preservation Pool
December 2025
Attachment D
State Funds Reimbursed
Remaining State Funds (Unreimbursed)
Total State Funds Appropriated
$200
$180
$160
$140
$120
$100
$80
$60
$40
$20
$0
$154.2
$63.9
$90.3
$81.9
$26.8
$55.1
$54.8
$23.9
$30.9
$16.1
$0.4
$15.7
$35.2
$2.6
$32.6
$47.2
$12.6
$34.6
$46.8
$17.9
$28.9
$68.1
$46.1
$22.0
$179.3
$15.2
$164.0
UK
UofL
EKU
KSU
MoSU
MuSU
NKU
WKU
KCTCS

Attachment E




Portion of State Funds Reimbursed
2024-26 Asset Preservation Pool
December 2025
Attachment F
State Funds Reimbursed
Remaining State Funds (Unreimbursed)
Total State Funds Appropriated
$140
$120
$100
$80
$60
$40
$20
$0
$123.5
$123.5
$0.0
$69.1
$64.3
$4.8
$51.8
$36.3
$15.5
$60.0
$41.3
$18.7
$37.7
$33.7
$3.9
$46.7
$46.2
$0.4
$46.2
$45.5
$0.7
$57.2
$56.9
$0.2
$71.0
$70.2
$0.8
UK
UofL
EKU
KSU
MoSU
MuSU
NKU
WKU
KCTCS

TOPIC/TITLE:	Endowment Match Program (Bucks for Brains) Update, 2022-2024
STAFF CONTACTS:	Brent Floyd, Senior Associate, Finance Policy and Programs Adam Blevins, Director, Finance Policy and Programs
TYPE/REQUEST:	☐ Action ☒ Information

SUMMARY OF TOPIC

The Finance Committee received this information update at its January 26, 2026, meeting. It will not be covered or presented in detail at the board meeting; however, staff will be available for questions. No action is needed from the Council.

Staff provided an update on the status of the 2022-24 Endowment Match Program, also known as "Bucks for Brains". The update included the total and institutional disbursements by both value and area of support.

SUPPORTING INFORMATION

State funding for the Endowment Match Program is appropriated to the Research Challenge Trust Fund (RCTF) for the research universities and to the Comprehensive University Excellence Trust Fund (CUETF) for the comprehensive institutions. Both trust funds were created with the passage of the Postsecondary Education Improvement Act of 1997 (HB1). The 2022-24 Biennial authorization of $40 million in bond funds for the Bucks for Brains program represents the fifth round of funding for the program, following rounds in fiscal years 1998-99, 2000-01, 2003-04, and 2008-09. Of the $40 Million for the 2022-24 round, $30 Million was appropriated for the RCTF, and $10 Million was appropriated to the CUETF. Funds are to be used to match private donations supporting new or existing endowed funds for specified purposes.

ALLOCATION USAGE OVERVIEW

As of December 31, 2025, $7,861,773 is yet to be disbursed as matching funds from the Endowment Match Program. Table 1 contains a breakdown of total usage by institution. $5,787,820 remains in the Research Challenge Trust Fund, while $24,212,180 has been disbursed from the total RCTF allocation. $2,073,953 remains in the Comprehensive University Excellence Trust Fund, with $7,926,047 already disbursed from the total CUETF allocation. Four institutions have received their total disbursements, while a fifth, Murray State University, has a balance below the minimum request amount and has functionally received its final disbursement despite carrying a small balance. Three institutions, the University of Louisville, Eastern Kentucky University, and Northern Kentucky University, have a balance sufficient to make future requests.

Table 1 – Allocations and Disbursements by Institution

Institution	Allocation	Disbursed	Remaining Funds
University of Louisville	10,000,000	4,212,180	5,787,820
University of Kentucky	20,000,000	20,000,000	0
RCTF Total	**$30,000,000**	**$24,212,180**	**$5,787,820**
Eastern Kentucky University	2,227,800	604,446	1,623,354
Kentucky State University	667,800	667,800	0
Morehead State University	1,279,000	1,279,000	0
Murray State University	1,484,900	1,483,901	999
Northern Kentucky University	1,864,600	1,415,000	449,600
Western Kentucky University	2,475,900	2,475,900	0
CUETF Total	**$10,000,000**	**$7,926,047**	**$2,073,953**
Program Total	**$40,000,000**	**$32,138,227**	**$7,861,773**

**As of December 31, 2025*

USAGE BY AREA OF SUPPORT

For the 2022-24 round of the Endowment Match Program, research institutions are required to use a minimum of 70% of program funds for the purpose of supporting endowed chairs, professorships, or research scholars, or research staff and infrastructure that directly support the research activities of an endowed chair, professor, or research scholar (i.e., Category 1 Uses). No more than 30% of program funds may be endowed for the purpose of supporting mission support activities or graduate fellowships (i.e., Category 2 Uses). Tables 2 and 3 contain a tally of how many disbursements have been made in support of each available use of funds for research institutions, while Table 4 contains disbursement amounts for each category.

Table 2 – RCTF Category 1 Uses*

Institution	Chairs	Professorships	Research Scholars	Research Staff	Research Infrastructure	Total Category Use
University of Kentucky	7	17	1	0	1	26
University of Louisville	3	2	0	0	0	5
Total RCTF Uses	**10**	**19**	**1**	**0**	**1**	**31**

**As of December 31, 2025*

Table 3 – RCTF Category 2 Uses*

Institution	Graduate Fellowships	Mission Support	Total Category Use
University of Kentucky	3	11	14
University of Louisville	0	0	0
Total RCTF Uses	**3**	**11**	**14**

**As of December 31, 2025*

Table 4 – RCTF Category Disbursements*

Institution	Category 1 Minimum Allocation	Category 1 Uses	Category 2 Maximum Allocation	Category 2 Uses
University of Kentucky	14,000,000	16,465,000	6,000,000	3,535,000
University of Louisville	7,000,000	4,212,180	3,000,000	0
Total RCTF Disbursements by Category	**$21,000,000**	**$20,677,180**	**$9,000,000**	**$3,535,000**

**As of December 31, 2025*

For comprehensive institutions, at least 50% of 2022-24 program funds must be endowed for the purpose of supporting chairs or professorships, or research staff and infrastructure that directly support the research activities of an endowed chair or professor (i.e., Category 1 Uses). No more than 50% of program funds may be endowed for the purpose of supporting mission support, graduate fellowships, or undergraduate scholarships (i.e., Category 2 Uses). Tables 5 and 6 contain a tally of how many disbursements have been made in support of each available use of funds for comprehensive institutions, while Table 7 contains category disbursement amounts.

Table 5 – CUETF Category 1 Uses*

Institution	Chairs	Professorships	Research Staff	Research Infrastructure	Total Category Use
Eastern Kentucky University	0	1	0	0	1
Kentucky State University	0	1	0	0	1
Morehead State University	0	4	0	0	4
Murray State University	1	7	3	4	15
Northern Kentucky University	0	4	3	0	7
Western Kentucky University	1	1	1	0	3
Total CUETF Uses	**2**	**18**	**7**	**4**	**31**

**As of December 31, 2025*

Table 6 - CUETF Category 2 Uses*

Institution	Graduate Fellowships	Undergraduate Scholarships	Mission Support	Total Category Use
Eastern Kentucky University	0	6	1	7
Kentucky State University	0	0	0	0
Morehead State University	1	9	1	11
Murray State University	1	11	0	12
Northern Kentucky University	0	7	0	7
Western Kentucky University	0	5	0	5
Total CUETF Uses	**2**	**38**	**2**	**42**

**As of December 31, 2025*

Table 7 – CUETF Category Disbursements*

Institution	Category 1 Minimum Allocation	Category 1 Uses	Category 2 Maximum Allocation	Category 2 Uses
Eastern Kentucky University	1,113,900	250,000	1,113,900	354,446
Kentucky State University	333,900	667,800	333,900	0
Morehead State University	639,500	639,500	639,500	639,500
Murray State University	742,450	747,886	742,450	736,015
Northern Kentucky University	932,300	845,000	932,300	570,000
Western Kentucky University	1,237,950	1,500,000	1,237,950	975,900
Total CUETF Disbursements by Category	**$5,000,000**	**$4,650,186**	**$5,000,000**	**$3,275,861**

**As of December 31, 2025*

Total disbursements across each category, regardless of institution, are illustrated in Table 8. In total, the 2022-24 Endowment Match Program has generated 118 disbursements across all categories of use. Since the Endowment Match Program allows for the expansion of existing endowments provided the funds being matched are new (i.e., additional), the tallies in Table 8 don’t necessarily represent the total number of endowments that received state matching dollars per category.

Table 8 – Total Number of Program Disbursements by Support Area*

Support Area	Number of Disbursements
Chairs	12
Professorships	37
Research Scholars	1
Research Staff	7
Research Infrastructure	5
Graduate Fellowships	5
Undergraduate Scholarships	38
Mission Support	13
Total Number of Program Disbursements	**118**

**As of December 31, 2025*

TOPIC/TITLE:	Performance Funding Update
STAFF CONTACTS:	Bill Payne, Vice President, Finance Policy and Programs Adam Blevins, Director, Finance Policy and Programs
TYPE/REQUEST:	☐ Action ☒ Information

SUMMARY OF TOPIC

The Finance Committee received this information update at its January 26, 2026, meeting. It will not be covered or presented in detail at the board meeting; however, staff will be available for questions. No action is needed from the Council.

Staff updated the Finance Committee on the upcoming, statutorily required review of university and KCTCS performance funding models, including the composition of the working group that will conduct the review, what that group is charged to accomplish, and a preliminary meeting schedule and timeline for completing the review.

BACKGROUND INFORMATION

On March 21, 2017, Kentucky's Performance Funding Bill (SB 153), which passed the House and Senate with no changes, was signed into law by the Governor. The newly created statute (KRS 164.092) represented the culmination of a six-month effort by a working group comprised of campus presidents, the Council president, a representative of the Governor, and legislative leaders, to develop a rational model for distributing state General Fund appropriations among public universities and KCTCS institutions.

Kentucky uses two funding models to provide financial incentives for postsecondary institutions to pursue state goals for higher education, a model for the public universities and a model for KCTCS institutions. In terms of process, the General Assembly appropriates funds to a Postsecondary Education Performance Fund (PEPF) each year, CPE and KCTCS staffs run their respective university and two-year college funding models, and CPE staff certifies and communicates the resulting distribution of funds among institutions to the Office of State Budget Director (OSBD) by May 1 each year. Distributions to the institutions are accomplished through quarterly allotments.

FUNDING MODEL REVIEWS

Kentucky's performance funding statute, KRS 164.092 *Comprehensive Funding Model for the Public Postsecondary Education System*, directs the Council to convene a Postsecondary Education Working Group beginning in 2020-21 and every three fiscal years thereafter to: (a) determine if the comprehensive funding model is functioning as expected; (b) identify any unintended consequences of the model; and (c) recommend any adjustments to the model. The statute allows the Council to assemble the working group prior to the start of the required fiscal year to afford sufficient time for the group to complete its work.

There have been three funding model reviews over the past nine years, two that adhered to the statutorily required three-year cycle (i.e., in 2020 and 2023) and one that was off cycle (i.e., in 2024), but directed with the passage of SB 191 (24 RS). As Council members may recall, SB 191 directed the Council to convene the working group in 2024 for the sole purpose of defining "underrepresented students" in the public university and KCTCS funding models. A brief description of the work and recommendations of each of these working groups is provided in the paragraphs below.

- *2020 Review*. The first review of the funding models was conducted during calendar year 2020 and resulted in minimal changes to either the university or KCTCS models. It established a General Fund floor, or base level of state support, for each institution (i.e., thereafter referred to as the *Funding Floor 2020-21*) and discontinued use of stop-loss carve outs of campus funds to finance performance funding. This meant that going forward, any funds appropriated to the Performance Fund would come from the General Assembly (i.e., state General Fund) rather than campus contributions. In addition, distributions from the Performance Fund would no longer be recurring to institutions that earned the funds but would be recurring to the Performance Fund itself. As indicated above, these adjustments were <u>not</u> changes to the funding models, but were changes in the way the models would be applied going forward.

- *2023 Review*. The 2023 working group met five times between January 25 and September 6 to conduct their review. During the course of those meetings, the group reviewed and discussed funding model components and metrics, trends in student outcomes data, appropriations, distributions, and financial impact information, and campus and CPE staff responses to funding model surveys. They also reviewed proposed changes to the models and considered options for the 2024-2026 state operating funds request.

  Work group members ultimately agreed to recommend a limited number of changes to the university funding model, including increasing the premium for bachelor's degrees awarded to low-income students, adding a new adult learner metric, and increasing the weighting in the model for nonresident credit hours earned. Recommended changes to the KCTCS model included adding a new adult learner metric, allocating an existing equity adjustment component based on a new Community Needs Index, and using rolling three-year averages of data for all metrics except square feet. These changes were intended to build on the successes of the university and two-year college models to date and bring about incremental but constructive change.

- *2024 Review*. Pursuant to directives outlined in SB 191, the Postsecondary Education Working Group convened in 2024 for the sole purpose of determining how to define "underrepresented students" in the university and KCTCS funding models. After three meetings and much discussion, 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 <u>no</u> weighting and <u>full</u> 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.

<u>WORKING GROUP COMPOSITION</u>

By statute, the Postsecondary Education Working Group is comprised of the president of the Council, the president or designee of each public postsecondary institution, including the president of KCTCS, the Governor or designee, the Speaker of the House or designee, and the President of the Senate or designee (KRS 164.092). This was the composition of the original 2016 working group and has remained the membership of the working group for three subsequent funding model reviews. CPE staff’s role in the process has been to schedule and facilitate meetings, share information about program funding, fiscal impact, and trends in student outcomes, and run performance funding scenarios as requested by work group members.

For the upcoming 2026 review, the composition of the working group may change. On January 7, 2026, a bill sponsored by Representative James Tipton was introduced in the House (26 RS, HB 96), calling for an amendment to KRS 164.092 (i.e., Performance Funding Statute) to change the membership of the Postsecondary Education Working Group of the Council on Postsecondary Education and require that group to convene on a calendar year, rather than a fiscal year, basis.

If enacted, HB 96 would expand membership of the working group from 13 to 21 (with the eight additional members appointed in equal numbers from the House and Senate), designate the president of the Council as chairperson and a nonvoting member of the working group, and modify the frequency of work group convenings from every three fiscal years to every three calendar years. Specific proposed changes to the statute are shown in strikethrough and underline.

(11)(A) The Council on Postsecondary Education is hereby directed to establish a postsecondary education working group composed of the following:

- The president of the Council, ***who shall serve as chairperson of the working group and a nonvoting membe***r;
- The president or designee of each public postsecondary institution, including the president of KCTCS;
- The Governor or designee;
- ***Four (4) members of the House of Representatives appointed by*** the Speaker of the House [~~or designee~~]; [~~and~~]
- ***Four (4) members of the Senate appointed by*** the President of the Senate [~~or designee~~];
- ***One (1) member of the House of Representatives appointed by the Minority Floor Leader of the House of Representatives; and***
- ***One (1) member of the Senate appointed by the Minority Floor Leader of the Senate***.

(HB 96, pages 8-9)

PRELIMINARY TIMELINE

KRS 164.092 requires the results and recommendations of the funding model review to be reported by the Council to the Governor, Interim Joint Committee on Appropriations and Revenue, and Interim Joint Committee on Education by December 1 of each fiscal year that the working group convenes. For the upcoming 2026 iteration of the working group, December 1, 2026 is the deadline for submitting recommended changes to the funding models to state policymakers.

Although current statute stipulates that the Postsecondary Education Working Group shall be convened every three fiscal years, beginning in fiscal year 2020-21, it also indicates that the Council may call the working group to convene prior to the start of the required fiscal year to allow sufficient time for the group to complete its work. In keeping with statutory provisions and after discussions with CPE Executive Leadership, staff is planning to recommend that the working group meet once a month between February 2026 and November 2026 to allow for sufficient time for group discussion and to reach consensus.

It is anticipated that the first three meetings (i.e., February, March, and April) will be scheduled for either Monday mornings or Friday afternoons to accommodate the busy schedules of House and Senate members during the legislative session. Subsequent meetings could be scheduled for the first Wednesday of every month, so they would coincide with previously scheduled presidents' meetings. Ultimately, the specific dates and times of work group meetings will be determined by group members as the 2026 iteration of the funding model review process gets underway.

TOPIC/TITLE:	Revised Meeting Dates for September 2026
STAFF CONTACTS:	Heather Faesy, Program Manager Travis Powell, Executive Vice President & General Counsel
TYPE/REQUEST:	☒ Action ☐ Information

SUMMARY OF ACTION REQUESTED

The Executive Committee will make a recommendation to the Council regarding the approval to reschedule the previously approved meeting dates of the Council and the biannual Postsecondary Education Trusteeship Conference from September 10-12, 2026, to September 27-29, 2026.

SUPPORTING INFORMATION

Per KRS 164.011(9), the Council is required to meet quarterly but may meet more often upon the call of the chair. In order to conduct its business efficiently, the Council typically meets five times per year, and standing committees meet prior to each Council meeting.

Several institutional conflicts have been identified with the previously approved September 2026 meeting dates. To accommodate, the following dates are proposed for approval:

- Executive Committee – From Sunday, Sept. 10 to Sunday, Sept. 27
- Business meeting – From Monday, Sept. 11 to Monday, Sept. 28
- Trusteeship Conference – From Monday/Tuesday, Sept 11-12 to Monday/Tuesday, Sept 28-29.

Meeting times will be finalized at a later date. The other scheduled Committee meeting dates for September will not be impacted.

Kentucky Council on Postsecondary Education

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

JUNE 30, 2025

COUNCIL ON POSTSECONDARY EDUCATION

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JUNE 30, 2025

CPAs / ADVISORS

blue

Blue & Co., LLC / 250 West Main Street, Suite 2900 / Lexington KY 40507 main 859.253.1100 fax 859.253.1384 email blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS

To the Council Members
Council on Postsecondary Education
Frankfort, Kentucky

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Council on Postsecondary Education (the "Council"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As discussed in Note 2 to the financial statements, the Council adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences* and Statement No. 102, *Certain Risk Disclosures,* in 2025. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15, the schedule of proportionate share of the net pension liability and the schedule of pension contributions on pages 58 through 59, the schedule of proportionate share of the net Other Postemployment Benefits (OPEB) liability and the schedule of OPEB contributions on pages 60 through 61, the budgetary comparison information on pages 62 through 68, and notes to the required supplementary information on pages 69 through 74, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying schedule and notes to the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*s is presented on pages 85 through 87 for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Additional Supplementary Information

The additional supplementary information included in the accompanying schedules on pages 75 through 79 is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above referenced additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2026, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Blue & Co., LLC

Lexington, Kentucky
January 15, 2026

The Council on Postsecondary Education (the Council) was established by the passage of House Bill 1 during the first 1997 extraordinary session of the Kentucky General Assembly. As a component unit of the Commonwealth of Kentucky, the Council provides direction and oversight to Kentucky's postsecondary education system.

This Management's Discussion and Analysis (MD&A) provides an overview of the Council's financial activities for fiscal year (FY) 2025. It should be read in conjunction with the basic financial statements and accompanying notes. MD&A is required supplementary information presented before the basic statements and is intended to help readers understand the government-wide (accrual) and fund (modified accrual) perspectives, significant transactions, and currently known conditions.

FINANCIAL HIGHLIGHTS

- During FY 2025, the Council implemented Governmental Auditing Standards Board (GASB) Statement No. 101, *Compensated Absences*, which required recognition of liabilities for unused leave. As a result, the beginning governmental fund balance was decreased by $47,723, from $31,055,167 to $31,007,444, and the government-wide beginning net position decreased by $808,969 (from $10,833,068 to $10,024,099). Prior-year amounts shown in MD&A remain as originally reported; readers should consider the restatement when comparing years. Additional details are provided in Note 2 to the financial statements.
- The assets of the Council exceeded its liabilities at the close of FY 2025 by $7,474,079, compared to $10,833,068 at the end of FY 2024.
- Net position decreased $2,550,020 during FY 2025, compared to the $12,206,492 decrease in FY 2024.
- As of June 30, 2025, the Council's governmental funds reported an ending fund balance of $25,076,125, compared to $31,055,167 at June 30, 2024. These balances include strategic investment and incentive funding programs appropriated to the Council on behalf of public postsecondary education institutions and agency operations.
- Total fund revenues for FY 2025 were 29,148,444, representing a 40% decrease from FY 2024 revenues of $48,508,033. This decrease was primarily due to the absence of Research Challenge Trust Fund appropriations and related federal program activity that occurred in FY 2024.
- Total fund expenditures for FY 2025 were $35,079,763, a 49% decrease from FY 2024 expenditures of $69,449,101, reflecting the completion of major strategic investment initiatives funded in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The audit report consists of four parts:

- Management's Discussion and Analysis (this section)
- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide statements provide a long-term view of the Council's finances, while fund statements focus on short-term inflows, outflows, and balances of spendable resources. Reconciliations between the two are provided in the basic financial statements.

Government-wide Financial Statements:

The Council's government-wide statements (Statement of Net Position and Statement of Activities) present the Council as one economic entity, prepared on the accrual basis. The financial statements are designed to provide readers with a broad overview of the Council's finances, with an emphasis on the major funds within the governmental category.

The statement of net position presents information on all the Council's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the two reported as net position.

The statement of activities presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 16 through 18 of this report.

Governmental Fund Financial Statements:

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to segregate appropriations designated for specific purposes. The Council reports on two fund types, governmental and fiduciary.

Governmental fund statements (Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances) focus on near-term inflows/outflows of spendable resources on the modified accrual basis; reconciliations explain differences with the government-wide statements. Under the governmental fund type, the Council's finances are displayed by discrete program or activity that also may be described as a fund group. The grouping of programs and discrete activities provides useful information by using a grouping that is more easily recognized by the reader.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental fund financial statements with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Council's near-term financial decisions. Both the fund balance sheet and statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison. These two reconciliations can be found on pages 20 and 22 of this report.

Fiduciary Fund Financial Statements:

Fiduciary fund statements (Custodial funds) reports resources held for others; these are excluded from the government-wide presentation. The Council is the trustee or fiduciary responsible for assets, which can be used only for the trust beneficiaries per trust agreement. The Council is responsible for ensuring the assets reported in these funds are used for their intended purposes.

All the Council's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The accounting for fiduciary funds is much like that used for proprietary funds. The statement of fiduciary net position and the statement of changes in fiduciary net position can be found on pages 23 and 24, respectively of this report.

Notes to the Financial Statements:

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found beginning on page 25.

FINANCIAL ANALYSIS OF THE COUNCIL

Government-wide Financial Analysis:

Condensed Financial Information

Statement of Net Position

	June 30, 2025	June 30, 2024
Assets:		
Current	$ 22,072,308	$ 21,099,550
Noncurrent	11,557,618	19,334,676
Total assets	33,629,926	40,434,226
Deferred outflows of resources	1,515,386	1,911,309
Total assets and deferrals	$ 35,145,312	$ 42,345,535
Liabilities:		
Current	$ 7,956,475	5,760,051
Noncurrent	17,440,055	22,426,031
Total liabilities	25,396,530	28,186,082
Deferred inflows of resources	2,274,704	3,326,385
Total liabilities and deferrals	$ 27,671,234	$ 31,512,467
Net position (deficit):		
Net investment in capital assets	$ (194,029)	$ 73,036
Restricted	23,400,173	27,833,874
Unrestricted deficit	(15,732,066)	(17,073,842)
Total net position (deficit)	$ 7,474,078	$ 10,833,068

The above condensed financial information presents the Council's Statement of Net Position for FY 2025 and FY 2024, which support the analysis discussed above.

Current assets consist primarily of program cash and cash equivalents, due from the federal government, intergovernmental receivables, and prepaid expenses. Noncurrent assets consist primarily of investments, restricted investments, right-to-use subscription-based information technology assets, and capital assets.

Current liabilities as of June 30, 2025 consist primarily of subscription-based information technology arrangement (SBITA) obligations, accrued compensated absences, unearned grant revenue of $2.38 million, and amounts due to grantors. Unearned revenue represents resources received before eligibility requirements were met, including $1.91 million for the Healthcare Workforce Investment Fund and $0.47 million for other special grant initiatives. Noncurrent liabilities include the portion of accrued compensated absences not expected to be liquidated with expendable financial resources, the noncurrent portion of subscription liabilities, the net pension liability, and the net liability for other post-employment benefits.

Net position is divided into three components:

- *Net investment in capital assets*, which represents the Council's capital assets, net of accumulated depreciation and subscription liabilities.
- *Restricted net position*, which primarily consists of cash and investments related to the Council's strategic trust funds and other funding programs, net of outstanding liabilities; and
- *Unrestricted net position (deficit),* which consists primarily of cash and investments related to the Council's operations and technology programs, net of outstanding liabilities.

As of June 30, 2025, net position represents the difference between assets and liabilities mentioned above. Assets exceeded liabilities by approximately $7.5 million. Total assets and deferrals decreased by approximately $7.2 million, primarily due to reductions in restricted investments and cash balances following the completion of major strategic initiatives. Total liabilities and deferrals decreased by approximately $3.9 million, reflecting lower subscription liabilities and pension-related deferred inflows. The net position decrease of $3.36 million during FY 2025 includes the current-year operating decrease of $2.55 million and the GASB 101 restatement of $0.81 million.

The Council's Statements of Net Position is condensed in the financial table the follows, providing a comparative view of FY 2025 and FY 2024, which supports analysis discussed following the table.

Condensed Financial Information
Statement of Activities
For the Fiscal Years Ended

Revenues:	**June 30, 2025**	**June 30, 2024**
Program revenues:		
Charges for services	$ 4,667,205	$ 4,446,209
Operating grants and contributions	8,719,788	16,083,978
Capital grants and contributions	428,978	482,589
State appropriations	14,056,602	25,716,173
Investment income–unrestricted	1,049,639	1,545,508
Investment income–restricted	226,232	233,576
Total revenues	29,148,444	48,508,033
Expenses:		
Strategic investment & incentive funding program	17,594,451	40,291,747
Agency operations	7,196,819	5,854,881
Federal programs	6,419,195	14,077,058
Equine industry program trust and revolving fund	480,000	483,826
Depreciation	7,999	7,013
Total expenses	31,698,464	60,714,525
Change in net position	(2,550,020)	(12,206,492)
Net position, beginning of year	10,833,068	23,039,560
Restatement for GASB 101	(808,969)	-0-
Net position–restated	10,024,099	-0-
Net position, end of year	$ 7,474,079	$ 10,833,068

General Fund appropriations from the Commonwealth of Kentucky remain the primary funding source for the Council's activities. The Kentucky General Assembly, through the appropriations bill and other statutory provisions, directs the use of those appropriations to specific programs and initiatives. In FY 2025, state appropriations totaled $14.1 million, a significant decrease from FY 2024 due to the absence of one-time funding for the Bucks for Brains endowment matching program and other strategic initiatives completed in the prior year.

Federal program revenues totaled $6.8 million, reflecting continued support for GEAR UP and other initiatives, including the Healthcare Workforce Investment Fund. This fund was established during FY 2025 to expand healthcare education and workforce capacity through targeted grants and partnerships. Unearned grant revenue of $2.38 million was recorded at year-end for this program and other special initiatives, representing resources received before eligibility requirements were met.

Appropriations and federal grants provide the Council flexibility to implement its statutory responsibilities and strategic agenda for postsecondary education. Strategic Investment and Incentive Funding Programs remain the primary vehicles for advancing statewide goals, supporting initiatives such as technology infrastructure, institutional excellence, and workforce development. These programs accounted for the largest share of FY 2025 expenditures, although overall spending decreased significantly from FY 2024 following the completion of initiatives.

Governmental Fund Financial Analysis:

As noted earlier, the Council uses fund accounting to ensure and to demonstrate compliance with finance-related and legal requirements. The focus of the Council's fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, fund balances may serve as a useful measure of an agency's net resources available for program purposes at the end of the fiscal year.

At June 30, 2025, total governmental fund assets were $29.7 million, compared to $33.6 million at June 30, 2024, a decrease of approximately $3.9 million. This decline primarily reflects reductions in restricted cash and investments following the completion of major strategic initiatives.

Total liabilities increased to $4.6 million from $2.5 million in the prior year. The increase is largely attributable to the recognition of unearned grant revenue of $2.38 million, which represents resources received before eligibility requirements were met, including amounts for the Healthcare Workforce Investment Fund and other special grant initiatives. Other current liabilities include accounts payable, accrued expenses, and the current portion of compensated absences.

Ending fund balances totaled $25.1 million, down from $31.1 million at June 30, 2024. The decrease of approximately $6.0 million includes the GASB 101 restatement of $(47,723) applied to the beginning balance and reflects the overall reduction in program activity compared to the prior year. Fund balances primarily consist of resources restricted for strategic investment and incentive funding programs, technology initiatives, and other targeted programs.

The following condensed Balance Sheet table summarizes these amounts for FY 2025 compared to FY 2024 and supports the analysis discussed above.

Condensed Financial Information
Balance Sheet

	June 30, 2025	June 30, 2024
Total assets	$ 29,656,872	$ 33,594,749
Total liabilities	$ 4,580,746	$ 2,539,581
Fund balances	25,076,126	31,055,168
Total liabilities and fund balances	$ 29,656,872	$ 33,594,749

The following condensed Statement of Revenues, Expenditures, and Changes in Fund Balances table summarizes these amounts for FY 2025 compared to FY 2024 and supports the analysis discussed below.

Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Years Ended

	June 30, 2025	June 30, 2024
Revenues:		
State appropriations	$ 14,056,602	$ 25,716,417
Federal revenues	6,801,943	14,340,914
Intergovernmental revenues	1,410,656	482,589
Other grants revenues	880,397	-0-
Charges for services	4,638,293	4,446,209
Investment earnings	1,275,871	1,779,084
Other revenues	84,682	1,742,820
Total revenues	29,148,444	48,508,033
Expenditures:		
Personnel services	16,816,843	12,510,368
Other operating expenditures	3,872,607	6,288,005
Grants and subsidies	3,457,016	10,986,312
Intergovernmental expenditures	7,910,361	29,854,340
Capital expenditures	-0-	6,601,436
Debt service and related costs	3,022,935	3,208,640
Total Expenditures	35,079,762	69,449,101
SBITA financing	-0-	6,486,633
Net change in fund balances	(5,931,318)	(14,454,435)
Fund balances, beginning of year	31,055,167	45,509,602
Restatement for GASB 101	(47,723)	-0-
Fund balance, restated	31,007,444	-0-
Fund balances, end of year	$ 25,076,126	$ 31,055,167

Total revenues for FY 2025 were $29.1 million, a decrease of $19.4 million (40%) compared to FY 2024. The most significant factor was a $11.7 million reduction in state appropriations, primarily due to the absence of one-time funding for endowment matching programs such as Bucks for Brains. Federal revenues also declined by $7.5 million, reflecting the completion of major American Rescue Plan and Healthcare Workforce Initiative activities. Offsetting these decreases were modest increases in intergovernmental revenues and other grant revenues, which together added approximately $1.8 million. Charges for services remained stable, while investment earnings decreased by $0.5 million due to market conditions. Other revenues fell by $1.7 million, largely attributable to prior-year one-time receipts.

Expenditures totaled $35.1 million, down $34.4 million (50%) from FY 2024. The largest reductions occurred in intergovernmental expenditures, which decreased by $21.9 million, and grants and subsidies, which fell by $7.5 million, as prior-year matching payments and federal program disbursements concluded. Personnel services increased by $4.3 million due to salary adjustments and benefit costs, while other operating expenditures declined by $2.4 million. Debt service costs related to subscription-based technology agreements totaled $3.0 million, consistent with scheduled payments. No capital expenditures occurred in FY 2025.

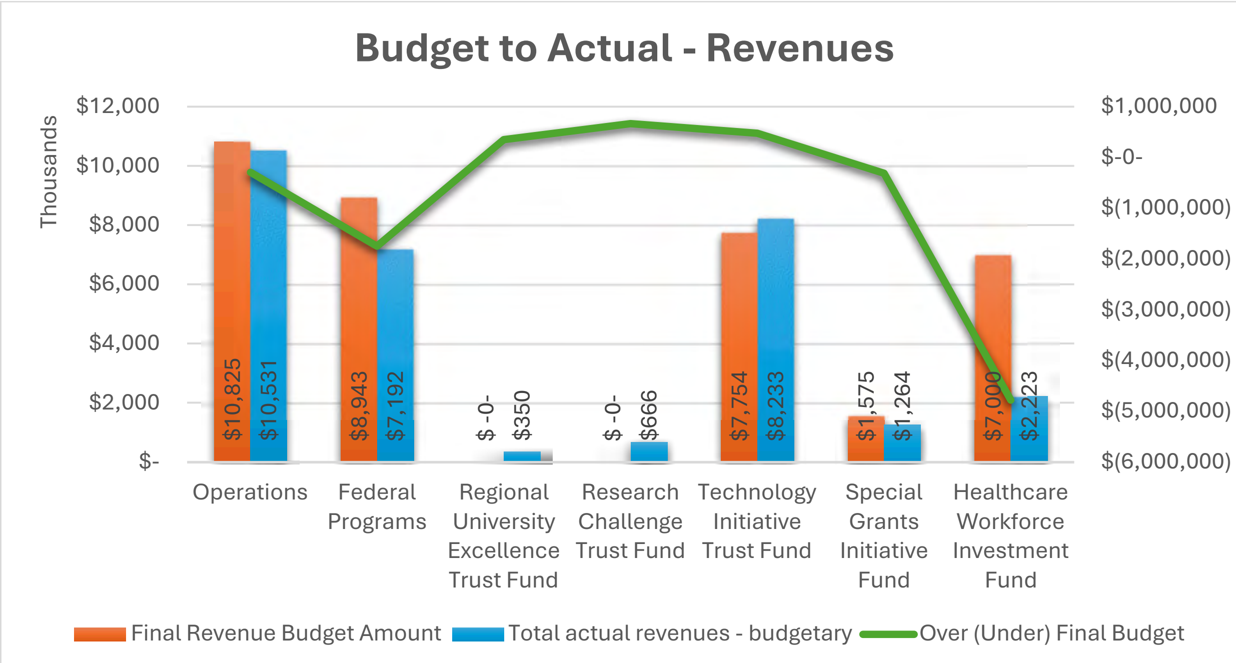
Other expenditures represent all other operating expenses of the Council such as postage and related services, rentals and equipment leases, supplies, travel, and dues and subscriptions, as well as contractual obligations for the Kentucky Virtual Campus/Library databases and courier services.

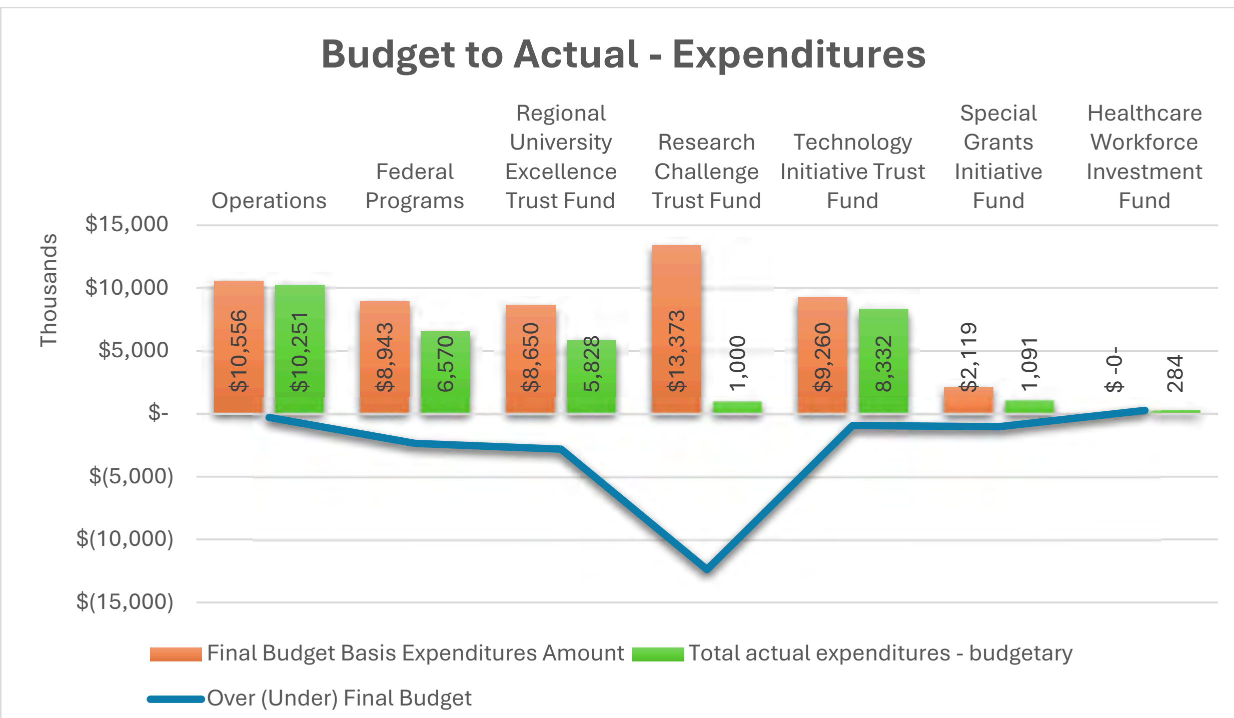
The net result was a $5.9 million decrease in fund balances, compared to a $14.5 million decrease in FY 2024, leaving an ending fund balance of $25.1 million. This decrease includes the effect of implementing GASB Statement No. 101, *Compensated Absences*, which required recognition of additional liabilities for unused leave. The adoption resulted in a $47,725 reduction to the beginning fund balance as of July 1, 2024.

BUDGETARY HIGHLIGHTS

The Council adopts its annual budget on the budgetary basis, which differs from GAAP reporting. Actual results are presented on this basis and reconciled to accounting principles generally accepted in the United States of America (GAAP) in the notes. Variances between budgetary and GAAP amounts primarily reflect timing differences, such as encumbrances and grant reimbursements, accruals, and noncash items. See Note 5 of the Required Supplementary information for section for a detailed reconciliation of budgetary basis to GAAP amounts.

The accompanying charts summarize actual revenues and expenditures for major funds compared to their final budgeted amounts for each major funds. These visuals support the narrative analysis that follows where significant variances occurred.





Operations finished slightly under budget on both revenues and expenditures, consistent with normal year-end timing of encumbrances and reimbursements.

Federal Programs were under budget due to delays in federal grant reimbursements and deferred program activity.

Technology Initiative Trust Fund exceeded revenue expectations while remaining under budget on expenditures, reflecting project phasing.

Regional University Excellence Trust Fund and Research Challenge Trust Fund had significant under-expenditures due to multi-year matching programs, while investment earnings created positive revenue variances.

Healthcare Workforce Investment recognized less revenue than budgeted and incurred modest start-up costs, as program implementation will continue in FY 2026 through FY 2030.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

The Council's long-term financial position is influenced by its capital assets and long-term obligations. At June 30, 2025, capital assets consisted of audio/visual equipment with a cost of $80,049 and accumulated depreciation of $15,012, resulting in a net book value of $65,037. Depreciation expense for the year totaled $7,999. The Council also maintains subscription-based IT arrangements (SBITAs) for Kentucky Virtual Library and related services. The net right-to-use intangible asset was $3.12 million at year-end, and the related SBITA liability decreased to $3.21 million after principal payments of $3.02 million. Future obligations under these agreements total $3.38 million, including $3.21 million in principal and $165,336 in interest due in FY26. In addition, the Council reported commitments of approximately $39.6 million for strategic investment and incentive funding programs and pass-through programs, which will be funded primarily by legislative appropriations and federal program revenues in the subsequent fiscal year.

Pension and Other Postemployment Benefits

The Council's long-term liabilities also include pension and other postemployment benefit (OPEB) obligations. At June 30, 2025, the net pension liability was $15.47 million, and the net OPEB liability was $912,213, along with related deferred inflows and outflows. Employer contributions for FY25 totaled $1,026,798 for pensions and $33,719 for OPEB, representing 100% of required amounts. These obligations significantly affect the Council's government-wide net position and reflect the ongoing impact of retirement and healthcare benefits on long-term financial sustainability. Readers should refer to Notes 10, and 11 of the financial statement and Notes 1 through 4 of the Required Supplementary Information schedules for additional details.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

When preparing the fiscal year 2026 budget, the Council considered several factors, including legislative priorities, program commitments, and anticipated economic conditions. Unlike a municipality, the Council does not rely on property taxes or local business revenues; its primary funding sources are Appropriations from the Commonwealth and federal program awards. The FY26 budget reflects the completion of major one-time initiatives funded in FY24 and FY25, such as endowment matching under the Bucks for Brains program, which significantly reduced FY25 appropriations and pass-through activity.

The Council's FY26 spending plan prioritizes strategic investment and incentive programs, technology infrastructure, and workforce development initiatives, including continued implementation of the Healthcare Workforce Investment Fund. At June 30, 2025, the Council reported $1.91 million in unearned revenue for this program, which will be recognized as institutions meet eligibility requirements and submit documentation for matching funds. This initiative is expected to remain a key component of the Council's strategic agenda in FY26.

The Council also administers several custodial programs, including the Kentucky State University Loan Repayment Trust Fund, which holds a $23 million receivable. Legislative decisions during the 2026 Regular Session regarding repayment terms or potential forgiveness may affect fiduciary balances and future reporting. While the FY26 budget is based on realistic expectations of appropriations and federal reimbursements, actual results may vary due to timing of grant receipts, milestone-based revenue recognition, and investment performance. The Council will continue to monitor these factors closely and maintain budgetary discipline while advancing statewide postsecondary education goals.

CONTACTING THE COUNCIL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Council's finances. If you have any questions concerning the information provided in this report or need additional financial information, contact Mr. Bill Payne, Vice President for Finance and Administration or Leslie Brown, Director, Administrative Services, Council on Postsecondary Education, 100 Airport Drive, Third Floor, Frankfort, Kentucky, 40601. Both individuals can be contacted by phone at (502) 573-1555.

COUNCIL ON POSTSECONDARY EDUCATION

STATEMENT OF NET POSITION

JUNE 30, 2025

		Governmental Activities
ASSETS		
Current Assets		
Cash and cash equivalents	$	949,317
Cash and cash equivalents - restricted		18,560,911
Accounts receivable		93,760
Grant receivable		4,620
Intergovernmental receivables		923,069
Due from the Federal government		749,277
Prepaid expenses		791,355
Total current assets		22,072,309
Noncurrent assets:		
Investments		1,906,959
Investments - restricted		6,468,959
Capital assets, net		65,037
Right-of-use subscription assets, net		3,116,663
Total noncurrent assets		11,557,618
Total assets	$	33,629,927
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	$	1,320,159
OPEB plan		195,227
Total deferred outflows of resources	$	1,515,386

See accompanying notes to the financial statements.

COUNCIL ON POSTSECONDARY EDUCATION

STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2025

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts and other payables	916,275
Unearned grant revenue	2,380,222
Due to the state investment pool	2,599
Accrued expenses	425,284
Subscription-based information technology (SBITA)	3,210,393
SBITA accrued interest	165,336
Compensated absences	856,366
Total current liabilities	7,956,475
Noncurrent liabilities:	
Compensated absences	1,057,034
Net pension	15,470,808
Net OPEB	912,213
Total noncurrent liabilities	17,440,055
Total liabilities	$ 25,396,530
DEFERRED INFLOWS OF RESOURCES	
Pension plan	$ 1,080,619
OPEB plan	1,194,085
Total deferred inflows of resources	$ 2,274,704
NET POSITION (DEFICIT)	
Net investment in capital assets	$ (194,029)
Restricted	23,400,174
Unrestricted deficit	(15,732,066)
Total net position (deficit)	$ 7,474,079

See accompanying notes to the financial statements.

COUNCIL ON POSTSECONDARY EDUCATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Net (Expenses) Revenues and Changes in Net Position**
Operations	$ 7,196,819	$ 501,900	$ 283,294	$ -0-	$ (6,411,625)
Federal Programs	6,419,195	-0-	6,520,497	-0-	101,302
Regional University Excellence Trust Fund	5,827,601	-0-	-0-	-0-	(5,827,601)
Research Challenge Trust Fund	1,000,000	-0-	-0-	-0-	(1,000,000)
Technology Initiative Trust Fund	8,092,845	4,165,305	451,513	-0-	(3,476,027)
Special Grants Initiatives Fund	1,317,730	-0-	1,322,497	-0-	4,767
Healthcare Workforce Initiative Fund	283,974	-0-	141,987	-0-	(141,987)
Equine Industry Program Trust and Revolving Fund	480,000	-0-	-0-	428,978	(51,022)
Kentucky Regional Network Enhancement	606,018	-0-	-0-	-0-	(606,018)
Kentucky State University Fiscal Stabilization Fund	466,283	-0-	-0-	-0-	(466,283)
Unallocated depreciation expense	7,999	-0-	-0-	-0-	(7,999)
Total governmental activities	$ 31,698,464	$ 4,667,205	$ 8,719,788	$ 428,978	$ (17,882,493)

General revenues:	
State appropriations	14,056,602
Income from investments	1,049,639
Earnings on investments–unrestricted	226,232
Total general revenues	15,332,473
Change in net position	(2,550,020)
Net position–beginning of year, restated	10,024,099
Net position–end of year	$ 7,474,079

See accompanying notes to the financial statements.

COUNCIL ON POSTSECONDARY EDUCATION

BALANCE SHEET–GOVERNMENTAL FUNDS

JUNE 30, 2025

	Operations	Federal Programs	Regional University Excellence Trust Fund	Research Challenge Trust Fund	Technology Initiative Trust Fund	Special Grants Initiatives Fund	Healthcare Workforce Investment Fund	Other Governmental Funds	Total Governmental Funds
Assets									
Cash and cash equivalents	$ 148,952	$ -0-	$ -0-	$ -0-	$ 800,365	$ -0-	$ -0-	$ -0-	$ 949,317
Investments	753,140	-0-	-0-	-0-	1,153,819	-0-	-0-	-0-	1,906,959
Accounts receivable	-0-	-0-	-0-	-0-	93,760	-0-	-0-	-0-	93,760
Due from other governments	50,369	-0-	-0-	-0-	319,647	533,653	-0-	19,400	923,069
Due from Federal government	-0-	749,277	-0-	-0-	-0-	-0-	-0-	-0-	749,277
Grant receivable	-0-	-0-	-0-	-0-	4,620	-0-	-0-	-0-	4,620
Restricted assets:									
Cash and cash equivalents	141,869	-0-	2,956,165	11,298,868	3,566,377	28,553	491,401	77,678	18,560,911
Investments	717,326	-0-	781,105	2,985,485	-0-	144,366	1,447,920	392,757	6,468,959
Total assets	$ 1,811,656	$ 749,277	$ 3,737,270	$ 14,284,353	$ 5,938,588	$ 706,572	$ 1,939,321	$ 489,835	$ 29,656,872
Liabilities:									
Accounts and other payables	50,369	481,368	-0-	-0-	72,092	173,046	-0-	139,400	916,275
Accrued expenses	252,148	100,447	-0-	-0-	22,026	50,663	-0-	-0-	425,284
Interfund payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Due to the state investment pool	-0-	2,599	-0-	-0-	-0-	-0-	-0-	-0-	2,599
Unearned grant revenue	-0-	-0-	-0-	-0-	-0-	474,361	1,905,861	-0-	2,380,222
Accrued compensated absences	668,986	164,863	-0-	-0-	13,181	8,502	-0-	834	856,366
Total liabilities	971,503	749,277	-0-	-0-	107,299	706,572	1,905,861	140,234	4,580,746
Fund balances:									
Nonspendable	-0-	-0-	-0-	-0-	13,500	-0-	-0-	-0-	13,500
Restricted	803,714	-0-	3,737,270	14,284,353	3,843,678	-0-	33,460	350,435	23,052,910
Committed	-0-	-0-	-0-	-0-	1,908,175	-0-	-0-	-0-	1,908,175
Assigned	902,092	-0-	-0-	-0-	65,936	-0-	-0-	-0-	968,028
Unassigned	(865,653)	-0-	-0-	-0-	-0-	-0-	-0-	(834)	(866,487)
Total fund balances	840,153	-0-	3,737,270	14,284,353	5,831,289	-0-	33,460	349,601	25,076,126
Total liabilities and fund balances	$ 1,811,656	$ 749,277	$ 3,737,270	$ 14,284,353	$ 5,938,588	$ 706,572	$ 1,939,321	$ 489,835	$ 29,656,872

See accompanying notes to the financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balance - Governmental Funds		$ 25,076,126
Amounts reported for governmental activities in the statement of net position are different because:		
The deferred outflows of resources are not current financial resources, and therefore, are not reported in the governmental funds.		1,515,386
Prepaid expenses are accounted for in the governmental funds as expenditures in the period of acquisition and, therefore, are not financial resources and are not reported in the governmental funds.		
Prepaid expenses		791,355
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	80,049	
Less accumulated depreciation	(15,012)	65,037
Subscription-based information technology arrangements (SBITAs) create intangible assets and long-term liabilities that are not reported in the governmental funds		3,116,663
Long-term subscription liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
SBITA liability	(3,210,393)	
SBITA interest	(165,336)	(3,375,729)
The noncurrent portion of accrued compensated absences is not due and payable in the current year and, therefore, is not reported in the governmental funds.		
Accrued compensated absences - noncurrent portion		(1,057,034)
The deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(2,274,704)
The net pension liability and net OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(16,383,021)
Total Net Position		$ 7,474,079

See accompanying notes to the financial statements.

COUNCIL ON POSTSECONDARY EDUCATION

STATEMENT OF REVENUES, EXPENDITUES AND CHANGES IN FUND BALANCES–GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Operations	Federal Programs	Regional University Excellence Trust Fund	Research Challenge Trust Fund	Technology Initiative Trust Fund	Special Grants Initiatives Fund	Healthcare Workforce Investment Fund	Other Governmental Funds	Total Governmental Funds
Revenues									
State appropriations	$ 9,779,366	$ -0-	$ -0-	$ -0-	$ 3,653,200	$ -0-	$ 141,987	$ 482,049	$ 14,056,602
Federal revenues	281,446	6,520,497	-0-	-0-	-0-	-0-	-0-	-0-	6,801,943
Intergovernmental revenues	-0-	-0-	-0-	-0-	385,018	596,660	-0-	428,978	1,410,656
Other grants revenues	1,848	-0-	-0-	-0-	10,725	725,837	141,987	-0-	880,397
Charges for services	501,900	-0-	-0-	-0-	4,136,393	-0-	-0-	-0-	4,638,293
Investment earnings	-0-	-0-	349,857	666,322	226,232	-0-	33,460	-0-	1,275,871
Other revenues	-0-	-0-	-0-	-0-	84,682	-0-	-0-	-0-	84,682
Total revenues	10,564,560	6,520,497	349,857	666,322	8,496,250	1,322,497	317,434	911,027	29,148,444
Expenditures									
Current:									
Personnel services	8,248,352	3,400,893	-0-	-0-	3,549,559	1,160,730	-0-	457,309	16,816,843
Utilities, rental, and other services	862,018	419,223	-0-	-0-	513,862	57,072	-0-	-0-	1,852,175
Commodities and supplies	947,125	194,738	-0-	-0-	534,270	36,411	-0-	-0-	1,712,544
Travel	98,726	124,474	-0-	-0-	47,204	25,942	-0-	11,542	307,888
Grants and subsidies	225,621	2,381,169	-0-	-0-	403,910	42,342	283,974	120,000	3,457,016
Intergovernmental expenditures	-0-	-0-	5,827,601	1,000,000	116,742	-0-	-0-	966,018	7,910,361
Debt service and related costs:									
Principal - SBITA	-0-	-0-	-0-	-0-	3,022,935	-0-	-0-	-0-	3,022,935
Total expenditures	10,381,842	6,520,497	5,827,601	1,000,000	8,188,482	1,322,497	283,974	1,554,869	35,079,762
Excess (deficiency) of revenues over expenditures	182,718	-0-	(5,477,744)	(333,678)	307,768	-0-	33,460	(643,842)	(5,931,318)
Fund balances–beginning of year, restated	657,435	-0-	9,215,014	14,618,031	5,523,521	-0-	-0-	993,443	31,007,444
Fund balances, end of year	$ 840,153	$ -0-	$ 3,737,270	$ 14,284,353	$ 5,831,289	$ -0-	$ 33,460	$ 349,601	$ 25,076,126

See accompanying notes to the financial statements.

COUNCIL ON POSTSECONDARY EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITUES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances – Governmental Funds		$ (5,931,318)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report as expenditures certain payments that benefit future periods. In the statement of activities, this future benefit is deferred until the service has been received.		
Change in prepaid expenses		455,777
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of these assets is depreciated over their estimated useful life		
Current year depreciation expense		(7,999)
Governmental funds report payments for subscription-based information technology arrangements as expenditures when paid. However, in the statement of activities, these payments reduce the subscription liability, and amortization expense is recognized over the subscription term		
SBITA payments reported as expenditures	3,022,935	
Less: amortization expense on subscription asset	(3,116,665)	(93,730)
Interest expense on subscription liabilities is recognized in the statement of activities but not in governmental funds.		(165,336)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Pension		2,263,568
OPEB		818,007
Accrued compensated absences not payable from current year resources are not reported as expenditures of the current year. In the statement of activities these costs represent expenses of the current year.		
Change in the noncurrent portion of accrued compensated absences		111,011
Change in Net Position – Governmental Activities		$ (2,550,020)

See accompanying notes to the financial statements.

COUNCIL ON POSTSECONDARY EDUCATION

STATEMENT OF FIDUCIARY NET POSITION–FIDUCIARY FUNDS
JUNE 30, 2025

	Total Custodial Funds
Assets	
Cash and cash equivalents - restricted	$ 5,880
Interfund receivable	23,000,000
Investments - restricted	29,726
Total assets	$ 23,035,606
Liabilities	
Accounts payable	$ 35,606
Total liabilities	35,606
Net Position	
Restricted for:	
Individual, organizations, and other governments	$ 23,000,000

See accompanying notes to the financial statements.

COUNCIL ON POSTSECONDARY EDUCATION

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION–FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Total Custodial Funds
Additions	
State allotments	$ 17,193,200
Intergovernmental revenue	2,243,202
Interest income	13,138
Total additions	19,449,540
Deductions	
Payments to beneficiaries	19,449,540
Total deductions	19,449,540
Changes in net position	-0-
Net Position–Beginning of year	23,000,000
Net Position–End of year	$ 23,000,000

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

This summary of significant accounting policies of the Council on Postsecondary Education (the Council) is presented to assist in understanding the Council's financial statements. The financial statements and notes are representations of the Council's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

The accompanying financial statements of the Council are included in the general-purpose financial statements of the Commonwealth of Kentucky (the Commonwealth) as a discretely presented component unit (within component units - universities and colleges).

Council on Postsecondary Education:

The Council was created by the passage of House Bill 1 during the 1997 Extraordinary Session of the Kentucky General Assembly to provide direction and oversight to all of Kentucky's postsecondary education institutions. The Council was established as an agency, instrumentality, and political subdivision of the Commonwealth. The Council is composed of the Commissioner of Education (nonvoting ex officio member), a faculty member, a student member, and thirteen citizen members. Citizen Council members are selected from a list of nominees provided to the Governor under the nominating process set forth in the Kentucky Postsecondary Education Improvement Act of 1997.

Kentucky Revised Statute Chapter 164 provides that the Council has the responsibility to develop a strategic plan for postsecondary education with advice from the Strategic Committee on Postsecondary Education; to develop an accountability system to evaluate the performance and effectiveness of the Commonwealth's postsecondary education system and its compliance with the strategic plan; to revise and approve the missions of the Commonwealth's universities and the Kentucky Community and Technical College System; and to determine the compliance of the postsecondary institutions with their academic, service, and research missions. The Council shall determine tuition and approve the minimum qualifications for admission to the postsecondary educational system. The Council shall review and approve all capital construction projects including real property acquisitions. The Council shall define and approve the offering of all postsecondary education technical, associate, baccalaureate, graduate, and professional degree, certificate, or diploma programs in the public postsecondary education institutions. Additional responsibilities include, but are not limited to, promoting employee and faculty development statewide; ensuring coordination, transferability, and connectivity of technology among the Commonwealth's postsecondary educational institutions; and identifying standardized degree programs and eliminating or making changes in existing academic programs at the Commonwealth's postsecondary educational institutions.

Kentucky Virtual Campus:

In accordance with Kentucky Revised Statute (KRS) 164.800, the Council has established the Commonwealth Virtual Campus to make academic programs available to the citizens of the Commonwealth through the use of modern methods of communications and information dissemination as determined by the Council after consideration of the recommendations of the Distance Learning Advisory Committee and the needs expressed by regional advisory groups. The Council has established a Distance Learning Advisory Committee to advise the Council on matters relating to the Kentucky Virtual Campus. The members of the advisory committee include the Presidents of each of the nine State postsecondary education institutions, the Executive Director of the Kentucky Educational Television Network, a representative of the Association on Independent Kentucky Colleges and Universities, and other representatives as the Council deems appropriate.

Regional universities shall be the primary developers and deliverers of baccalaureate and master's degree programs to be delivered by the Kentucky Virtual Campus. The Council shall determine the allocation of tuition, course offerings, source of courses, technology to be used, and other matters relating to the use of distance learning to promote education through the Kentucky Virtual Campus. The accounts of the Kentucky Virtual Campus (KYVC) include the Kentucky Virtual Library (KYVL) and are included in the accompanying financial statements.

Basis of Presentation

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, "*Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*," the financial statements include a Management's Discussion and Analysis (MD&A) section providing an analysis of the Council's overall financial position and results of operations. The Council also presents two sets of financial statements: government-wide financial statements and governmental fund financial statements.

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the Council. For the most part, the effect of interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. *General revenues* include appropriations and other items not included in program revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund balance, revenues, and expenditures. Funds reported by the Council are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Council or total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least ten percent of the total for all governmental funds combined. In addition, any other fund that management feels has importance to the financial statement users may be reported.

Governmental Funds

Governmental funds are those through which most of the Council's functions are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Council's major governmental funds:

Operations –

Supports general agency operations, provides essential services and resources that support the board, president, and agency staff in carrying out the Council's statutory duties and strategic agenda priorities. Also funds functions such as human resources, budgeting, accounting, purchasing, communications, board relations, data and research, workforce and economic development and academic excellence.

Federal Programs –

This fund represents all programs financed by a federal agency, including both grants directly awarded to the Council and grants passed through to the Council from another entity (i.e. pass-through). The Council is the recipient of the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP), the Governor's Emergency Education Relief Fund (GEER), and the American Rescue Plan.

Technology Initiative Trust Fund –

This fund is intended to support investments in electronic technology to improve student learning throughout the Commonwealth of Kentucky. The fund also is designed to promote other programs consistent with purposes of the postsecondary education reform. The Council may establish subsidiary programs to be funded from this fund.

Regional University Excellence Trust Fund –

The goal of this fund is to provide certain endowment fund matches at the Commonwealth's six public Universities not provided through the Research Challenge Trust Fund and to provide endowment matching for specific purposes.

Research Challenge Trust Fund –

The goal of this fund is to encourage research at the University of Kentucky and the University of Louisville and to provide endowment matching for specific purposes.

Special Grants Initiatives Fund –

This fund consists of resources provided through intergovernmental and outside grants. It supports targeted projects and initiatives that align with the Council's mission and strategic priorities but are funded by external entities rather than state appropriations. Activities financed through this fund may include collaborative programs.

Healthcare Workforce Investment Fund –

This fund is designed to support initiatives that strengthen Kentucky's healthcare workforce. It provides resources for programs that expand training opportunities, address workforce shortages, and improve access to healthcare education across the Commonwealth. The fund may be used to develop partnerships with educational institutions, healthcare providers, and community organizations to ensure a sustainable pipeline of qualified professionals. Investments from this fund aim to enhance healthcare delivery and promote economic development through a skilled workforce.

Other (non-major) Governmental Funds –

Other governmental funds of the Council account for appropriations, grants, and other resources whose use may be restricted for a particular purpose and include all governmental funds not meeting the criteria of a major fund. These include:

- Equine Industry Program Trust and Revolving Fund (Equine Fund)
- Kentucky Regional Network Enhancement Fund
- Kentucky State University Stabilization Fund

Fiduciary Funds:

Following the Council's financial statements are separate financial statements for fiduciary funds. Fiduciary funds are excluded from the Council's financial statements as these assets are held in a true capacity for various institutions and cannot be used to support the Council's funds. The fiduciary funds (not included in the government-wide financial statements) include:

Custodial Funds –

Custodial funds account for monies held by the Council for custodial purposes only. Pass-through programs currently accounted for through agency funds include:

- Healthcare Residency Program
- National Stem Cell Research Fund
- Cancer Research Institutions Matching Fund
- Ovarian Cancer Screenings
- Cancer Research and Screenings
- Spinal Cord and Head Injury Research

- Southern Regional Education Board (SREB) Scholars Program
- Kentucky State University Fiscal Stabilization

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus:

The government-wide financial statements of the Council (i.e., the statement of net position and the statement of activities) report information on all the activities of the Council. The government-wide financial statements are reported using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of changes in net position and financial position. All assets and liabilities, current or noncurrent, associated with their activities are reported.

In the governmental fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. These funds use fund balance as the measure of available spendable financial resources at the end of the period.

Fiduciary funds consist of custodial funds, and they present statement of fiduciary net position and statement of changes in fiduciary net position.

Basis of Accounting:

The government-wide financial statements and the fiduciary fund financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are susceptible to accrual and are recognized in the financial statements when they are measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. The Council defines "available" as revenues to be collected within 30 days, except for intergovernmental revenues, which are available if expected receipt is within one year. Revenues from federal, state, and other grants designated for payment of Council expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Material revenues susceptible to accrual primarily include Federal grants. Expenditures and liabilities are recognized when obligations are incurred, except noncurrent accrued compensated absences which are accounted for in the governmental funds balance sheet and recorded as expenditures of the period when used.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Council considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents principally consist of funds relative to the Council’s Federal and strategic investment and incentive funding programs, as well as its pass-through (fiduciary) programs.

Investments

Investments are reported at fair value as determined by quoted market prices. The equity position of the Council in the long-term portion of the Commonwealth's investment pool is reported as investments of the Council. Unrealized gains and losses are included in the government-wide statement of activities (primarily program revenues) and the governmental funds statement of revenues, expenditures, and changes in fund balances (income/loss from investments). Restricted investments principally consist of funds relative to the Council’s Federal and strategic investment and incentive funding programs, as well as its pass-through (fiduciary) programs.

Intergovernmental Transactions

During the course of operations, numerous transactions occur with other state governmental entities that may result in amounts due to/from and revenues from/expenditures to other governmental entities. See Note 12 for details of such transactions.

Due from the Federal Government

Amounts due from the Federal government represent the amounts due to the Council under its Federal awards programs. At June 30, 2025, the balance mainly consists of amounts due under the Council’s GEAR-UP and American Rescue Plan programs.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements. Prepaid expenses are accounted for in the governmental funds as expenditures in the period of acquisition and, therefore, are not financial resources and are not reported in the governmental funds.

Subscription Based Information Technology Arrangements (SBITAs)

Payments made to third-party vendors for SBITAs longer than one year are presented as a subscription liability and an intangible right-to-use subscription asset on the financial statements using the economic resources measurement focus. The liability is recorded at the net present value of future payments, adjusted over time by payments and interest, and discounted using the Commonwealth's estimated incremental borrowing rate. Subscriptions less than one year, are reported as current assets and expensed when consumed.

For financial statements using the current financial resources measurement focus, an other financing source and capital outlay are reported in the year the subscription asset is recognized. Subsequent payments are recorded as principal and interest. The Council's capitalization policy for SBITAs aligns with the Commonwealth's, capitalizing items with a total present value greater than $100,000. Amortization is computed depending on the life of the subscription.

Capital Assets

General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital outlay is reflected as an expenditure of the respective governmental fund, and the related assets are reported in the statement of net position. Capital assets are defined by the Council as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. All capital assets are valued at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from five to thirty years, and is recorded in the statement of activities. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are reported as expenditures of the respective governmental fund.

Interfund Transactions

During the course of operations, transactions may occur between funds within Council activities that may result in amounts owed between funds. Interfund transactions as well as interfund receivables and payables are eliminated in the statement of net position.

Unearned Revenue

The Council reports unearned revenue to the extent that resources have been received before the applicable revenue recognition criteria have been satisfied. Under the accrual basis of accounting, unearned revenue is reported as a liability in the government-wide financial statements, and under the modified accrual basis, it is reported in governmental funds. Amounts received for grants and other voluntary nonexchange transactions prior to meeting eligibility requirements, as defined by GASB Statement No. 33. When the eligibility requirements are satisfied, the liability is removed, and revenue is recognized in the appropriate period.

Compensated Absences

The Council recognizes liabilities for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. Compensated absences include annual leave, compensatory leave, and sick leave. Liabilities are recorded for leave that has been earned but not yet used and for leave that has been used but not yet paid or settled.

In the government-wide financial statements, all compensated absences are accrued when incurred. Governmental fund financial statements only display the portion of compensated absences expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

The liability for compensated absences is measured based on the pay rates in effect at the financial statement date and includes applicable salary-related benefits. Additional details on compensated absences are provided in Note 8.

Equity Classifications

Government-Wide Financial Statements:

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, and then unrestricted resources as they are needed.

As of June 30, 2025, Equine Fund net position totaling $350,435 is restricted by enabling legislation.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Council. Assigned fund balances are a limitation imposed by a designee of the Council members. Unassigned fund balances in the General Fund are the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

The Council generally segregates restricted, committed, and assigned resources by account. When resources meeting more than one of these spendable classifications are commingled in an account in the Commonwealth's accounting system, the assumed order of spending is restricted first, committed second, and finally assigned. Once restricted resources have been exhausted, unrestricted resources will then be spent on the specific purpose.

Program Revenues

The primary sources of the Council's program revenues are revenues received from the United States Department of Education under the Council's Federal programs, outside grantors, the intergovernmental revenues primarily revenues received from the Commonwealth of Kentucky to administer the Bucks for Brains program, other agencies of the Commonwealth for grants, and associated with the funding of the Equine Fund (see Note 12).

State Appropriations

The primary funding source for the activities of the Council is legislative General Fund appropriations from the Commonwealth of Kentucky. Except for those prescribed by statute or other legislation, unexpended allotments lapse to the General Fund. The Council may, subject to appropriations from the General Fund of the Commonwealth or from funds made available to it from any other public source, provide program support restricted to the extent of its remaining unexpended funds. The Council's unexpended allotments are maintained by the Commonwealth's Finance and Administration Cabinet.

Expenses/Expenditures

Expenses are classified by function/program in the government-wide financial statements. Expenditures are classified by object category (personnel services, travel, etc.) in the governmental fund financial statements. Indirect expenses are not allocated to functions in the statement of activities.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of Kentucky Employees Retirement System (KERS) and addition to/deduction from KERS fiduciary net position have been determined on the same basis as they are reported by the respective retirement systems.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the KERS and additions to/deductions from the KERS's fiduciary net position have been determined on the same basis as they are reported by the respective retirement systems.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating in interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The KERS Non-hazardous Insurance Funds are reported as OPEB trust funds and are accounted for on the accrual basis of accounting.

Total Columns on the Governmental Fund Financial Statements

The total columns on the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with GAAP, nor is such data comparable to a consolidation.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following statements. The Council has not determined and is currently evaluating the impact that these new accounting pronouncements will have on its future financial statements. When they become effective, the application of these standards may restate portions of these financial statements, if applicable.

GASB Statement No. 103, *Financial Reporting Model Improvements,* will be effective for fiscal years beginning after June 15, 2025. The objective of this new guidance is to enhance the clarity, consistency, and usefulness of financial reports for state and local governments, providing essential information for decision-making and assessing a government's accountability.

GASB Statement No. 104, *Disclosure of Certain Capital Assets***,** will be effective for fiscal years beginning after June 15, 2025. The objective of this new guidance is to improve transparency by requiring the separate disclosure of specific types of capital assets, such as lease assets and intangible right-to-use assets, in the notes to the financial statements, thereby providing users with essential information for evaluating a government's financial position.

GASB Statement No. 105, *Subsequent Events*, will be effective for fiscal years beginning after June 15, 2026. The objective of this new guidance is to improve the financial reporting requirements for subsequent events, by requiring governments to disclose the date through which subsequent events have been evaluated. In addition, the statement clarifies the subsequent events that constitute recognized and non-recognized events and establishes specific notes disclosures for non-recognized events.

2. CHANGE IN ACCOUNTING PRINCIPLES

On July 01, 2024, the Council implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences* (GASB 101), which requires that liabilities for compensated absences be recognized for leave earned that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. Compensated absences include annual leave, compensated leave, and sick leave. Previously, sick leave was not recognized as a liability in the statement of net position. As a result of adopting GASB 101, the Council recorded a cumulative-effect adjustment to the beginning net position as of July 01, 2024.

The implementation of GASB 101 represents a change in accounting principle made to conform with GASB requirements and improve the reliability and comparability of financial reporting. In accordance with GASB 100, *Accounting Changes and Error Corrections*, the Council applied the cumulative-effect method. Beginning balances for net position and fund balance were adjusted as of July 1, 2024. Prior periods were not restated because it was impractical to do so. Additional details on compensated absences are provided in Note 8.

The implementation primarily increased the compensated absences liability and decreased net position and fund balances. The following table summarizes the cumulative-effect adjustment:

Government-wide	**Net Position**
June 30, 2024, as previously stated	$ 10,833,068
Restatement for GASB 101	(808,969)
July 01, 2024, restated	$ 10,024,099

Governmental	**Fund Balance**
June 30, 2024, as previously stated	$ 31,055,167
Restatement for GASB 101	(47,723)
July 01, 2024, as restated	$ 31,007,444

Effective July 1, 2024, the Council implemented Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*. This statement requires governments to disclose information about certain risks that could significantly affect their ability to provide services or meet obligations. Specifically, GASB 102 addresses risks related to:

Concentrations: Exposures to specific industries, geographic areas, or counterparties that could impact financial position.

Constraints: Limitations on resources that may affect operations or liquidity.

The Council is subject to risks related to concentrations of financial activity. Pursuant to House Bill 250, the Council disbursed $23 million to Kentucky State University (KSU) as a non-interest-bearing loan. The General Assembly is expected to determine the repayment schedule for this loan during the 2026 Regular Session. See Note 5 for further details.

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

For purposes of budgeting, the Commonwealth's budgetary structure and accounting principles differ from those utilized to present financial statements in conformity with GAAP.

The biennial budget is developed based on two-year projections that consider long-range program requirements and revenue estimates. The Council prepares the budget request and submits it to the Governor for presentation to the Kentucky General Assembly.

The Kentucky General Assembly is required by law to enact a balanced budget. Budgetary control is exercised by the Finance and Administration Cabinet through appropriations to the various cabinets. To manage these appropriations, the Council monitors expenditures on a functional basis. Except where otherwise provided by statute or legislation, any unexpended allotments revert to the Commonwealth’s General Fund.

The Council’s budgeting process relies on fund balances and estimated revenues to determine available resources for statutory programs and operating needs. Budget development incorporates analysis of these factors, prior-year performance, and new data that may modify or expand postsecondary education programs for the applicable fiscal period.

See Note13 for details on the Councils’ fund balances as of June 30, 2025.

4. DEPOSITS AND INVESTMENTS

All Council receipts are deposited directly in the Commonwealth's general depository or depositories designated by the State Treasurer, which has statutory responsibility and authority to safeguard the funds.

At June 30, 2025, the Council's share of deposits in the Commonwealth's general depository (State investment pool) totals $27,886,146. Custodial funds held by the Council in the Commonwealth’s general depository total $35,607 at June 30, 2025.

The Commonwealth's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2025 should be referred to for disclosures required by GASB Statement No. 3, "*Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase* Agreements" and GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*" (an amendment of GASB Statement No. 3).

5. INTERFUND RECEIVABLE/ PAYABLE

During the 2022 Regular Session, the Kentucky General Assembly enacted House Bill (HB) 250, appropriating $23 million to the Council on Postsecondary Education to address financial instability at Kentucky State University (KSU). Pursuant to the legislation, all amounts disbursed to KSU are considered a non-interest-bearing loan, subject to repayment. House Bill 250 also established the Kentucky State University Loan Repayment Trust Fund to hold any undistributed funds and to receive and retain loan repayments. Balances in the trust fund remain until reappropriated by the General Assembly.

As of June 30, 2022, the full $23 million appropriation had been disbursed to KSU. Accordingly, the Council reports an interfund receivable of $23 million due from KSU in the Statement of Fiduciary Net Position. Repayment terms have not yet been established; the General Assembly is expected to determine the repayment schedule during the 2026 Regular Session. No repayments have been received as of June 30, 2025.

The Council is subject to a concentration risk related to this receivable. The entire Fund balance of the Kentucky State University Loan Repayment Trust Fund depends on repayment of the $23 million loan from a single counterparty (KSU). HB 250 directed the Council to provide a three-year performance analysis of KSU based on the management improvement plan, to the Interim Joint Committee on Education, the Interim Joint Committee on Appropriations and Revenue, and the State Auditor of Public Accounts by November 1, 2025. The Council completed the required analysis and issued its report. Among the recommendations included in the report is a recommendation that the above-mentioned loan be forgiven.

If the General Assembly forgives the loan or modifies repayment terms, the legislative action may affect the Council's fiduciary net position. Management will continue to monitor this matter and disclose any material impacts in subsequent reporting periods.

6. CAPITAL ASSETS

Capital assets balance and activity is as follows for during the year ended June 30, 2025:

Governmental activities:	**Balance June 30, 2024**	**Increases**	**Decreases**	**Balance June 30, 2025**
Capital assets being depreciated:				
Audio/Visual equipment	$ 80,049	$ -0-	$ -0-	$ 80,049
Less accumulated depreciation:				
Audio/Visual equipment depreciation	(7,013)	(7,999)	-0-	(15,012)
Total capital assets, net	$ 73,036	$ (7,999)	$ -0-	$ 65,037

(continued)	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Intangible right-to-use assets:				
Software agreements	$ 6,486,633	$ -0-	$ (253,305)	$ 6,233,328
Less accumulated amortization:				
Software arrangements amortization	-0-	(3,116,665)	-0-	(3,116,665)
Total intangible right-to-use asset, net	$ 6,486,633	$ (3,116,665)	$ (253,305)	$ 3,116,663

During the year ended June 30, 2025, the Council had depreciation expense of $7,999.

Accumulated amortization related to these the intangible right-to-use assets at June 30, 2025 is $3,116,665. These intangible right-to-use assets consist of subscription-based information technology arrangements. See Note 7 for further details on these arrangements.

7. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

The Council uses SBITAs to provide services to member organizations of the Kentucky Virtual Library. These activities are accounted for in the Council's Technology Initiative Trust Fund. The Council's master agreements with their SBITA vendors are two-year subscription terms with biennial renewal options involving the following vendors:

- ProQuest, LLC
- Ancestry Library through ProQuest, LLC
- Online Computer Library Center, Inc (OCLC)
- Elton B. Stephen Company (EBSCO) Information Services

The Council entered into a two-year subscription agreement for this software in fiscal year 2024, the remaining obligation under these subscription agreements is $3,210,393, payable over the next fiscal year. The initial liability recorded was $6,486,633, discounted at the Commonwealth's imputed interest rate of 5.15%. There is no purchase option associated with this arrangement.

The following table summarizes changes in the liability for the year ended June 30, 2025:

	Balance June 30, 2024	Increases	Payments	Principal Decrease	Balance June 30, 2025
SBITAs liabilities	$ 6,486,633	$ -0-	$ (3,022,935)	$ 253,305	$ 3,210,393

The future subscription payments under SBITA agreements are as follows:

Fiscal Year	Subscriptions Principal	Subscriptions Interest	Total
2026	3,210,393	165,336	3,375,729
Total	$ 3,210,393	$ 165,336	$ 3,375,729

8. ACCRUED COMPENSATED ABSENCES

It is the Council's policy to permit employees to accumulate earned but unused annual leave, compensatory leave, and sick leave benefits. In accordance with GASB Statement No. 101, *Compensated Absences*, the Council recognizes a liability for leave earned but not yet used and for leave used but not yet paid or settled. The liability is measured using pay rates in effect at June 30, 2025, and includes applicable salary-related benefits.

Annual and Compensatory Leave

Annual leave accrues at rates ranging from 7.50 to 15.00 hours per month, based on length of service, with maximum accumulations ranging from 30 to 60 days. The calendar year is used to determine accumulated leave. Compensatory leave is granted to authorized employees in accordance with Commonwealth policy.

Sick Leave

Under GASB 101, sick leave is included in the compensated absences liability only when it is expected to result in a cash payment or other settlement.

- For employees enrolled under the Kentucky Employees Retirement System (Nonhazardous plan), the Council pays out unused sick leave upon separation according to Commonwealth policy; therefore, the expected payout is included in the liability.
- For employees enrolled under the Teachers' Insurance and Annuity Association, unused sick leave does not result in a payout upon separation but rolls forward indefinitely for use during employment. The Council accrues only the amount of sick leave more likely than not to be used for these employees.

The liability for compensated absences is reported in the government-wide financial statements. In governmental fund financial statements, only the portion expected to be liquidated with expendable available financial resources is recorded.

The following table summarizes changes in the liability for the year ended June 30, 2025:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025	Due within One Year
Accrued compensated absences	$ 1,816,455	$ 961,910	$ (864,965)	$ 1,913,400	$ 856,366

9. UNEARNED REVENUE

At June 30, 2025, the Council reported unearned grant revenue of $2,380,222. These amounts represent resources received from grantors before eligibility requirements were met.

The following amounts from grantors relating to special grant initiatives are recorded as a liability until the eligibility requirements are satisfied as of June 30, 2025:

James Graham Brown Grant	$ 288,653
National Association of System Heads	31,234
Kentucky Board of Nuclear Medicine	94,474
State Higher Education Executive Officers Association	60,000
Total Special Grant Initiatives	$ 474,361

During the year ended June 30, 2025, the Kentucky Legislature established the Healthcare Workforce Investment Fund, a statewide initiative designed to expand healthcare education and workforce capacity through targeted grants and partnerships with Kentucky colleges, universities, and healthcare providers. Under this program, participating institutions receive funding to develop new academic programs, clinical training opportunities, and workforce pipelines in high-demand healthcare fields. Private and public healthcare systems are expected to collaborate with the Council under a funding model that leverages multiple sources of support. The Commonwealth will provide a dollar-for-dollar match for eligible expenditures once program milestones and eligibility requirements are met.

As of June 30, 2025, the Council reported $1,905,861 in unearned revenue collected from outside organizations related to this program. These funds will be recognized as revenue when institutions complete approved projects and submit documentation for matching funds in accordance with program terms.

10. RETIREMENT PLANS

Teachers' Insurance and Annuity Association-College Retirement Equities Fund

In accordance with KRS 61.520(2)(a) and Executive Order 74-762, professional staff may elect upon joining the staff of the Council to participate in the Teachers' Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) or elect to participate in the Kentucky Employees Retirement System (see below).

To provide the opportunity to continue participation in the TIAA-CREF, the Council has established a tax-deferred annuity plan, which requires electing participants to enter into a written salary reduction agreement with the Council in order to participate. All eligible employees may begin participation in the plan on a voluntary basis on the first day after beginning employment at the Council. Electing participants are required by the plan to contribute 5.00% of their salaries to the plan.

Currently, the Council is required to contribute 8.03% of the covered employees' salaries. The contribution requirement for the year ended June 30, 2025 totals approximately $521,000, consisting of approximately $296,000 from the Council and $185,000 from TIAA-CREF only enrolled employees. Employees enrolled in Kentucky Employees' Retirement System may contribute to their own TIAA-CREF account, however, these employees do not receive matching employee funds, for the year ended June 30, 2025 it comprised of $40,000.

Participants may also elect to make contributions on an after-tax basis. Total contributions to the plan will not exceed limits imposed by section 415 and section 403(b) of the Internal Revenue Code. These limits may be adjusted from time to time. In addition, salary reduction contributions to the plan will be further limited by Code section 402(g).

Kentucky Employees Retirement System

The Council is a participant employer of the Kentucky Employees' Retirement System (KERS) for Non-Hazardous Pension Plans. The Board of Trustees of Kentucky Public Pension Authority administer the Plan, under the provisions of Kentucky Revised Statue 61.645.

Plan Description

The Kentucky Employees Retirement System (KERS) is a cost-sharing, multiple-employer defined benefit pension plan. It includes nearly all regular full-time employees working in positions at participating state agencies, as well as eligible local agencies that choose to join the system. The plan offers retirement, disability, and death benefits to its members, with the possibility of extending retirement benefits to beneficiaries under certain conditions.

Cost of Living Adjustment (COLA):

No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.

Benefit Formula: Final Compensation * Benefit Factor * Year of Service = Cash Balance Plan

Tier 1:

Participation:	Prior to September 1, 2008
Final Compensation:	Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump sum compensation payments (before and at retirement).
Benefit Factor:	1.97% for 13 months of credit for 1/1/1998 to 1/1/1999. 2.00% for 13 months or more of credit for 1/1/1998 to 1/1/1999.
Unreduced Retirement Benefit:	Any age with 27 years of service. Age 65 with 48 months of service. Money Purchase for age 65 with less than 48 months based on contributions and interest.
Reduced Retirement Benefit:	Any age with 25 years of service. Age 55 with 5 years of service.

Tier 2:

Participation:	September 1, 2008, through December 31 ,2013
Final Compensation:	5 complete fiscal years immediately preceding retirement; each year must contain 12 months. Lump sum compensation payments (before and at retirement) are not to be included in creditable compensation.

Benefit Factor:	1.10% = 10 years or less 1.30% = Greater than 10 years, but no more than 20 years. 1.50% = Greater than 20 years, but no more than 26 years 1.75% = Greater than 26 years, but no more than 30 years 2.00% = Greater than 30 years (2.00% benefit factor only applies to service earned in excess of 30 years).
Unreduced Retirement Benefit:	Any age with 27 years of service. Age 65 with 48 months of service. Money Purchase for age 65 with less than 48 months based on contributions and interest. Rule of 87: Member must be at least age 57. Age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service. No Money Purchase calculations
Reduced Retirement Benefit:	Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military).

Tier 3

Participation:	Participation on or after January 1, 2014
Final Compensation:	No final compensation
Benefit Factor:	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and a method adopted by the board based on member's accumulated account balance.
Unreduced Retirement Benefit:	Rule of 87: Member must be at least age 57. Age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service. No Money Purchase calculations
Reduced Retirement Benefit:	No reduced retirement

Contributions

Benefits and contribution rates are established by state statute. Per Kentucky Revised Statute 61.565, contribution requirements of the active employees and the participating organizations are established and may be amended by the Kentucky Retirement System's Board. For the fiscal years ended June 30, 2025, plan employees were required to contribute 5 percent of their annual covered salary for retirement benefits. Employees participating in Tiers 2 and 3 were required to contribute an additional 1 percent for the insurance fund.

Plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5 percent of wages to their own account and 1 percent to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

The Council was contractually required to contribute a normal cost percentage of covered payroll and an actuarially accrued liability contribution amount effective July 1 ,2022.

Normal Contributions

Normal cost contributions are based on a normal cost percentage of employers' reported payroll. The normal contribution percentage for the years ended June 30, 2025, was 9.97% of covered payroll, of which 7.82% allocated to the pension fund and 2.15% to the insurance fund.

Actuarially Accrued Liability Contribution

The actuarially accrued liability contribution is a monthly amount determined by the KERS actuary for its own portion of the total unfunded liability over a set period regardless of covered payroll to the nonhazardous KERS pension plan. The contribution rate is actuarially determined as an amount that, when combined with employee contributions during the year, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded liability. The Councils' portion of the actuarially accrued liability contribution is based on the Commonwealth of Kentucky's Executive Branch's proportionate share of the actuarially accrued liability contribution of 77.93%, of which 91.11% is allocated to the pension fund and 8.89% to the insurance fund for the years ended June 30, 2025.

The Council's required pension contributions to KERS nonhazardous pension plan was $1,026,798, $152,062 normal cost contribution and $874,736 as the actuarially accrued liability contribution for the pension fund, which is 100% of the required pension contribution for the year ended June 30, 2025.

At June 30, 2025, the Council reported a liability of $15,470,808 for its proportionate share of net pension liability. The net pension liability at June 30, 2025 was measured as of June 30, 2024. The Council's proportion of the net pension liability was based on a projection of the Council's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities. At June 30, 2024, the Council's proportion was 0.128392 %, which decreased 0.015517% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Council recognized pension benefit of $1,249,079 and deferred outflows and deferred inflows related to pension from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 293,361	$ -0-
Net difference between projected projected and actual earnings on investments	-0-	130,532
Change in assumptions	-0-	-0-
Changes in proportion and difference between employer contributions and proportionate share of contributions	-0-	950,087
Contributions subsequent to the measurement date	1,026,798	-0-
Total	$ 1,320,159	$ 1,080,619

The $1,026,798 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as follows:

Deferred Amounts to be recognized Fiscal Years following the Reporting Date	
June 30, 2026	$ (725,899)
June 30, 2027	30,959
June 30, 2028	(52,516)
June 30, 2029	(39,802)
Total	$ (787,258)

Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	5.25%
Inflation Rate	2.50%
Payroll Growth Rate	0%
Salary Growth Rate	3.30% to 15.30%, varies by service.

The mortality table used for active members was a PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was a PUB-2010 Disabled Mortality table, with rates multiplied by 150% for male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

The total pension liability, net pension liability, and related sensitivity disclosures are based on actuarial valuation date of June 30, 2023. The total pension liability as of June 30, 2025, was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles. The following actuarial assumptions were:

Actuarial Valuation Date	June 30, 2024
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of pay
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of the assets is recognized.
Remaining Amortization Period	30 years, closed period at June 30, 2019. After 2019, gains/losses will be amortized over separate closed 20-year amortization bases.
Date of Experience Study	July 1, 2018, to June 30, 2022

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each asset class. The ranges are combined by weighting the expected future real rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.50% per annum for both the non-hazardous and hazardous plan.

The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the following table:

Kentucky Retirement Systems

Asset Class	Target Allocation	Long-Term Nominal Rate of Return
Equity:		
Public Equity	30.00%	4.15%
Private Equity	6.00%	9.10%
Fixed Income:		
Core Fixed Income	27.00%	2.85%
Specialty Credit	20.00%	3.82%
Cash	2.00%	1.70%
Inflation Protected:		
Real Estate	5.00%	4.90%
Real Return	10.00%	5.35%
	100.00%	**4.14%**
Long term inflation assumption		**2.50%**
Expected nominal return for portfolio		**6.64%**

Discount Rate

The projection of cash flows used to determine the discount rate of 5.25% assumes that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 30-year amortization period of the unfunded actuarial accrued liability. Future contributions are projected assuming contributions of the actuarially determined contribution are fully met each future year calculated in accordance with the current funding policy. The discount rate does not use a municipal bond rate.

Sensitivity of the Council's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Council, calculated using the discount rate of 5.25%, as well as what the Council's net position liability would be if it were calculated using a discount rate that is one percentage point lower (4.25%) or one percentage point higher (6.25%):

	1% Decrease (4.25%)	Discount (5.25%)	1% Increase (6.25%)
The Council's proportionate share	$ 17,908,518	$ 15,470,808	$ 13,451,261

Detailed information about the KERS's fiduciary net position is available in the separately issued Kentucky Employees' Retirement System's Annual Financial Report (a matter of public record). The Commonwealth's Annual Comprehensive Financial Report (ACFR) should be referred to for additional disclosures related to KERS. The Kentucky Retirement System also issues a publicly available financial report that includes financial statements and required supplementary information for the KERS, which may be obtained online at www.kyret.ky.gov.

In addition to the above defined benefit pension plan, the Council's employees are also eligible to participate in two deferred compensation plans sponsored by the Commonwealth. These plans are organized as a Section 457 plan and as a Section 401(k) plan under the Internal Revenue Code. Both plans permit employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The Kentucky Public Employees Deferred Compensation Authority (KPEDCA) issues a publicly available financial report that includes financial statements and required supplementary information for the KPEDCA. The report may be obtained by writing to the Kentucky Public Employees Deferred Compensation Authority, 101 Sea Hero Road, Suite 110, Frankfort, Kentucky 40601-8862.

11. POST-EMPLOYMENT HEALTH CARE BENEFITS

Kentucky Employers Retirement System

All regular full-time employees who work in non-hazardous duty positions of any state department, board, agency, county, city, school board, and any eligible local agencies participate in an Other Post-employment Benefit (OPEB) plan administered by the Kentucky Employees Retirement System (KERS), a cost-sharing multi-employer public employee retirement system. The plan provides health insurance benefits to plan members and to certain beneficiaries of plan members under prescribed circumstances.

Benefits

Benefits and contribution rates are established by state statute. Per Kentucky Revised Statute 61.565, contribution requirements of active employees and participating organizations are established and may be amended by the Kentucky Retirement System's board. Employees with a participation date after 9/1/2008 were required to contribute an additional 1 percent of their salary for retiree healthcare benefits.

Benefit Factor

	Months of Service	Percent of Premium
Participation prior to July 2003:	Less than 48	0%
	48 – 119 inclusive	25%
	120 – 179 inclusive	50%
	180 - 239 inclusive	75%
	240 or more	100%
Participation between July 2003 and August 2008	Greater than or equal to 120	$10 per month for each year of service without regards to a max dollar adjusted by 1.5% annually
Participation on or after September 2008:	Greater than or equal to 180	$10 per month for each year of service without regards to a max dollar adjusted by 1.5% annually

Cost of Living Members participating after 2008 receive a 1.5% increase annually.

Contributions

The Council was contractually required to contribute 1.55% of covered payroll to the nonhazardous KERS insurance plan for the year ending June 30, 2025. The Council's total statutorily required contributions to the KERS nonhazardous insurance plan for the year ended June 30, 2025 was $33,719, of which $31,544 was normal cost contribution and $2,175 as the actuarially accrued liability contribution, for the year ended June 30, 2025, which is 100% of the statutorily required contribution.

Note 10 provides a detailed breakdown of the Council's contractually required contributions to the normal cost percentage of covered payroll and an actuarially accrued liability contribution amount for fiscal year 2024.

At June 30, 2025, the Council reported a liability of $912,213 or its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2024. At June 30, 2024, the Council's proportion was 0.126162%, which decreased 0.011627% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Council recognized an OPEB benefit of $754,086 and deferred outflows and deferred inflows related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 71,651	$ 754,182
Net difference between projected projected and actual earnings on investments	-0-	67,731
Change in assumptions	55,692	33,389
Changes in proportion and difference between employer contributions and proportionate share of contributions	-0-	338,783
Contributions subsequent to the measurement date	67,884	-0-
Total	$ 195,227	$ 1,194,085

Of the total amount reported as deferred outflows of resources related to OPEB, $33,719 resulting from Council statutorily required contributions and $34,165 resulting from the implicit subsidy subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as follows:

Deferred Amounts to be recognized Fiscal Years following the Reporting Date	
June 30, 2026	$ (753,842)
June 30, 2027	(254,485)
June 30, 2028	(40,366)
June 30, 2029	(18,049)
Total	$ (1,066,742)

Actuarial Assumptions:

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return 6.50%
Inflation Rate 2.50%

Payroll Growth Rate	0%
Salary Growth Rate	3.30% to 15.30%, varies by service
Healthcare Trend Rates:	
Pre-65	Initial trend starting at 7.1% on 1/1/2026 and gradually decreasing to a trend rate of 4.25% over a period of 14 years.
Post-65	Initial trend starting at 8.00% in 2026 and gradually decreasing to a trend rate of 4.25% over a period of 10 years.

The mortality tables for active members was a PUB-2010 General Mortality table projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. Healthy Retired Members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. Disabled Members was a PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

The total OPEB liability, net OPEB liability, and related sensitivity disclosures are based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles.

Actuarial Valuation Date	June 30, 2024
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of pay
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of the assets is recognized.
Remaining Amortization Period	30 years, closed period at June 30, 2019. After 2019, gains/losses will be amortized over separate closed 20-year amortization bases.
Date of Experience Study	July 1, 2018, to June 30, 2022

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each asset class. The ranges are combined by weighting the expected future real rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.50% per annum for both the non-hazardous and hazardous plan.

The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the following table:

Kentucky Retirement Systems

Asset Class	Target Allocation	Long-Term Nominal Rate of Return
Equity:		
Public Equity	40.00%	4.15%
Private Equity	8.00%	9.10%
Fixed Income:		
Core Fixed Income	10.00%	2.85%
Specialty Credit	25.00%	3.82%
Cash	2.00%	1.70%
Inflation Protected:		
Real Estate	7.00%	4.90%
Real Return	8.00%	5.35%
	100.00%	4.43%
Long term inflation assumption		2.50%
Expected nominal return for portfolio		6.93%

Discount Rate

On June 5, 2023, the Board of Trustees adopted a new actuarial assumption. The discount rate used to calculate total OPEB liability increased from 5.94% to 6.00%. The discount rate determination used an expected rate of return of 6.50% and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024.

Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the KERS's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the KERS's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash used to determine the single discount rate assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in statute. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the Commonwealth's ACFR.

Sensitivity of the Council's proportionate share of the collective net OPEB liability to changes in the discount rate.

The following presents the Council's proportionate share of the collective net OPEB liability, as well as what the Council's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.00%)	Discount (6.00%)	1% Increase (7.00%)
The Council's proportionate share	$ 1,260,403	$ 912,213	$ 617,873

Sensitivity of the Council's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates.

The following presents the Council's proportionate share of the collective net OPEB liability, as well as what the Council's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates that are 1-percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease	Current	1% Increase
The Council's proportionate share	$ 676,624	$ 912,213	$ 1,185,060

Detailed information about the KERS's fiduciary net position is available in the separately issued Kentucky Employees' Retirement System's Annual Financial Report (which is a matter of public record). The Commonwealth of Kentucky's Annual Comprehensive Financial Report should be referred to for additional disclosures related to KERS.

12. INTERGOVERNMENTAL TRANSACTIONS

At June 30, 2025, intergovernmental receivables consisted of the following:

Due from the General Fund of the Commonwealth of Kentucky:		
Appropriations for agency operations	$	69,769
Due from the Kentucky Education Workforce Development Cabinet:		
Adult learner grant funds		360,138
Due from the Cabinet for Health and Family Services:		
Community based services training		123,712
Due from the Office of Early Childhood Education		
Preschool education grant		49,803
Due from postsecondary institutions:		
Appropriations for agency operations		319,647
Total intergovernmental receivables	$	923,069

At June 30, 2025, intergovernmental revenue consisted of the following:

Funding for the Equine Industry Program Trust and Revolving Fund collected by the Commonwealth of Kentucky	$	428,978
Funding for grants provided by agencies of the Commonwealth of Kentucky:		
Kentucky Education Workforce Development Cabinet–Adult learner grant		382,504
Kentucky Board of Nuclear Medicine–Nuclear Medicine grant		5,526
Office of Early Childhood Education–Preschool education grant		84,918
Cabinet for Health and Family Services– Community based services training		123,712
Funding for grants provided by agencies of the Commonwealth of Kentucky for the Technology Initiative Trust Fund		385,018
Total intergovernmental revenues	$	1,410,656

At June 30, 2025, intergovernmental expenditures consisted of the following:

Payments to the Commonwealth of Kentucky Universities in accordance with the following:		
Bucks for Brains Program	$	5,827,601
Research Challenge Program		1,000,000
Equine Industry Program Trust and Revolving Fund		360,000
Technology Trust Fund program		116,742
Regional Network Enhance Program		606,018
Total intergovernmental expenses	$	7,910,361

At June 30, 2025, intergovernmental revenue in the Fiduciary fund consisted of the following:

Funding for the Cancer Research Institution Matching Fund from a Special Revenue Fund of the Commonwealth of Kentucky	$	2,243,202
Total intergovernmental revenues	$	2,243,202

13. FUND BALANCE

As described in Note 1, fund financial statements report governmental fund equity as fund balance. Fund balance is classified as nonspendable or spendable, with balances reported as restricted, committed, assigned or unassigned. As of June 30, 2025, fund balances are composed of the following:

Nonspendable

Nonspendable fund balance of $13,500 represents funds collected from an institution placed on probation. These funds cannot be spent by the Council and may only be refunded to the institution if it remains on probation status.

Restricted

	Regional University Excellence Trust Fund	Research Challenge Trust Fund	Technology Initiative Trust Fund	Nonmajor Funds	Total
Regional Universities	$ 914,871	$ -0-	$ -0-	$ -0-	$ 914,871
Eastern KY University	2,127,800	-0-	-0-	-0-	2,127,800
Morehead University	244,000	-0-	-0-	-0-	244,000
Murray State University	999	-0-	-0-	-0-	999
Northern KY University	449,600	-0-	-0-	-0-	449,600
University of Louisville	-0-	5,787,820	-0-	-0-	5,787,820
University of Kentucky	-0-	6,585,667	-0-	-0-	6,585,667
Third Round	-0-	1,910,866	-0-	-0-	1,910,866
KY postsecondary education network	-0-	-0-	685,427	-0-	685,427
Technology support	-0-	-0-	762,591	-0-	762,591
Virtual library	-0-	-0-	1,824,722	-0-	1,824,722
NASH. catalyst	-0-	-0-	2,400	-0-	2,400
NASH stipend	-0-	-0-	8,562	-0-	8,562
CLIMB Grant	-0-	-0-	313,464	-0-	313,464
Student basic needs	-0-	-0-	238,129	-0-	238,129
SHEEO	-0-	-0-	8,383	-0-	8,383
Equine Fund	-0-	-0-	-0-	350,435	350,435
Total	$ 3,737,270	$14,284,353	$ 3,843,678	$ 350,435	$ 22,215,736

Operations Fund:	
Licensure of postsecondary institutions	803,714
Healthcare Workforce Investment Fund:	
Interest income	33,460
Total Restricted funds	$ 23,052,910

Committed

	Technology Initiative Trust Fund
Student success and strategic initiatives	$ 262,990
Healthcare workforce summer bridge	37,394
Kentucky State overrun	200,000
Kentucky Student Success	88,719
Interest income	20,291
College access initiative	1,298,781
Total Committed funds	$ 1,908,175

Assigned

	Operations	Technology Initiative Trust Fund	Total
Administrative overhead–grants	$ 902,092	$ -0-	$ 902,092
Program review system	-0-	62,445	62,445
Conferences	-0-	3,491	3,491
Total assigned funds	$ 902,092	$ 65,936	$ 968,028

Unassigned

The Kentucky State University Stabilization Fund had a negative fund balance of ($834) on June 30, 2025. The General Operations Fund had a negative fund balance of ($865,653) on June 30, 2025. The negative fund balances are due to expenditure accruals of the Council under the modified accrual basis of accounting. Additional revenues received in fiscal year 2025 are expected to eliminate the deficits.

14. RELATED PARTY TRANSACTIONS

The Council is a component unit of the Commonwealth of Kentucky and, as such, conducts transactions with other Commonwealth agencies and component units in the normal course of operations. These transactions are considered related party transactions because the Commonwealth can significantly influence the Council's operations.

The Commonwealth Office for Technology (COT) provides technical support for State government agencies in the application of information technology including major information resource functions such as data center operations, data and voice communications (i.e. the Kentucky Information Highway), data administration, hardware selection and installation, and related end-user and customer support services. During 2025, the Council paid approximately $471,500 to COT for services provided during the year.

The Council received the benefit of accounting and administrative services from the Personnel Cabinet and Finance and Administration Cabinet for 2025. During 2025, the Council paid approximately $9,200 to the Personnel Cabinet and approximately $13,600 to the Finance and Administration Cabinet for services provided during the year.

The Council uses vehicles from the Transportation Cabinet's fleet. During 2025, the Council paid approximately $24,500 to the Transportation Cabinet for use of their vehicles.

The Council leases office space from the Department for Facilities and Support Services. During 2025, the Council paid approximately $312,700 to the Department for Facilities and Support Services for the leased office space and utilities. Additionally, the Council uses the Department for Facilities and Support Services for printing services and postage. During 2025, the Council paid approximately $15,200 to the Department for Facilities and Support Services for printing and postage. The Council also pays the Kentucky State Patrol for security services at their offices. During 2025, the Council paid approximately $5,800 to the Kentucky State Patrol for security as well as the Kentucky Communications Network Authority for internet services, paying approximately $590,800 in 2025.

The Council entered into a Memorandum of Agreement with the Kentucky Department of Education (KDE) to secure the services of Dr. Amanda Ellis, an employee of KDE, to serve as Vice President of K-12 Policy/Programs and later as Senior Vice President of Student Access and Success. Under this agreement, the Council reimburses KDE for Dr. Ellis's salary and fringe benefits. For fiscal year 2025, the Council paid approximately $175,800 for salary and benefits. In addition, the Council paid approximately $110,700 during fiscal year 2025 for the eTranscript initiative, which supports electronic transcript exchange across Kentucky institutions.

15. COMMITMENTS AND CONTINGENCIES

As of June 30, 2025, the Council is committed under certain agreements and contracts in the amount of approximately $39,600,000 These commitments are largely comprised of contractual obligations for future program expenditures under the Council's strategic investment and incentive funding programs, as well as its pass-through (fiduciary) programs. These program disbursements will largely be to the Commonwealth's postsecondary education institutions, as well as the other typical recipients of the Council's program funding. As such, these commitments will be funded primarily during the subsequent fiscal year by legislative General Fund appropriations and federal program revenues.

Federal program revenue consists principally of reimbursable grants from the United States Department of Education. Grants are generally conditioned upon compliance with terms and conditions of the grant agreement and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the Council. As of June 30, 2025, the Council estimates that no material liabilities will result from such audits.

16. RISK MANAGEMENT

Torts and Errors and Omissions:

The Council manages its risks of loss related to torts and errors and omissions internally.

Injuries to Employees:

The Council is a member of the Statewide Workers' Compensation Insurance Program, a self-insurance program for the benefit of the Commonwealth's employees. The Commonwealth of Kentucky's Annual Comprehensive Financial Report should be referred to for additional disclosures related to the Workers' Compensation Insurance Program.

Theft of, Damage to, and Destruction of Assets:

The Council utilizes the Commonwealth of Kentucky's Risk Management Fund to cover the exposure to losses arising from theft of, damage to, or destruction of the Council's personal property. The Commonwealth of Kentucky's Annual Comprehensive Financial Report should be referred to for additional disclosures related to the Risk Management Fund.

17. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Council has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimized the used of unobservable inputs.

The following table sets forth by level, within the hierarchy, the Council's assets and liabilities measured at fair value on a recurring basis as of June 30, 2025 are as follows:

	Assets at Fair Value as of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Commonwealth's investment pool	$ 6,368,329	$ 2,037,316	$ -0-	$ 8,405,645
Total				

The Council's policy is to recognize transfers between levels as of the actual date of the event or changes in circumstances. There were no transfers between levels during the year ended June 30, 2025.

The Council holds investments which are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

COUNCIL ON POSTSECONDARY EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY KENTUCKY EMPLOYERS' RETIREMENT SYSTEM–NONHAZARDOUS
LAST TEN FISCAL YEARS

Reporting fiscal year	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Measurement date	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Proportion of the net pension liability	0.128392%	0.143909%	0.157048%	0.166941%	0.160350%	0.161487%	0.176962%	0.184184%	0.191420%	0.183165%
Proportionate share of the net pension liability	$ 15,470,808	$ 17,727,757	$ 20,836,096	$ 22,231,529	$ 22,713,021	$ 22,806,813	$ 24,073,513	$ 24,659,174	$ 21,821,203	$ 18,374,905
Covered payroll	$ 2,297,568	$ 2,176,133	$ 2,044,582	$ 2,173,901	$ 2,286,217	$ 2,362,042	$ 2,708,898	$ 2,907,191	$ 3,005,194	$ 2,988,947
Proportionate share of the net pension liability as a percentage of its covered payroll	673.36%	814.64%	1019.09%	1022.66%	993.48%	965.55%	888.68%	848.21%	726.12%	614.76%
Plan fiduciary net position as a percentage of the total pension liability	25.96%	22.32%	18.21%	18.48%	14.01%	13.66%	12.84%	13.32%	14.80%	18.83%

Note:
The amounts presented above for the fiscal year were determined as of June 30 for the year prior (measurement date).

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS KENTUCKY EMPLOYERS' RETIREMENT SYSTEM–NONHAZARDOUS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required employer contribution	$ 1,026,798	$ 1,356,025	$ 1,511,014	$ 1,522,252	$ 1,593,035	$ 1,623,900	$ 1,677,759	$ 1,112,284	$ 1,169,854	$ 926,802
Contribution in relation to the statutorily required contribution	1,026,798	1,356,025	1,511,014	1,522,252	1,593,035	1,623,900	1,677,759	1,112,284	1,169,854	926,802
Contribution deficiency (excess)	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Covered payroll	$ 2,175,419	$ 2,297,568	$ 2,176,133	$ 2,044,582	$ 2,173,901	$ 2,286,217	$ 2,362,042	$ 2,708,898	$ 2,907,191	$ 3,005,194
Employer contribution as a percentage of covered payroll	47.20%	59.02%	69.44%	74.45%	73.28%	71.03%	71.03%	41.06%	40.24%	30.84%

See report of independent auditors. See notes to required supplementary information.

COUNCIL ON POSTSECONDARY EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY KENTUCKY EMPLOYERS' RETIREMENT SYSTEM–NONHAZARDOUS
LAST NINE FISCAL YEARS

Reporting fiscal year	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Measurement date	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Proportion of the net OPEB liability	0.126162%	0.137789%	0.151811%	0.166029%	0.160350%	0.161487%	0.177214%	0.184184%	0.191420%
Proportionate share of the net OPEB liability	$ 912,213	$ 1,081,081	$ 3,358,227	$ 1,081,081	$ 4,071,139	$ 3,589,688	$ 4,201,588	$ 4,670,837	$ 3,953,169
Covered payroll	$ 2,297,568	$ 2,176,133	$ 2,044,582	$ 2,173,901	$ 2,286,217	$ 2,362,042	$ 2,708,898	$ 2,907,191	$ 3,005,194
Proportionate share of the net OPEB liability as a percentage of its covered payroll	39.70%	49.68%	164.25%	49.73%	178.07%	151.97%	155.10%	160.66%	131.54%
Plan fiduciary net position as a as a percentage of the total OPEB liability	70.95%	66.14%	38.15%	38.38%	29.47%	30.92%	27.32%	24.37%	24.48%

Note:

This schedule is intended to present 10 years of the proportionate share of the net pension liability. Currently, only those years with information available are presented. The amounts presented above for the fiscal year were determined as of June 30 for the year prior (measurement date).

See report of independent auditors. See notes to required supplementary information.

COUNCIL ON POSTSECONDARY EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS KENTUCKY EMPLOYERS' RETIREMENT SYSTEM–NONHAZARDOUS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required employer contribution	$ 33,719	$ 164,276	$ 177,512	$ 196,317	$ 242,390	$ 283,491	$ 292,893	$ 227,818	$ 242,750	$ 238,312
Contribution in relation to the statutorily required contribution	33,719	164,276	177,512	196,317	242,390	283,491	292,893	227,818	242,750	238,312
Contribution deficiency (excess)	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Covered payroll	$ 2,175,419	$ 2,297,568	$ 2,176,133	$ 2,044,582	$ 2,173,901	$ 2,286,217	$ 2,362,042	$ 2,708,898	$ 2,907,191	$ 3,005,194
Employer contributions as a percentage of covered payroll	1.55%	7.15%	8.16%	9.60%	11.15%	12.40%	12.40%	8.41%	8.35%	7.93%

See report of independent auditors. See notes to required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BUDGETARY COMPARISON–OPERATIONS FUND
YEAR ENDED JUNE 30, 2025

	Operations Fund			
	Budget			Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
State appropriations	$ 8,990,940	$ 10,049,700	9,748,071	$ (301,629)
Charges for services	500,000	500,000	500,000	-0-
Other grant revenues	-0-	-0-	1,848	1,848
Federal programs	274,800	274,800	281,446	6,646
Total revenues	9,765,740	10,824,500	10,531,365	(293,135)
Budget Basis Expenditures				
Personnel services	8,227,340	8,227,340	8,125,590	(101,750)
Utilities, rentals, and other services	932,500	978,333	862,104	(116,229)
Commodities and supplies	983,960	993,960	947,091	(46,869)
Grants and subsidies	216,000	216,000	216,000	-0-
Travel	139,900	139,900	100,550	(39,350)
Capital expenditures	-0-	-0-	-0-	-0-
Total budget basis expenditures	10,499,700	10,555,533	10,251,335	(304,198)
Excess (deficiency) of revenues over budgetary basis expenditures	(733,960)	268,967	280,030	11,063
Fund balance – July 1, 2024	2,730,672	2,865,842	1,481,257	(1,384,585)
Fund balance – June 30, 2025	$ 1,996,712	$ 3,134,809	$ 1,761,287	$ (1,373,522)

See report of independent auditors. See notes to required supplementary information.

COUNCIL ON POSTSECONDARY EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BUDGETARY COMPARISON–FEDERAL FUND
YEAR ENDED JUNE 30, 2025

	Federal Fund			
	Budget			Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
Federal programs	$ 8,942,900	$ 8,942,900	$ 7,191,855	$ (1,751,045)
Total revenues	8,942,900	8,942,900	7,191,855	(1,751,045)
Budget Basis Expenditures				
Personnel services	4,650,000	4,650,000	3,488,774	(1,161,226)
Utilities, rentals, and other services	576,000	576,000	399,467	(176,533)
Commodities and supplies	340,500	340,500	173,505	(166,995)
Grants and subsidies	3,192,900	3,192,900	2,320,633	(872,267)
Travel	183,500	183,500	187,150	3,650
Capital expenditures	-0-	-0-	-0-	-0-
Total budget basis expenditures	8,942,900	8,942,900	6,569,529	(2,373,371)
Excess (deficiency) of revenues over budget basis expenditures	-0-	-0-	622,326	622,326
Fund balance – July 1, 2024	187,345	(169,189)	(624,926)	(455,737)
Fund balance – June 30, 2025	$ 187,345	$ (169,189)	$ (2,600)	$ 166,589

See report of independent auditors. See notes to required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BUDGETARY COMPARISON–REGIONAL UNIVERSITY EXCELLENCE TRUST FUND
YEAR ENDED JUNE 30, 2025

	Regional University Excellence Trust Fund			
	Budget			Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
Investment earnings	$ -0-	$ -0-	$ 349,857	$ 349,857
Total revenues	-0-	-0-	349,857	349,857
Budget Basis Expenditures				
Grants and subsidies	8,650,000	8,650,000	5,827,601	(2,822,399)
Total budget basis expenditures	8,650,000	8,650,000	5,827,601	(2,822,399)
Excess (deficiency) of revenues over budget basis expenditures	(8,650,000)	(8,650,000)	(5,477,744)	3,172,256
Fund balance – July 1, 2024	9,360,500	8,650,000	9,215,014	565,014
Fund balance – June 30, 2025	$ 710,500	$ -0-	$ 3,737,270	$ 3,737,270

See report of independent auditors. See notes to required supplementary information.

COUNCIL ON POSTSECONDARY EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BUDGETARY COMPARISON–RESEARCH CHALLENGE TRUST FUND
YEAR ENDED JUNE 30, 2025

	Research Challenge Trust Fund			
	Budget			Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
Investment earnings	$ -0-	$ -0-	$ 666,322	$ 666,322
Budget Basis Expenditures				
Grants and subsidies	13,373,487	13,373,487	1,000,000	(12,373,487)
Total budget basis expenditures	13,373,487	13,373,487	1,000,000	(12,373,487)
Excess (deficiency) of revenues over budget basis expenditures	(13,373,487)	(13,373,487)	(333,678)	13,039,809
Fund balance – July 1, 2024	29,699,037	14,618,031	14,618,031	-0-
Fund balance – June 30, 2025	$ 16,325,550	$ 1,244,544	$ 14,284,353	$ 13,039,809

See report of independent auditors. See notes to required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BUDGETARY COMPARISON–TECHNOLOGY INITIATIVE TRUST FUND
YEAR ENDED JUNE 30, 2025

	Technology Initiative Trust Fund			
	Budget			Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
State appropriations	$ 3,653,200	$ 3,653,200	$ 3,653,200	$ -0-
Charges for services	4,100,700	4,100,700	4,174,790	74,090
Intergovernmental revenues	-0-	-0-	38,334	38,334
Other grant revenues	-0-	-0-	10,725	10,725
Investment earnings	-0-	-0-	226,232	226,232
Other revenues	-0-	-0-	129,749	129,749
Total revenues	7,753,900	7,753,900	8,233,030	479,130
Budget Basis Expenditures				
Personnel services	4,100,000	4,100,000	3,603,708	(496,292)
Utilities, rentals, and other services	800,000	800,000	106,708	(693,292)
Commodities and supplies	3,600,000	3,600,000	4,022,957	422,957
Grants and subsidies	700,000	700,000	544,699	(155,301)
Travel	60,000	60,000	47,762	(12,238)
Capital outlay	-0-	-0-	6,048	6,048
Total budget basis expenditures	9,260,000	9,260,000	8,331,882	(928,118)
Excess (deficiency) of revenues over budget basis expenditures	(1,506,100)	(1,506,100)	(98,852)	1,407,248
Fund balance – July 1, 2024	1,634,261	1,634,261	5,619,408	3,985,147
Fund balance – June 30, 2025	$ 128,161	$ 128,161	$ 5,520,556	$ 5,392,395

See report of independent auditors. See notes to required supplementary information.

COUNCIL ON POSTSECONDARY EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BUDGETARY COMPARISON–SPECIAL GRANTS INITIAVES FUND
YEAR ENDED JUNE 30, 2025

	Special Grants Initiatives Fund			
	Budget			Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental revenues	$ 564,737	$ 564,737	$ 158,143	$ (406,594)
Other grant revenues	1,010,263	1,010,263	1,105,724	95,461
Total revenues	1,575,000	1,575,000	1,263,867	(311,133)
Budget Basis Expenditures				
Personnel services	1,703,404	1,703,404	969,570	(733,834)
Utilities, rentals, and other services	169,863	169,863	15,322	(154,541)
Commodities and supplies	82,900	82,900	78,161	(4,739)
Grants and subsidies	100,000	100,000	2,111	(97,889)
Travel	63,000	63,000	25,784	(37,216)
Total budget basis expenditures	2,119,167	2,119,167	1,090,948	(1,028,219)
Excess (deficiency) of revenues over budget basis expenditures	(544,167)	(544,167)	172,919	717,086
Fund balance – July 1, 2024	-0-	-0-	-0-	-0-
Fund balance – June 30, 2025	$ (544,167)	$ (544,167)	$ 172,919	$ 717,086

See report of independent auditors. See notes to required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BUDGETARY COMPARISON–HEALTHCARE WORKFORCE INVESTMENT FUND
YEAR ENDED JUNE 30, 2025

	Healthcare Workforce Investment Fund			
	Budget			Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
State appropriations	$ 7,000,000	$ 7,000,000	$ 141,987	$ (6,858,013)
Other grant revenues	-0-	-0-	2,081,308	2,081,308
Total revenues	7,000,000	7,000,000	2,223,295	(4,776,705)
Budget Basis Expenditures				
Grants and subsidies	7,000,000	-0-	283,974	283,974
Total budget basis expenditures	7,000,000	-0-	283,974	283,974
Excess (deficiency) of revenues over budget basis expenditures	-0-	7,000,000	1,939,321	(5,060,679)
Fund balance – July 1, 2024	-0-	-0-	-0-	-0-
Fund balance – June 30, 2025	$ -0-	$ 7,000,000	$ 1,939,321	$ (5,060,679)

See report of independent auditors. See notes to required supplementary information.

1. CONTRIBUTIONS

Contractually required employer contribution reported on the Schedule of Pension Contributions exclude the portion of contributions paid to Kentucky Employees Retirement System (KERS) but allocated to the insurance fund of the KERS. The insurance contributions are reported on the Schedule of Other Post-employment Benefits (OPEB) OPEB Contributions.

2. PAYROLL

The Council's covered payroll reported on the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Proportionate Share of the Net OPEB Liability is one year prior to the Council's fiscal year payroll as reported on the Schedule of Contributions for Pensions and OPEB.

3. CHANGES OF ASSUMPTIONS – PENSION NONHAZARDOUS

Measurement period at June 30, 2024

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021.

Measurement period at June 30, 2023

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021.

Measurement period at June 30, 2022

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020.

Measurement period at June 30, 2021

The following changes in assumptions were made by the Kentucky Legislature reflected in the valuation performed as of June 30, 2019:

- Amortization period changed from a 26-year closed period to a 30-year closed period at June 30, 2019. Additionally gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases.
- Retiree mortality changed from RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females) to a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

Measurement period at June 30, 2020

The following changes in assumptions were made by the Kentucky Legislature reflected in the valuation performed as of June 30, 2017:

- Projected Salary increase change 3.55% - 15.55% to 3.30% - 15.30%, varied by service.

Measurement period at June 30, 2019

The following changes in assumptions were made by the Kentucky Legislature reflected in the valuation performed as of June 30, 2017:

- Asset Valuation Method changes from a 5-year smoothed market to a 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.
- Amortization period decreased from a 27-year to a 26-year period.
- Rate of return change from 6.75% to 5.25%.
- Projected salary increases change from 4.00% average to 3.55% - 15.55%, varied by service.
- Inflation rate change from 3.25% to 2.30%.

Measurement period at June 30, 2018

The following changes in assumptions were made by the Kentucky Legislature reflected in the valuation performed as of June 30, 2016:

- The payroll growth assumed changed from 2.00% to 0.00%.
- Amortization period decreased from a 28-year to a 27-year period.
- Rate of return change from 7.50 % to 6.75 %.

Measurement period at June 30, 2017

The following changes in assumptions were made by the Kentucky Legislature reflected in the valuation performed as of June 30, 2015:

- The payroll growth assumed had been 0.00%, however in the current year is increased to 2.00%.
- Amortization period had been decreasing by 1 year, however in the current year it increased 1 year to a 28-year closed period.
- Rate of return change from 6.75 % to 7.50%.

Measurement period at June 30, 2016

The following changes in assumptions were made by the Kentucky Legislature reflected in the valuation performed as of June 30, 2015:

- Amortization period decreased from a 28-year to a 27-year period.
- Rate of return change from 7.50% to 6.75%.

Measurement period at June 30, 2015

The following changes in assumptions were made by the Kentucky Legislature reflected in the valuation performed as of June 30, 2015:

- Amortization period decreased from a 29-year to a 28-year period.
- Rate of return change from 7.75% to 7.50%.
- Projected salary increase change from 4.50% to 4.00%.
- Inflation rate change from 3.50% to 3.25%.

4. CHANGES OF ASSUMPTIONS – OTHER POST-EMPLOYMENT BENEFITS NONHAZARDOUS

Measurement period at June 30, 2024

- The healthcare trend assumption was reviewed during the June 30, 2023 valuation and updated to reflect higher anticipated long-term healthcare cost increases.
- Discount rate used increased to 6.50% (based on expected rate of return); 3.97% for implicit subsidy portion (municipal bond rate).

Measurement period at June 30, 2023

The following changes in assumptions were made by the Kentucky Legislature reflected in the valuation performed as of June 30, 2021:

- Pre 65 healthcare trend rates changed from an initial trend starting at 6.30% at January 1, 2022, gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years to an initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Measurement period at June 30, 2022

The following changes in assumptions were made by the Kentucky Legislature reflected in the valuation performed as of June 30, 2020:

- Pre 65 healthcare trend rates changed from an initial trend starting at 6.25% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years to an initial trend starting at 6.30% at January 1, 2022, gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
- Post 65 healthcare trend rates changed from an initial trend starting at 5.50% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years to an initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Measurement period at June 30, 2021

The following changes in assumptions were made by the Kentucky Legislature reflected in the valuation performed as of June 30, 2019:

- Amortization period changed from a 26-year closed period to a 30-year closed period at June 30, 2019. Additionally gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases.
- Projected salary increases change from 3.55% - 15.55% to 3.30% - 15.30%, varied by service.
- Retiree mortality changed from RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females) to a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- Pre 65 healthcare trend rates changed from an initial trend starting at 7.25% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years to an initial trend starting at 6.25% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
- Post 65 healthcare trend rates changed from an initial trend starting at 5.10% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years to an initial trend starting at 5.50% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.

Measurement period at June 30, 2020

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017.

Measurement period at June 30, 2019

The following changes in assumptions were made by the Kentucky Legislature reflected in the valuation performed as of June 30, 2017:

- Payroll growth rate assumed changed from4.00% to 0.00%
- Amortization period decreased from a 27-year, closed to a 26-year, closed period.
- Rate of return change from 7.50% to 6.25%.
- Projected salary increases change from 4.00% average to 3.55% - 15.55%, varied by service.
- Inflation rate change from 3.25% to 2.30%.
- Pre 65 healthcare trend rates changed from an initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years to an initial trend starting at 5.10% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.
- Post 65 healthcare trend rates changed from an initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years to an initial trend starting at 5.10% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.

Measurement period at June 30, 2018

The following changes in assumptions were made by the Kentucky Legislature reflected in the valuation performed as of June 30, 2016:

- Amortization period decreased from a 28-year, closed to a 27-year period, closed.

Measurement period at June 30, 2017

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015.

5. SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES–BUDGET AND ACTUAL (BUDGETARY BASIS) RECONCILIATION

Budgetary Basis versus GAAP

The accompanying schedules of revenues, expenditures, and changes in fund balances, budget and actual (budgetary basis) - unaudited, presents comparisons of the legally adopted budget with actual data on the budgetary basis. Accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with GAAP follows:

	Operations	Federal Programs	Regional University Excellence Trust Fund	Research Challenge Trust Fund	Technology Initiative Trust Fund	Special Grants Initiative Fund	Healthcare Workforce Investment Fund
Total revenues per the budgetary comparison schedule	$ 10,531,365	$ 7,191,855	$ 349,857	$ 666,322	$ 8,233,030	$ 1,263,867	$ 2,223,295
Accounts receivable	-0-	-0-	-0-	-0-	90,760	-0-	-0-
Appropriations receivable	33,195	-0-	-0-	-0-	(151,807)	-0-	-0-
Due from state agencies	-0-	-0-	-0-	-0-	-0-	532,991	-0-
Due from state universities	-0-	-0-	-0-	-0-	319,647	-0-	-0-
Due from federal government	-0-	(671,358)	-0-	-0-	-0-	-0-	-0-
Other grant revenue receivable	-0-	-0-	-0-	-0-	4,620	-0-	-0-
Deferred revenue	-0-	-0-	-0-	-0-	-0-	(474,361)	(1,905,861)
Total revenues per the statement of revenues, expenditures, and changes in fund balance	$ 10,564,560	$ 6,520,497	$ 349,857	$ 666,322	$ 8,496,250	$ 1,322,497	$ 317,434
Total expenditures per the budgetary comparison schedule	$ 10,251,335	$ 6,569,529	$ 5,827,601	$ 1,000,000	$ 8,331,882	$ 1,090,948	$ 283,974
Change in accounts payable	33,195	(82,564)	-0-	-0-	(184,073)	172,384	-0-
Change in due to other funds	(55,770)	-0-	-0-	-0-	55,770	-0-	-0-
Change in accrued expenditures	8,733	(19,862)	-0-	-0-	(16,869)	50,663	-0-
Change in compensated absences, noncurrent	144,349	53,394	-0-	-0-	1,772	8,502	-0-
Total expenditures per the statement of revenues, expenditures, and changes in fund balance	$ 10,381,842	$ 6,520,497	$ 5,827,601	$ 1,000,000	$ 8,188,482	$ 1,322,497	$ 283,974

ADDITIONAL SUPPLEMENTARY INFORMATION

COUNCIL ON POSTSECONDARY EDUCATION

ADDITIONAL SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET–OPERATIONS FUND
JUNE 30, 2025

	General Operations	Admistrative Overhead–Grant	S.R.E.B. Contract Dues	Licensure	Special Initiatives Program	Total Operations
ASSETS						
Cash and cash equivalents	$ -0-	$ 148,952	$ -0-	$ -0-	$ -0-	$ 148,952
Investments	-0-	753,140	-0-	-0-	-0-	753,140
Intergovernmental receivables	7,993	-0-	-0-	-0-	42,376	50,369
Restricted						
Cash and cash equivalents	-0-	-0-	-0-	141,869	-0-	141,869
Investments	-0-	-0-	-0-	717,326	-0-	717,326
Total assets	$ 7,993	$ 902,092	$ -0-	$ 859,195	$ 42,376	$ 1,811,656
LIABILITIES						
Accounts and other payables	$ 7,993	$ -0-	$ -0-	$ -0-	$ 42,376	$ 50,369
Accrued expenses	208,009	-0-	-0-	13,911	30,228	252,148
Accrued compensated absences	623,479	-0-	-0-	41,570	3,937	668,986
Total liabilities	839,481	-0-	-0-	55,481	76,541	971,503
FUND BALANCES						
Restricted	-0-	-0-	-0-	803,714	-0-	803,714
Assigned	-0-	902,092	-0-	-0-	-0-	902,092
Unassigned	(831,488)	-0-	-0-	-0-	(34,165)	(865,653)
Total fund balances	(831,488)	902,092	-0-	803,714	(34,165)	840,153
Total liabilities and fund balances	$ 7,993	$ 902,092	$ -0-	$ 859,195	$ 42,376	$ 1,811,656

See report of independent auditors

COUNCIL ON POSTSECONDARY EDUCATION

ADDITIONAL SUPPLEMENTARY INFORMATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE–OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2025

	General Operations	Admistrative Overhead–Grant	S.R.E.B. Contract Spaces	Licensure	Special Initiatives Program	Total Operations
REVENUES:						
State appropriations	$ 8,067,584	$ -0-	$ 221,271	$ -0-	$ 1,490,511	$ 9,779,366
Federal revenues	-0-	281,446	-0-	-0-	-0-	281,446
Other grant revenues	-0-	1,848	-0-	-0-	-0-	1,848
Charges for services	-0-	-0-	-0-	501,900	-0-	501,900
Total revenues	8,067,584	283,294	221,271	501,900	1,490,511	10,564,560
EXPENDITURES:						
Personnel services	6,736,701	-0-	-0-	366,162	1,145,489	8,248,352
Utilities, rentals, and other services	854,630	89	-0-	1,100	6,199	862,018
Commodities and supplies	524,012	-0-	221,271	167,129	34,713	947,125
Grants and subsidies	-0-	-0-	-0-	-0-	225,621	225,621
Travel	82,730	-0-	-0-	-0-	15,996	98,726
Total expenditures	8,198,073	89	221,271	534,391	1,428,018	10,381,842
EXCESS OF EXPENDITURES OVER (UNDER) REVENUES	(130,489)	283,205	-0-	(32,491)	62,493	182,718
Fund balances, July 01, 2024	(700,999)	618,887	-0-	836,205	(96,658)	657,435
Fund balances, June 30, 2025	$ (831,488)	$ 902,092	$ -0-	$ 803,714	$ (34,165)	$ 840,153

See report of independent auditors

COUNCIL ON POSTSECONDARY EDUCATION

ADDITIONAL SUPPLEMENTARY INFORMATION
COMBING BALANCE SHEET–OTHER GOVERNMENTAL FUNDS
JUNE 30, 2025

	Equine Industry Program Trust and Revolving Fund	KY Regional Network Enhancement Fund	Kentucky State University Stabilization	Total Non-major Governmental Funds
ASSETS				
Appropriations receivables	$ -0-	$ -0-	$ 19,400	$ 19,400
Restricted:				
Cash and cash equivalents	77,678	-0-	-0-	77,678
Investments	392,757	-0-	-0-	392,757
Total assets	$ 470,435	$ -0-	$ 19,400	$ 489,835
LIABILITIES				
Accounts and other payables	$ 120,000	$ -0-	$ 19,400	$ 139,400
Accrued compensated absences	-0-	-0-	834	834
Total liabilities	120,000	-0-	20,234	140,234
FUND BALANCE				
Restricted	350,435	-0-	-0-	350,435
Unassigned	-0-	-0-	(834)	(834)
Total fund balances (deficit)	350,435	-0-	(834)	349,601
Total liabilities and fund balances	$ 470,435	$ -0-	$ 19,400	$ 489,835

See report of independent auditors

COUNCIL ON POSTSECONDARY EDUCATION

ADDITIONAL SUPPLEMENTARY INFORMATION
COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES–OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Equine Industry Program Trust and Revolving Fund	Regional Network Enhancement Program	Kentucky State University Stabilization	Total Other Governmental Funds
REVENUES:				
State appropriations	$ -0-	$ -0-	$ 482,049	$ 482,049
Intergovernmental revenues	428,978	-0-	-0-	428,978
Total revenues	428,978	-0-	482,049	911,027
EXPENDITURES:				
Personnel services	-0-	-0-	457,309	457,309
Travel	-0-	-0-	11,542	11,542
Grants and subsidies	120,000	-0-	-0-	120,000
Intergovernmental expenditures	360,000	606,018	-0-	966,018
Total expenditures	480,000	606,018	468,851	1,554,869
EXCESS OF EXPENDITURES OVER (UNDER) REVENUES	(51,022)	(606,018)	13,198	(643,842)
Fund balances, July 01, 2024	401,457	606,018	(14,032)	993,443
Fund balances, June 30, 2025	$ 350,435	$ -0-	$ (834)	$ 349,601

See report of independent auditors

COUNCIL ON POSTSECONDARY EDUCATION

ADDITIONAL SUPPLEMENTARY INFORMATION
SCHEDULE OF GRANTS AND SUBSIDIES
FOR THE YEAR ENDED JUNE 30, 2025

	Governmental Funds	Fiduciary Funds
Assessment and Professional Development	$ 225,621	$ -0-
Gaining Early Awareness and Readiness for Undergraduate Programs	82,422	-0-
American Rescue Plan	23,195	-0-
Federal Healthcare Workforce Initiative	1,509,625	-0-
Simmons College	765,927	-0-
Technology Initiative Trust Fund	403,910	-0-
Special Grant Initiatives	42,342	-0-
State Healthcare Workforce Initiative	283,974	-0-
Equine Industry Program Trust and Revolving Fund	120,000	-0-
Cancer Research Institutions Matching Fund	-0-	2,256,340
National Stem Cell Research Program	-0-	300,000
Healthcare Residency Program	-0-	8,000,000
Cancer Research Screenings	-0-	5,843,200
Ovarian Cancer Screenings	-0-	1,000,000
Spinal Cord and Head Injury Research	-0-	2,000,000
Southern Regional Education Board Doctoral Scholars Program (SREB)	-0-	50,000
Total grants and subsidies	$ 3,457,016	$ 19,449,540

See report of independent auditors

CPAs / ADVISORS

blue

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REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Council Members
Council on Postsecondary Education
Frankfort, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Council on Postsecondary Education (the Council), a component unit of the Commonwealth of Kentucky, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated January 15, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC

Lexington, Kentucky
January 15, 2026

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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Council Members
Council on Postsecondary Education
Frankfort, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Council on Postsecondary Education's (the "Council") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2025. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the compliance requirements referred to above is that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Council's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Blue & Co., LLC

Lexington, Kentucky
January 15, 2026

COUNCIL ON POSTSECONDARY EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

FEDERAL GRANTOR ***Pass Through Grantor*** **Program Title**	**Federal AL Number**	**Pass-Through Entity Identifying Number**	**Passed Through to Subrecipient**	**Total Federal Expenditures**
Department of Education				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334S		$ -0-	$ 816,621
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334S		-0-	3,080,573
Total Gaining Early Awareness and Readiness for Undergraduate Programs			-0-	3,897,194
Passed Through the Commonwealth of Kentucky				
Education Stabilization Fund				
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300003-21	2,049	223,956
Total Department of Education			$ 2,049	$ 4,121,150
Department of the Treasury				
Passed Through the Commonwealth of Kentucky				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund				
Healthcare Workforce Initiative	21.027	SLFRP1027	$ 1,611,955	$ 1,914,866
Simmons College	21.027	SLFRP1027	765,927	765,927
Total Department of the Treasury			$ 2,377,882	$ 2,680,793
Total Federal Awards Expenditures			**$ 2,379,931**	**$ 6,801,943**

See report of independent auditors and notes to the schedule of expenditures of federal awards.

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Council on Postsecondary Education (the Council) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Some amounts presented in this Schedule may therefore differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The award revenues received and expended are subject to audit and adjustment. If any expenditures are disallowed by the grantor as a result of such an audit, any claim for reimbursement to the grantor would become a liability of the Council. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

3. INDIRECT COST RATE

The Council did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. The Council utilized an 8% indirect cost rate for the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) federal program, as allowed per program guidelines.

4. SUBRECIPIENTS

The accompanying Schedule includes expenditures consisting of federal awards provided to subrecipients as follows below and on the next pages.

Elementary and Secondary School Emergency Relief Fund

Subrecipient Name	Amount
Frederick Douglas High School	$ 2,049

Coronavirus State and Local Fiscal Recovery Fund

Subrecipient Name	Amount
Bluegrass Community and Technical College	$ 12,940
Eastern Kentucky University	35,424
Kentucky Community and Technical College System	795,779
Kentucky State University	93,481
Madisonville Community and Technical College	2,481
Morehead State University	35,090
Murray State University	31,400
Northern Kentucky University	372,829
Simmons College	765,927
University of Kentucky	59,718
University of Louisville	171,571
Western Kentucky University	1,242
	$ 2,377,882

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal Control over financial reporting:

Material weakness(es) identified?	____ Yes	X No
Significant deficiency(s) identified that are not considered to be material weaknesses?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	____ Yes	X No
Significant deficiency(s) identified that are not considered to be material weaknesses?	____ Yes	X None reported

Type of auditor's report issued on compliance for major programs:

Unmodified for all major programs

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	____ Yes	X No

Identification of major program(s):

Assistance Listing Number (s)	Name of Federal Program or Cluster
84.334S	Gaining Early Awareness and Readiness for Undergraduate Programs

Dollar threshold used to distinguish between type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

II. Financial Statement Findings

None

III. Findings and Questioned Costs - Federal Awards

None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

There were no findings reported for the year ended June 30, 2024.

Kentucky Council on Postsecondary Education

MATTERS TO BE COMMUNICATED TO THE COUNCIL MEMBERS

JUNE 30, 2025

CPAS / ADVISORS

blue

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January 15, 2026

To the Council Members
Council on Postsecondary Education
Frankfort, Kentucky

We have audited the financial statements of the government activities, each major fund, and the aggregate remaining fund information (hereon referred to as the "financial statements") of Council on Postsecondary Education (the "Council") as of and for the year ended June 30, 2025, and have issued our report thereon dated January 15, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 1, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the Council solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We identified and communicated significant risks during the planning phase of our audit. Other than the significant risks communicated in the planning communication we have not identified additional risks during our audit.

Qualitative Aspects of the Council's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Council is included in Note 1 to the financial statements. As discussed in Note 2 to the financial statements, effective July 1, 2024, the Council adopted Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the Statement of Activities. The Council also adopted GASB Statement No. 102, *Certain Risk Disclosures*. No other new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transactions entered into by the Council during the year for which there is a lack of authoritative guidance or consensus. We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of the net pension liability, net OPEB (Other Post-employment Benefits) liability and related deferred outflows/inflows of resources are determined by the actuary. We evaluated key factors and assumptions used to develop these liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the depreciation for subscription-based information technology arrangements (SBITAs) is based on the state's policy of the present value of total payments over the life of the contract. We evaluated the methods, assumptions, and data used to develop the depreciation for SBITAs, determining that it is reasonable in relation to the financial statements as a whole.

- Management accrues for compensated absences utilizing historical usage patterns. Other factors such as pay rates, disaggregation of employee types, leave caps, payout patterns, forfeiture policies and salary-related payments have been considered. We have evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. In connection with the assistance we provided with the preparation of the 2025 financial statements, we proposed adjusting journal entries to convert the cash basis working trial balance to the modified accrual and accrual basis. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected misstatements noted.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Council's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated as of the date of this letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Council's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Council, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the Council, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Council's auditors.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We have made the following modification to our auditor's report.

Change in Accounting Principle

A paragraph titled "Change in Accounting Principles" was added to the Report of the Independent Auditors to address the adoption of GASB Statement No. 101, *Compensated Absences,* and Statement No. 102, *Certain Risk Disclosures*. Our opinion was not modified with respect to the adoption of these statements.

Other Matters

Required Supplementary Information ("RSI")

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison schedules, schedules of proportionate share of net pension and OPEB liabilities, and the schedules of pension and OPEB contributions, which are RSI that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Supplementary Information

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with GAAP, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Restriction on use

This report is intended solely for the information and use of the Council Members, others within the Council, and the Auditor of Public Accounts of the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate this opportunity to be of service and extend our thanks to everyone at the Council for their cooperation and assistance. We would be pleased to discuss any of the above matters with you at your convenience.

Respectfully,

Blue & Co., LLC

Lexington, Kentucky
January 15, 2026

Higher Education Matters

Kentucky Council on Postsecondary Education

FY2026
Agency Budget Update

FY2026 – As of December 31, 2025

Council on Postsecondary Education

FY2026 Budget Reduction

The Consensus Forecasting Group, a statutory committee, issues preliminary and final General Fund revenue estimates by September 30 and December 30, respectively, of each odd-numbered year. On September 25, 2025, agencies were notified that the General Fund revenue forecast for fiscal year 2025–2026 had been revised downward by $305.2 million. Following the December meeting of the Consensus Forecasting Group, agencies were further notified that, to maintain a balanced budget for fiscal year 2025–2026, a 3% reduction in General Fund appropriations authorized under House Bill 6, the 2024–2026 Executive Branch budget bill, would be implemented.

The total General Fund impact of the Council on Postsecondary Education, CPE, is a $439,300 reduction. The chart below details measures CPE has taken to accommodate a 3% budget reductio in the current fiscal year.

FY2025-26 Budget Reduction		
General Fund Total Subject to Reduction		**$14,645,700**
Operations and Strategic Initiatives		
Vacancy Credits - 3.5 Positions Vacant for 8+ months	(239,300)	
Technology Trust Fund Service Reduction		
Reduce Kentucky Regional Optic Network State Contribution		
Reduce Kentucky Virtual Library State Contribution	(110,000)	
Healthcare Initiative Fund		
Reduce Available Match Dollars for Scholarships	(90,000)	
TOTAL 3% Mandated Budget Reduction		**(439,300)**
Modified FY2025-26 General Fund Appropriation		**$14,206,400**

The following report does not incorporate the above budget reduction. The budget reduction became effective on January 1, 2026.

GENERAL FUND OPERATIONS

General Fund – Base Operations

General funds are used to provide essential services and resources that support the board, president, and agency in carrying out CPE's statutory duties and strategic agenda priorities. Units and initiatives funded through general funds are:

- **The Office of the President,** which is the state's primary advocate for public postsecondary education and advises the Governor and General Assembly on higher education matters;
- **CPE Board,** whose responsibilities are set out in KRS 164.013. The CPE Board and its standing and advisory committees meet regularly throughout the year to review staff recommendations and approve major decisions of the Council;
- **Academic Excellence**, which oversees matters relating to the quality of degree programs and instruction;
- **Finance,** which oversees college affordability and deals with postsecondary budgetary matters;
- **Policy and Planning and Data and Research,** which develops and implements the strategic agenda and associated accountability system; collects, analyzes, and warehouses student data; and coordinates communications and events;
- **Workforce and Economic Development,** which aligns degree offerings with workforce needs and addresses critical shortages in the high-need occupational areas; and
- **Agency Operations**, which houses the office of general counsel and government relations, human resources, administrative services, communications and other functions supporting agency staff.

General Fund Base Operations	Council Approved Budget FY 2026	Expenditures As of 12/31/2025	Remaining Balance As of 12/31/2025	Percentage Remaining
Salaries and Wages FY26 = 36 FTE; 4 Interns	$3,487,400	$1,766,769	$1,720,631	49.34%
Benefits	1,955,500	858,021	$1,097,479	56.12%
Other Personnel Costs - Employee Training	15,000	5,465	$9,535	63.57%
Professional Service Contracts	235,000	109,427	$125,573	53.44%
Building Rental	310,000	149,391	$160,609	51.81%
COT - Technology Support	417,000	189,384	$227,617	54.58%
Copiers and Printing	16,200	10,080	$6,120	37.77%
Office Supplies	9,000	5,050	$3,950	43.89%
Memberships and Dues	45,000	19,758	$25,242	56.09%
*Travel and Meeting Expenses	42,000	55,003	($13,003)	-30.96%
*Misc. Services	12,000	19,112	($7,112)	-59.27%
TOTAL GENERAL BASE OPERATIONS	**$6,544,100**	**$3,187,461**	**$3,356,639**	**51.29%**

*CPE is awaiting reimbursement for travel, meeting, and other program related expenses.

General Fund – Strategic Initiatives

HB6 of the 2024 Regular Session appropriates funds to be used for strategic initiative efforts. These funds are used to support:

- **Student Access and Success,** which promotes smoother transitions to and through postsecondary education through policy, programs, and enhanced student support services,
- **Strategic Programs overseen by the Academic Excellence Unit,** such as Graduate Profile grants to institutions and the Faculty Leadership Academy

General Fund Strategic Initiatives	Council Approved Budget FY 2026	Expenditures As of 12/31/2025	Remaining Balance As of 12/31/2025	Percentage Remaining
Salaries and Wages FY26 = 6 FTE	$500,000	$271,407	$228,593	45.72%
Benefits	250,000	107,707	142,293	56.92%
Professional Service Contracts	445,000	87,830	357,171	80.26%
Futuriti- Technology Support	30,000		30,000	100.00%
Misc. Supplies, Dues, and Subscriptions	51,400	46,148	5,252	10.22%
Travel and Meeting Expenses	31,000	10,566	20,434	65.92%
Grants	150,000	50,000	100,000	66.67%
TOTAL Strategic Initiatives OPERATIONS	**$1,457,400**	**$573,657**	**$883,743**	**60.64%**

General Fund – Other

HB6 of the 2024 Regular Session appropriated general funds for CPE to be used for defined purposes. The funds are to be used to specifically support:

Kentucky State University (KSU) Oversight, HB 250 of the 2022 Regular Session requires CPE to provide ongoing oversight of KSU's progress toward the goals outlined in its management improvement plan. Unused funds appropriated in HB6 of the 2024 Regular Session were carried forward into FY2026.

Southern Regional Education Board (SREB) Membership, HB6 of the 2024 Regular Session appropriated general funds for costs associated with the Commonwealth's Southern Regional Education Board (SREB) membership. SREB membership benefits multiple state agencies.

Program	Council Approved Budget FY 2026	Expenditures As of 12/31/2025	Remaining Balance As of 12/31/2025	Percentage Remaining
Operations - SREB Dues	$224,800	$224,800	$0	0.00%
*Kentucky State University Oversight	285,262	219,883	65,379	22.92%
TOTAL GENERAL OPERATIONS	**$510,062**	**$444,683**	**$65,379**	

TECHNOLOGY TRUST FUND

KRS 164.7911 creates the Technology Initiative Trust Fund, and KRS 164.7921 clarifies that the fund supports ongoing technology investments and upgrades for CPE and postsecondary institutions. KRS 164.800 encourages shared program delivery among libraries, institutions, systems, agencies, and programs. These joint technology purchases and digital subscriptions result in considerable cost savings for the Commonwealth. In addition to supporting postsecondary technology efforts and the adopted strategic agenda, the Technology Trust Fund supports:

The Kentucky Postsecondary Education Network (KPEN), which provides internet access to public postsecondary campuses and other digital initiatives.

KPEN and Technology Support	Council Approved Budget FY 2026	As of 12/31/2025	Remaining Balance As of 12/31/2025	Percentage Remaining
REVENUE				
Prior Year Carry Forward	$1,386,200	$1,264,595	($121,605)	-8.77%
General Fund	2,114,101	1,157,180	(956,921)	-45.26%
External Payments	550,000	306,204	(243,796)	-44.33%
TOTAL REVENUES	**$4,050,301**	**$2,727,980**	**($1,322,321)**	**-32.65%**
EXPENDITURES				
Personnel	518,000	172,988	$345,012	66.60%
Operating	2,993,894	1,624,876	1,369,018	45.73%
Grants	400,000	72,721	327,279	81.82%
TOTAL EXPENDITURES	**$3,511,894**	**$1,797,864**	**$1,696,297**	**48.30%**
FUND BALANCE	**$538,407**	**$930,116**		

Kentucky Virtual Library (KYVL) is a consortium of over 300 Kentucky libraries and institutions, including colleges and universities, public libraries, K12 schools, hospitals, the Kentucky Department for Libraries and Archives (KDLA), and more.

Kentucky Virtual Library (KYVL)	Council Approved Budget FY 2026	As of 12/31/2025	Remaining Balance As of 12/31/2025	Percentage Remaining
REVENUE				
Prior Year Carry Forward	$1,500,000	$1,827,638	$327,638	21.84%
General Fund	1,553,499	850,420	(703,079)	-45.26%
Member Fees	2,600,000	1,959,143	(640,857)	-24.65%
TOTAL REVENUES	**$5,653,499**	**$4,637,201**	**($1,016,298)**	**-17.98%**
EXPENDITURES				
Personnel	$415,000	$206,931	$208,069	50.14%
Operating	4,100,000	3,941,157	158,843	3.87%
TOTAL EXPENDITURES	**$4,515,000**	**$4,148,089**	**$366,911**	**8.13%**
FUND BALANCE	**$1,138,499**	**$489,112**		

RESTRICTED and TRUST FUND PROGRAMS

Equine Trust Fund

Pursuant to KRS 138.510(5), the Equine Trust Fund directs one percent of all money wagered on live and historical races at the track to be deposited into a trust for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities. CPE serves as the administrative agent of these funds and develops procedures for administering the program and making disbursements in accordance with established guidelines. Funds carry forward until expensed.

Healthcare Workforce Investment Fund (HWIF)

In 2023, the General Assembly passed HB 200, establishing an innovative fund whereby employers pledge a dollar amount to a postsecondary healthcare program held in trust to be matched by general fund state dollars. Over half of the funds are dedicated to scholarships for students pursuing high-demand healthcare credentials; the remaining dollars recognize program excellence and support administration of the fund at CPE. Funds carry forward until expensed or until the program sunsets in 2030.

Licensure

As set forth in KRS 164.945-47, CPE is required to license all non-public, postsecondary institutions that operate in Kentucky offering bachelor's degrees or higher, including out-of-state institutions offering programs through distance education. The licensure unit also manages Kentucky's participation in the State Authorization Reciprocity Agreement (SARA), which sets standards for interstate offerings of postsecondary distance education. The fund is funded through licensure fees. Funds carry forward until expensed.

Research Challenge and Comprehensive University Excellence Trust Fund "Bucks for Brains"

- The Research Challenge Trust Fund provides funding to the University of Kentucky and the University of Louisville to recruit world-class research faculty through an endowment match program. It also supports scientific research leading to new discoveries and innovations for the good of the state (KRS 164.7917). Funds carry forward until expensed.

- The Comprehensive University Excellence Trust Fund (KRS 164.7919) are awarded to Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, Northern Kentucky University, and Western Kentucky University to support their designated Programs of Distinction (PODs). Funds carry forward until expensed.

Program	Council Approved Budget FY 2026	As of 12/31/2025	Remaining Balance As of 12/31/2025	Percentage Remaining
Equine Trust Fund	$750,000	$240,000	$510,000	68.00%
Healthcare Workforce Investment Fund	19,200,000	453,127	$18,746,873	97.64%
Licensure	493,900	295,228	$198,672	40.23%
Research Challenge Trust Fund	12,373,500	6,585,667	$5,787,834	46.78%
Comprehensive University Excellence Trust Fund	2,882,400	748,446	$2,133,954	74.03%
TOTAL Restricted and Trust Funds	**$35,699,800**	**$8,322,468**	**$7,921,788**	

GRANTS

Grant funds are used to support non-general fund services and resources to further efforts in carrying out CPE's statutory duties and strategic agenda priorities. Most grant funds are awarded for periods that do not coincide with the state fiscal year; the chart below depicts total available funds as of the designated fiscal year. `

Responsible Unit	Grant	Beginning Date	End Date	TOTAL Award	FY 2026 Available Funds
Academic Excellence	SHEEO - Alignment for Student Success	1/1/2024	2/28/2026	$20,000	$17,883
Communications	Lumina - Advising Framework/ Futuriti	11/10/2025	10/29/2027	$700,000	$700,000
Communications	CCSSO Student Outcomes	12/19/2025	6/30/2027	$100,000	$100,000
Executive	STRADA - Travel Grant	8/1/2025	6/30/2026	$7,500	$7,500
Licensure	NC SARA	7/3/2025	6/30/2026	$7,500	$7,500
Simmons College	Fiscal Recovery Funds	7/1/2022	12/31/2026	$7,280,200	$2,630,836
Student Access and Success	GEARUP 4	10/1/2018	9/30/2026		$185,000
Student Access and Success	GEARUP 5	10/1/2026	9/30/2032	$29,999,970	$4,999,995
Student Access and Success	Save The Children	8/1/2022	12/31/2027	$499,349	$248,255
Student Access and Success	ECMC-Scaling Student Basic Needs	1/1/2024	12/31/2026	$1,551,355	$1,000,000
Student Access and Success	James Graham Brown Kentucky Student Success Center	3/11/2021	6/30/2024		$88,719
Student Access and Success	James Graham Brown Kentucky Student Success Center	7/1/2024	6/30/2028	$3,250,000	$1,135,504
Student Access and Success	Office of Adult Education Adult Learner	7/1/2024	6/30/2026	$775,000	$200,000
Student Access and Success	SHEEO - Student Basic Needs	4/7/2025	12/31/2027	$60,000	$60,000
Workforce and Economic Development	Federal - State Fiscal Recovery Funds Healthcare Workforce	7/1/2022	12/31/2026	$10,000,000	$2,469,199
Workforce and Economic Development	CHFS - Career Ladders in Mental and Behavioral Health (CLIMB)	9/15/2023	6/30/2026	$1,500,000	$1,174,515
Workforce and Economic Development	CHFS - Career Ladders in Mental and Behavioral Health (CLIMB) 2.0	8/1/2025	6/30/2026	$461,627	$461,627
Workforce and Economic Development	DCBS Training	4/25/2025	6/30/2026	$1,687,623	$1,447,719
Workforce and Economic Development	Opioid Abatement	7/1/2025	6/30/2026	$488,676	$488,676
Workforce and Economic Development	SHEEO - Justice - Impacted Students	4/1/2025	3/31/2026	$40,000	$40,000
				$58,528,800	$17,560,816

* TOTAL Available Funds ; grant awards often span multiple state fiscal years

FIDUCIARY FUNDS

Overview

Fiduciary (or pass-through) funds are appropriated by the General Assembly to CPE and held for the benefit of individuals or units outside of the agency. CPE is the trustee or fiduciary responsible for these assets, which can be used only for trust beneficiaries. CPE ensures assets reported in these funds are used for their intended purposes.

Financial Overview

Program	Council Approved Budget FY 2026	Expenditures As of 12/31/2025	Remaining Balance As of 12/31/2025	Percentage Remaining
App Reg Healthcare - Psychiatric Residency	$8,000,000		$8,000,000	100.00%
Cancer Research Matching Program	3,923,000	1,016,485	2,906,515	74.09%
Cancer Research - Tobacco Settlement Funds	6,250,000		6,250,000	100.00%
Ovarian Cancer Screening	1,000,000	500,000	500,000	50.00%
Spinal Cord and Head Injury Research	2,000,000	2,000,000	0	0.00%
SREB Doctorial Scholars Program	50,000		50,000	100.00%
*Simmons College	2,470,900	951,054	1,519,846	61.51%
TOTAL FIDICARY FUNDS	**$23,693,900**	**$4,467,540**	**$1,569,846**	**6.63%**

Program Descriptions

- **Appalachian Regional Healthcare**
  Psychiatric Residency: HB1 of the 2024 Regular Session appropriates funding to be distributed to Appalachian Regional Healthcare to establish a psychiatric residency program to serve Kentucky.

- **Cancer Research Matching Funds**
  KRS 164.043 creates the cancer research institutions' matching fund. For tax periods beginning on or after June 1, 2005, the one cent ($.01) surtax collected under KRS 138.140(1)(c) shall be deposited into the fund. One-half of the monies is distributed to the University of Kentucky and one-half to the University of Louisville. The two universities must provide a dollar-for-dollar match to receive funds.

- **Cancer Research**
  HB6 of the 2024 Regular Session appropriates Tobacco Settlement Funds to be used for cancer research and screening to be shared equally between the University of Kentucky and the University of Louisville.

- **Ovarian Cancer Screening**
  HB6 of the 2024 Regular Session appropriates funding to the ovarian cancer screening outreach program at the University of Kentucky.

- **Spinal Cord and Head Injury Research**
  HB6 of the 2024 Regular Session appropriates funding to support spinal cord and head injury research. In accordance with KRS 211.500, KRS 211.502, KRS 211.504, the appropriation in each fiscal year shall be shared between the University of Kentucky and the University of Louisville.

- **SREB Doctoral Scholars**
  HB6 of the 2024 Regular Session appropriates funding for annual dues to the Southern Regional Education Board (SREB).

- **Simmons College**
  HB 1 of the 2022 Regular Session appropriates funds for the Teacher Education Initiative at Simmons College. The funds shall also be used to expand academic offerings in psychology to produce more licensed mental health practitioners, quality control technology workers, and logistics and supply chain managers. Additionally, HB 1 of the 2024 Regular Session appropriates dollars from the State Fiscal Recovery Funds to support infrastructure planning and facility acquisition for student residential housing, an onsite tutoring/study facility, and the development and design of capital improvements to support academic program expansion.

TOPIC/TITLE:	Election of the 2024 CPE Chair and Vice Chair
STAFF CONTACTS:	Heather Faesy, Program Manager Travis Powell, Executive Vice President & General Counsel
TYPE/REQUEST:	☒ Action ☐ Information

SUMMARY OF ACTION REQUESTED

The Nominating Committee will present their recommended slate of officers for consideration by the Council.

SUPPORTING INFORMATION

The Nominating Committee met on January 26, 2026, to discuss and recommend members to serve as chair and vice chair of the CPE through January 2027.

The chair shall serve as the convener of all Council meetings and as the central voice of the Council. In the absence of the chair, or in the event the chair is unable to perform, the vice chair shall perform the duties of the chair. In the event the chair resigns, and the vice chair assumes the duties of the chair, the Council may select a vice chair to complete the unexpired term of the vice chair. The chair and vice chair are limited to three consecutive one-year terms.

After the election of the chair and vice chair, the officers will begin their duties immediately.

TOPIC/TITLE:	Undergraduate Student Debt Levels in Kentucky
STAFF CONTACTS:	Travis Muncie, Assistant Vice President Anushka Karki, Intern for Data and Advanced Analytics Patricia Juarbe Rivera, Intern for Data and Advanced Analytics Katie Black, Intern for Data and Advanced Analytics
TYPE/REQUEST:	☐ Action ☒ Information

SUMMARY OF TOPIC AND/OR ACTION REQUESTED

CPE staff will discuss trends in undergraduate student loan debt among Kentucky's public postsecondary graduates. This effort monitors college affordability and assesses progress in reducing student borrowing.

SUPPORTING INFORMATION

This analysis examines changes in the proportion of completers graduating with zero debt, as well as average debt loads, over the past five academic years (2019-20 through 2024-25). Data were analyzed for students completing associate, bachelor's, certificate, and diploma programs at the time of their highest credential of record. Average debt is reported both for all graduates (including those with no debt) and for graduates who borrowed, providing a comprehensive view of borrowing patterns across sectors and student populations. These data reflect both federal (e.g., Pell, Stafford) and private loans.

Overall findings show that the proportion of students graduating debt-free is increasing substantially. Further, student debt levels at graduation continue to decline across Kentucky's public postsecondary system. These trends reflect sustained efforts by institutions and state leaders to promote affordability through restrained tuition increases, expanded grant aid, improved financial literacy, and timely degree completion.

NOTABLE STATISTICS

- **All public undergraduates:**
  - The average debt burden among all undergraduate completers (including borrowers and non-borrowers) declined 34.1%.
  - Among borrowers only, average debt declined 10.7%.

- The share of students graduating debt-free increased from 46.7% to 60.6% (14.0 percentage points).

- **Public two-year Institutions (KCTCS):**
  - The average debt burden among all KCTCS graduates (borrowers and non-borrowers) declined 34.8%.
  - Among borrowers only, average debt declined 2.1%.
  - The proportion of debt-free graduates increased from 60.1% to 73.5% (13.4 percentage points).

- **Public four-year institutions:**
  - The average debt burden among all undergraduate completers (borrowers and non-borrowers) declined 19.1%.
  - Among borrowers only, average debt declined 7.2%.
  - The share of debt-free undergraduate completers increased from 37.9% to 45.8% (7.9 percentage points).

WHY THIS MATTERS

Lower student debt levels improve college affordability, increase access and completion, and reduce financial barriers for graduates entering the workforce. Continued declines in borrowing reflect collaboration between CPE, the General Assembly, and postsecondary institutions to keep college costs manageable. These efforts strengthen long-term financial stability and return on investment for students and the state.

CPE Report Takeaways:

Student Debt in Kentucky

Percent Without Debt

Six out of 10 Kentucky undergraduate students (61%) are now graduating debt-free.

By sector, the percentage of debt-free graduates is 74% at KCTCS and 46% at public universities.

Amount Owed

Overall, the amount owed by those with debt has been reduced 11%. Similarly, in-state and low-income graduate amounts also declined by 14% and 12%, respectively.

By sector, in 2024-25, the average borrower at KCTCS owed about $300 less at graduation, and four-year baccalaureate students owed about $2,500 less.

Policy Attributions

Reasons for these declines can be attributed to increased state and institutional financial aid, and more students taking advantage of the Dual Credit Scholarship in high school.

CPE: 6 out of 10 Kentucky college students are graduating debt-free

NEWS RELEASE

Release Date:
Contact: Jessica Fletcher
859-539-0511
jessica.fletcher@ky.gov

CPE: 6 out of 10 Kentucky college students are graduating debt-free

Those with debt seeing lower balances upon graduation

(FRANKFORT, Ky.) -- Six out of 10 Kentucky undergraduate students are now graduating debt-free, according to a new report by the Kentucky Council on Postsecondary Education (CPE). This is up from 2019-20, when four out of 10 students were graduating debt-free. The percentage of debt-free graduates from community and technical colleges is now 74%, and 46% for public university graduates.

“With the national media focused on ballooning student loan debt and rising tuition, I’m extremely proud that Kentucky has a different story to tell,” said Dr. Aaron Thompson, president of CPE. “Significant increases in state and institutional grants and scholarships over the last five years made college affordable for thousands of Kentuckians, to the extent that many avoided student loans altogether.”

Not only are more students graduating debt-free, but the report also shows that average loan balances are decreasing. In 2024-25, the most recent year available, the average borrower at KCTCS owed $13,739 at graduation (down from $14,167 five years ago), while the average public university graduate (baccalaureate only) owed $32,564 (down from $35,100 over the same period).

“There are several probable reasons for these declines, in addition to increased aid,” said Dr. Chris Ledford, CPE’s director of data and advanced analytics and lead author of the report. “More students are taking dual credit in high school, which is shortening their time to degree and overall costs. Also, the state and institutions have stepped up financial literacy efforts, which help students and families learn about budgeting and responsible borrowing.”

Futuriti.org, developed by CPE and the Kentucky Center for Statistics (KYSTATS), is one such resource. The website helps families estimate college costs at Kentucky institutions and make responsible financial decisions. On the site, students can view the average price of different degree or credential programs in Kentucky and search for available financial aid.

The debt report examines the average loan balance of low-income, in-state and out-of-state students. Typically, out-of-state students carry the largest loan balances, followed by resident and then low-income students. Average loan amounts have declined across all groups—even for students from low-income backgrounds.

The full report can be accessed on CPE's website.

###

The Council on Postsecondary Education is leading transformation in our workforce, economy and quality of life by advancing progress in educational attainment across Kentucky. As the state’s higher education coordinating agency, we champion high-quality, inclusive and affordable postsecondary opportunities that prepare students for civic engagement and sustainable careers. That’s why we are undertaking the 60x30 goal, an ambitious effort to raise the percentage of working-age Kentuckians with a postsecondary degree or certificate to 60% by the year 2030. At CPE, we believe that higher education matters – *for everyone*.

Kentucky Council on Postsecondary Education
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UNDERGRADUATE STUDENT DEBT LEVELS IN KENTUCKY

Five-Year Trends for Undergraduate Degree and Credential Completers at Public Universities and KCTCS

JANUARY 2026

Table of Contents

From the President

CPE’s latest report examines college affordability through the lens of student loan debt. It examines both the share of students graduating with loans and the average balance owed at credential completion. While other factors, such as net price and financial aid availability, affect affordability, unmanageable debt can curtail graduates’ ability to meet their financial obligations for years to come.

Fortunately, the news is positive. Kentucky’s public higher education system has significantly lowered debt levels among undergraduate completers over the last five years. Nearly two-thirds (60.6%) of students graduate from KCTCS and public universities with no loan debt. Among those who do borrow, the average loan balance has fallen 10.7%—from $28,897 in 2019-20 to $25,799 in 2024-25.

This is not occurring because students are wealthier; enrollment of low-income students over the same period increased 8%. Rather, several statewide and campus initiatives are contributing to this trend. CPE and state policymakers are moderating tuition increases and investing more heavily in grants and scholarships. Institutions, especially, are offering more financial aid and better financial literacy instruction. The tremendous growth in dual credit is shortening time-to-degree, which lowers the overall cost of a postsecondary credential.

Together, these efforts are substantially reducing student debt levels. I’m hopeful that this report reassures Kentucky families that a quality postsecondary education remains within reach.

Executive Summary

This report illustrates Kentucky's progress in reducing student loan debt among undergraduate degree and credential completers at public postsecondary institutions over the last five years. Not only are more students graduating debt-free, but average loan balances are also decreasing.

Percentage of graduates from Kentucky public institutions with zero debt

All Graduates (KCTCS and Four-Year)

Up 14.0 percentage points

KCTCS Graduates

Up 13.4 percentage points

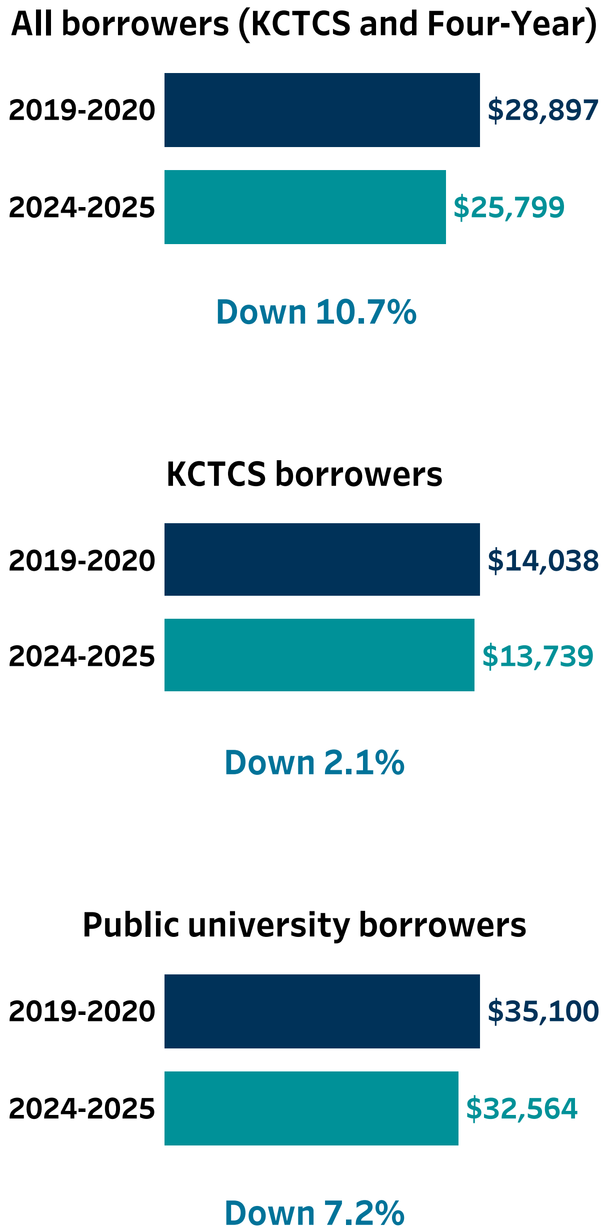
Four-Year Public University Graduates

Up 7.9 percentage points

Executive Summary (continued)

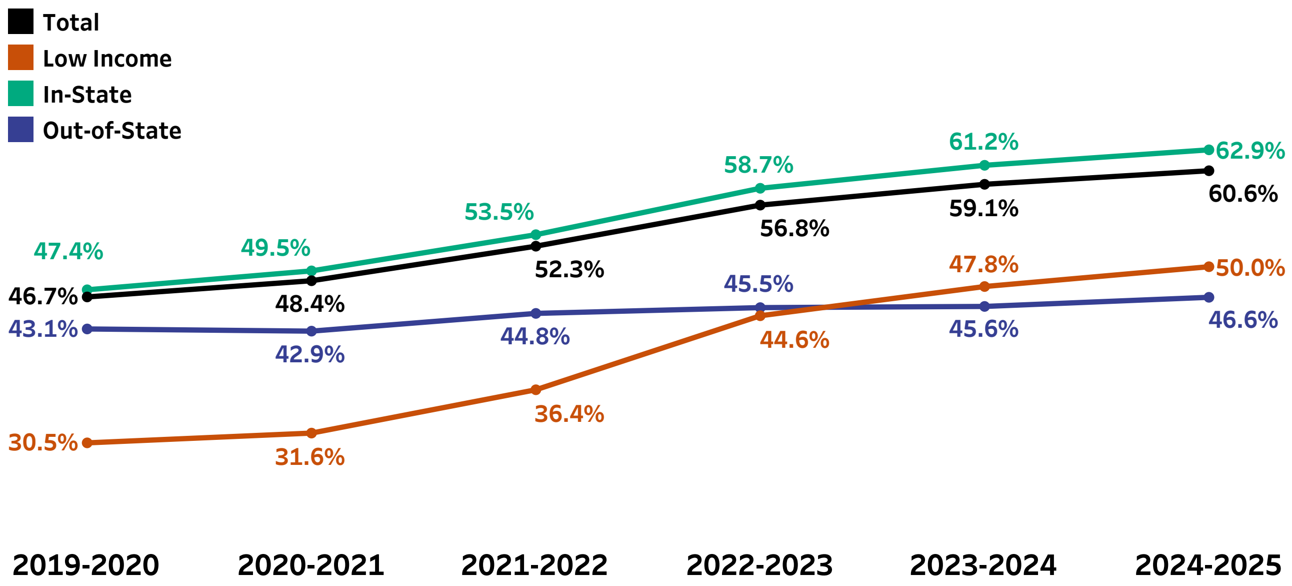
The average loan balance owed at graduation is declining across all postsecondary sectors. Increased investment in student financial aid, reduced time to degree (due in part to a rise in dual credit course completion) and enhanced financial literacy efforts are contributing to this trend.

Average loan balance of public undergraduate borrowers at completion



Statewide Trends

Figure 1. Percent of all undergraduate completers (from two-year and four-year institutions) who graduate debt-free, by student type



In the 2024-25 academic year, 60.6% of all Kentucky undergraduates (about 22,000 students) graduated with no student loan debt. This includes both in-state and out-of-state students at KCTCS and four-year public universities who borrowed both federal and private loans. The share of debt-free students increased 1.5 percentage points over the previous year and 14.0 percentage points over the last five years.

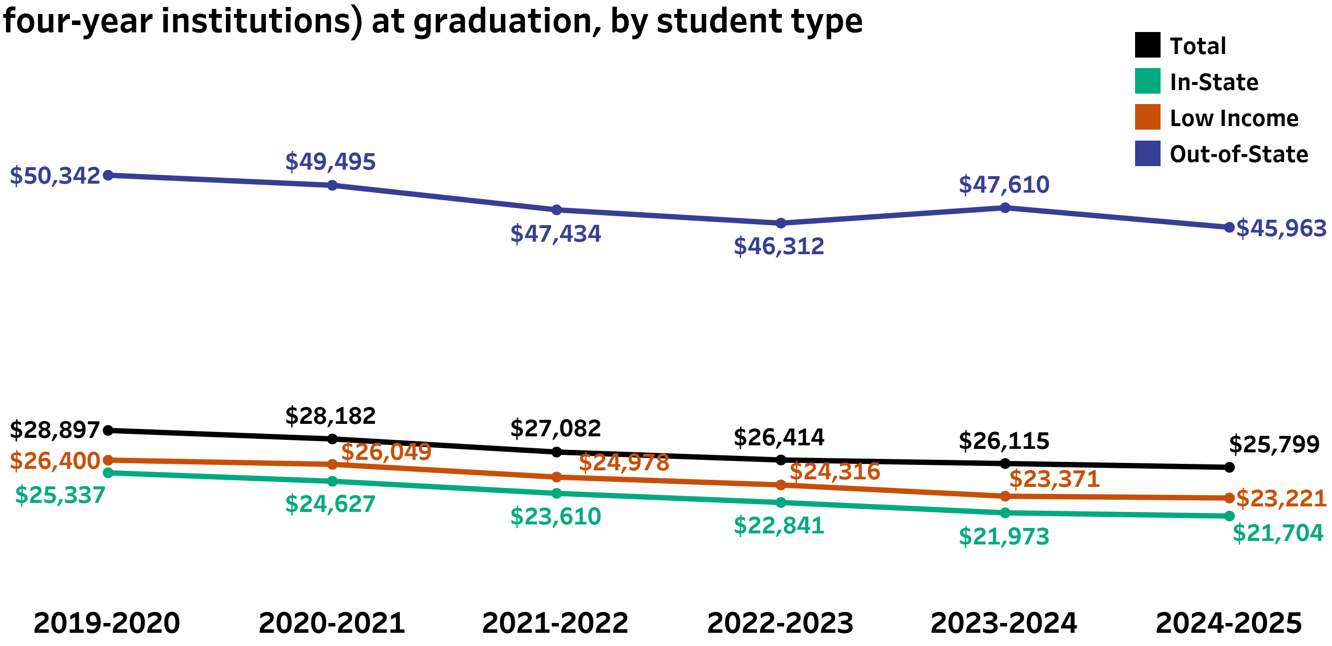
An even bigger increase occurred for low-income students, defined as individuals who received a federal Pell grant at any point during their academic career. In 2019-20, just 30.5% of low-income students graduated debt-free. Now, 50.0% complete a credential without incurring debt, a 19.5 percentage point increase.

The percentage of in-state completers graduating debt-free increased from 47.4% five years ago to 62.9% in 2024-25 (up 15.5 percentage points). Increased investment in state grants, institutional grants, and scholarships (e.g., KEES, CAP, KY Work Ready Scholarship) enabled many students to avoid taking out loans. CPE and institutional efforts to moderate tuition rate increases and educate families about responsible borrowing are also factors.

By design, out-of-state students pay higher tuition rates at public colleges and universities, which subsidizes lower rates for Kentucky residents. Nevertheless, nearly half (46.6%) of out-of-state students graduated debt-free, up 3.5 percentage points from five years ago.

Note: This report categorizes loans into three types: **Stafford loans** (subsidized or unsubsidized); **Parent Plus loans** (for parents covering college costs), and; **other loans** (all other federal loans and private loans, such as those issued by a bank or credit union).

Figure 2. Average loan balance of all public undergraduate borrowers (at two- and four-year institutions) at graduation, by student type



Not only are fewer students incurring debt; loan balances, on average, are declining. **Over the last five years, there has been a 10.7% reduction in the average student loan balance of undergraduate borrowers at completion. In 2019-20, the average balance owed at graduation was $28,897; by 2024-25, it had fallen to $25,799.**

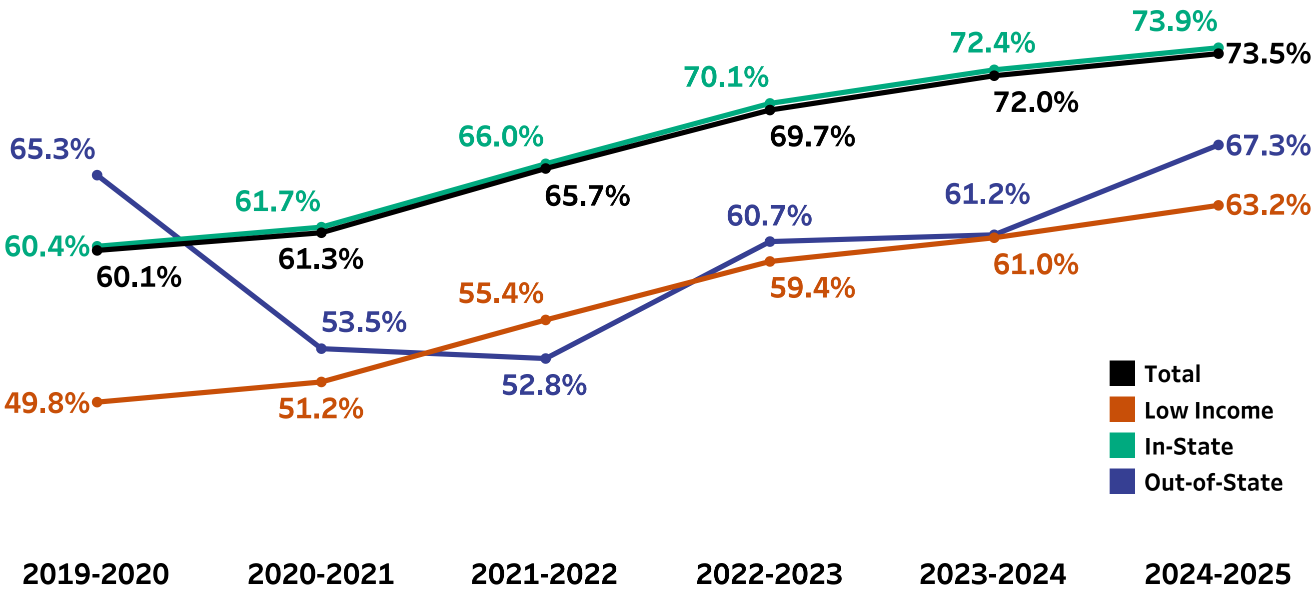
Reductions have been especially pronounced for low-income students. The average loan balance for low-income graduates declined 12.0% over five years, from $26,400 to $23,221, exceeding the overall decline. This trend, coupled with the rise of low-income students without debt, suggests that targeted financial aid, such as the state's need-based grant (CAP), and institutional aid, are effectively reducing debt loads for our neediest students.

Resident students saw their average loan balances decrease by 14.3%, from $25,337 to $21,704 over the last five years. In addition to state and institutional financial aid, CPE and legislative efforts to moderate tuition increases are likely contributing to this trend.

Overall, non-resident students borrow more due to higher tuition costs. Still, their average loan balance declined 8.7%, from $50,342 to $45,963 over the same period.

KCTCS Trends

Figure 3. Percent of KCTCS completers who graduate debt-free, by student type



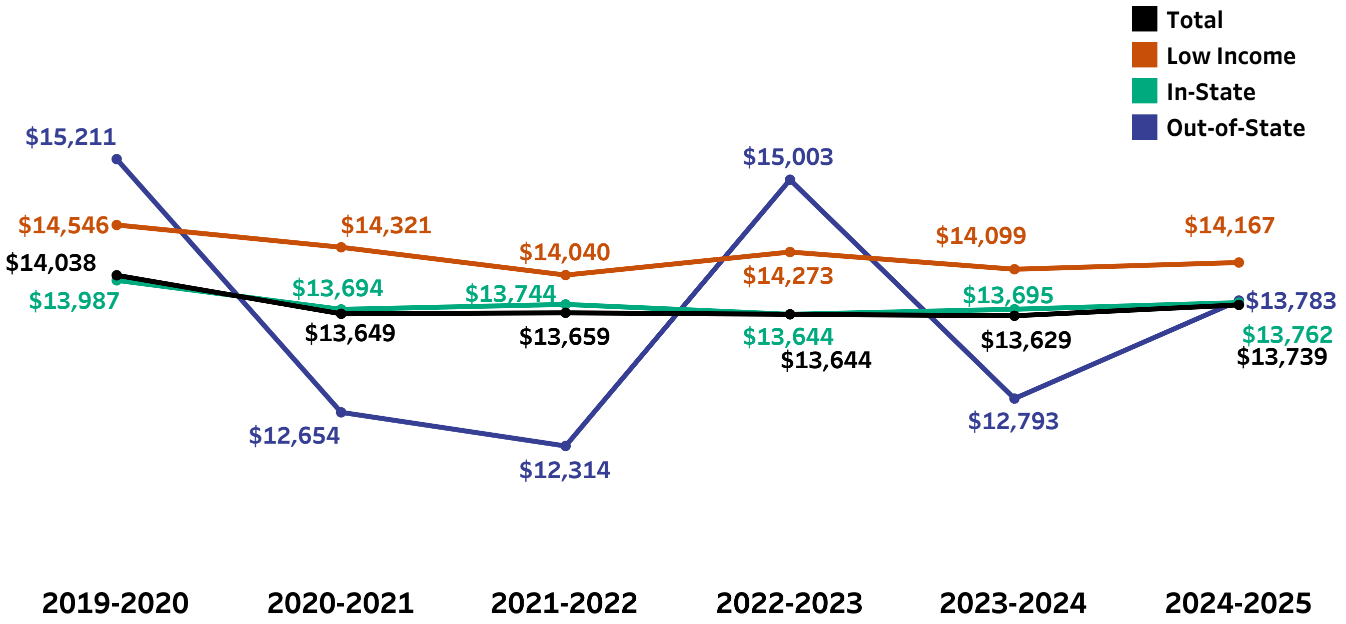
From 2019-20 to 2024-25, the share of KCTCS completers graduating debt-free increased 13.4 percentage points, from 60.1% to 73.5%. Regardless of residency or income status, an increasing share of KCTCS graduates are not incurring student loan debt.

Mirroring the overall trend, the proportion of low-income KCTCS graduates without loan debt also increased by 13.4 percentage points, from 49.8% five years ago to 63.2% in the previous academic year. Because KCTCS serves a higher proportion of low-income students relative to other postsecondary sectors, the difference in the proportion without loan debt between all students and low-income students is narrower.

Similarly, the percentage of resident students graduating from KCTCS debt-free increased 13.5 percentage points over the same period—from 60.4% to 73.9%. Because nearly all KCTCS graduates are Kentucky residents, there is little difference in the percentages for in-state graduates and total graduates.

The low number of out-of-state KCTCS graduates accounts for the volatility in this trend line, which fell sharply in 2020-21 and spiked in 2022-23. Compared to 2019-20, the share of non-resident KCTCS completers graduating debt-free was about 2.1 percentage points higher in 2024-25, increasing from 65.3% to 67.3%.

Figure 4. Average loan balance of all KCTCS borrowers at graduation, by student type



Across all KCTCS borrowers at graduation, the average loan balance decreased from $14,038 in 2019-20 to $13,739 in 2024-25, a 2.1% reduction.

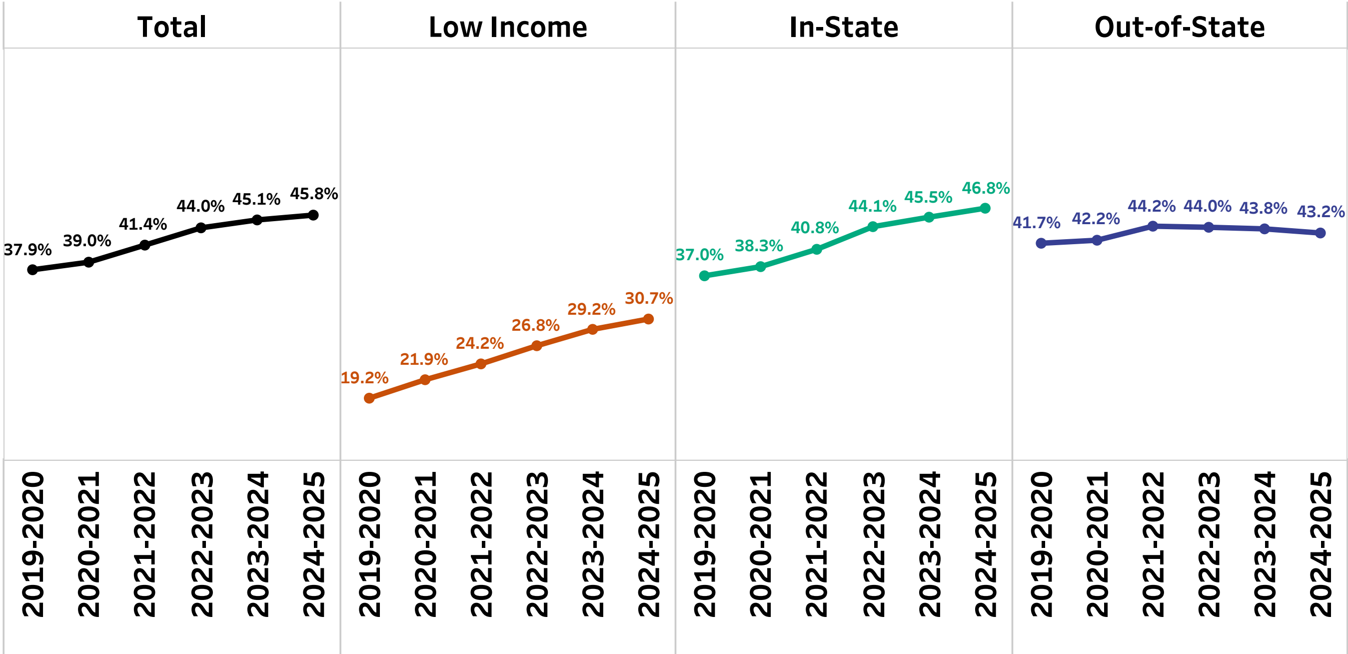
This reduction was even more pronounced for low-income borrowers at KCTCS. Their average loan balance at graduation declined by 2.6% — from $14,546 five years ago to $14,167 the previous academic year.

The average loan balance for in-state KCTCS borrowers at graduation declined more modestly (by 1.6%), falling from $13,987 to $13,762 over the same period.

Because of the small number of out-of-state graduates at KCTCS, this trendline is more volatile. Still, the average loan balance for this cohort is moving in the right direction, falling from $15,211 in 2019-20 to $13,783 in 2024-25.

Four-Year Public Institution Trends

Figure 5. Percent of public university borrowers who graduate debt-free, by student type



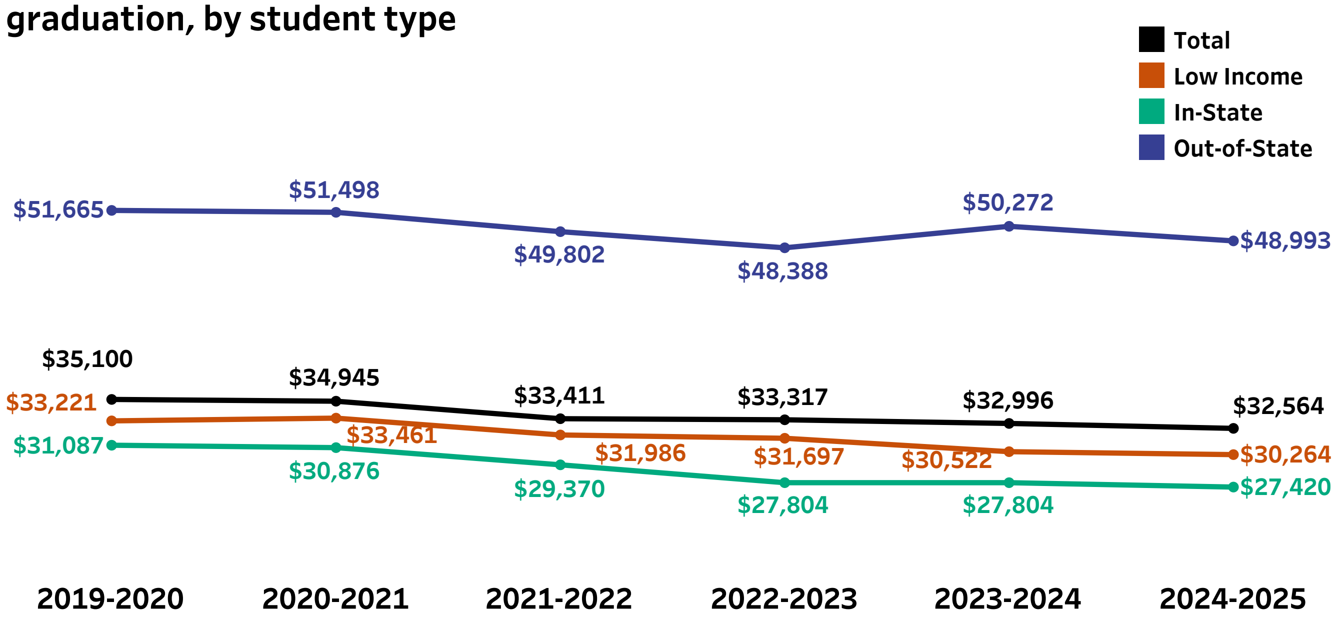
The percentage of undergraduate degree completers at public universities graduating debt-free has increased 7.9 percentage points, moving from 37.9% in 2019-20 to 45.8% in 2024-25. Nearly half of all public university borrowers complete a degree without accruing student loan debt, regardless of resident or income status.

The most dramatic increase was seen among low-income borrowers. While just 19.2% of low-income borrowers graduated debt-free five years ago, in 2024-25, that percentage rose to 30.7% (an 11.5 percentage point increase). **In other words, about a third of low-income students graduate from a Kentucky public university without incurring any student loan debt,** a testament to increased efforts by the state and institutions to support under-resourced students.

The percentage of Kentucky resident borrowers graduating debt-free also had notable growth, rising from 37.0% in 2019-20 to 46.8% in 2024-25 (a 9.8 percentage point increase).

The proportion of out-of-state borrowers graduating debt-free increased only marginally over the same period, rising from 41.7% to 43.2%, a 1.5 percentage point gain.

Figure 6. Average loan balance of public university undergraduate borrowers at graduation, by student type



In 2024-25, the average loan balance of public university undergraduate borrowers at graduation was $32,564, falling from $35,100 in 2019-20 (a 7.2% decrease). Nearly all these students earned bachelor's degrees.

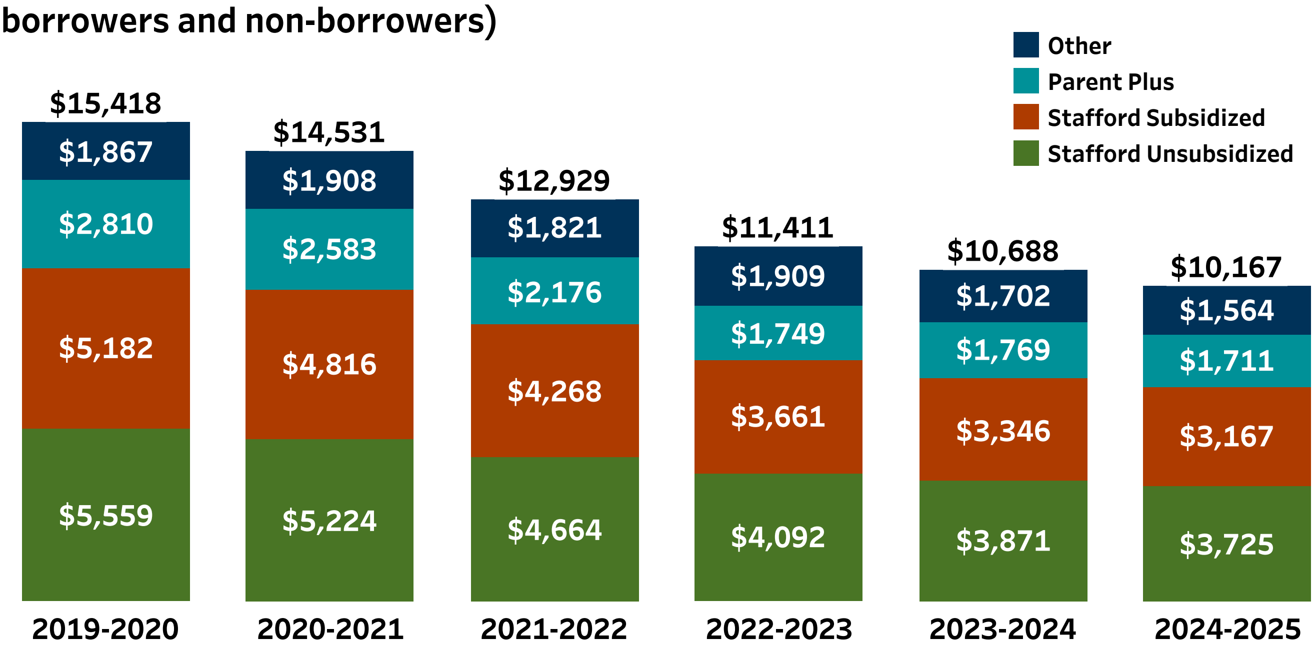
One might expect that low-income undergraduates would incur more loan debt than students overall; however, their average balance at graduation was $30,264, down from $33,221 five years earlier. This reflects the system's progress in targeting aid to the neediest students, who also benefit from federal Pell grants.

The average loan balance for in-state undergraduates at completion was $27,420 in the previous academic year, down from $31,087 five years earlier (an 11.8% decrease).

As expected, out-of-state undergraduates, who face higher tuition rates and have limited access to state financial aid, saw smaller decreases in their average debt at graduation. Their average loan balance declined 5.2%, from $51,665 to $48,993 over the same period.

Average Debt Burden

Figure 7. Average debt burden across all undergraduate completers (including borrowers and non-borrowers)



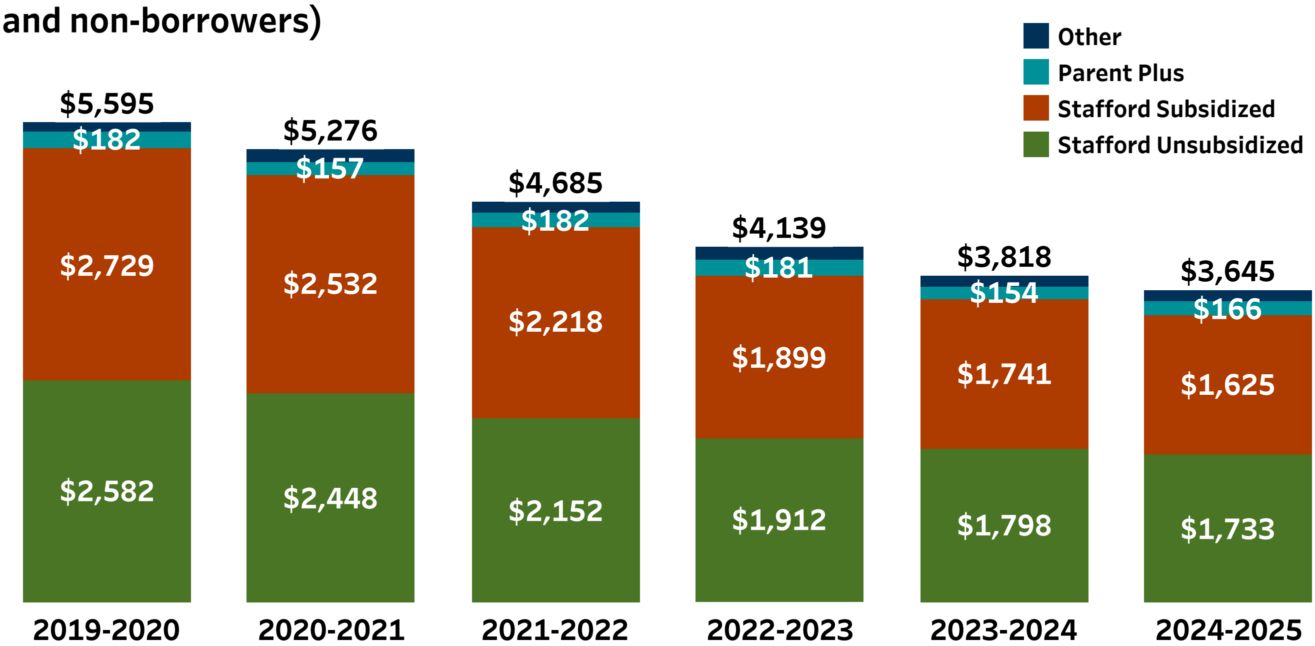
"Average debt burden" differs from "average loan balance" because it includes both borrowers and non-borrowers in the calculation. The inclusion of debt-free students in this metric reflects the significant portion of undergraduate completers with zero debt, roughly two-thirds of all graduates. This all-inclusive metric reveals the mean debt level across the entire cohort—useful for policymakers because it doesn't inflate average financial liability by ignoring students with zero debt.

When non-borrowers are taken into account, the average loan debt burden fell from $15,418 in 2019-20 to $10,168 in 2024-25, a decrease of 34.1%. The cohort includes students at two- and four-year institutions who earned certificates, associate and bachelor's degrees.

Types of loans include:

- **Stafford:** Loans provided directly to students from the federal government. Students with financial need may qualify for a subsidized loan, where interest is paid by the government. With unsubsidized loans, students pay the interest accrued.
- **Parent Plus:** Federal loans for biological and adoptive parents to help cover their child's college costs.
- **Other:** Include all other government loans, as well as private loans issued by a bank, credit union, state agency, or school. Private loans typically have less favorable interest rates and terms than federal goverment loans.

Figure 8. Average debt burden across all KCTCS completers (including borrowers and non-borrowers)



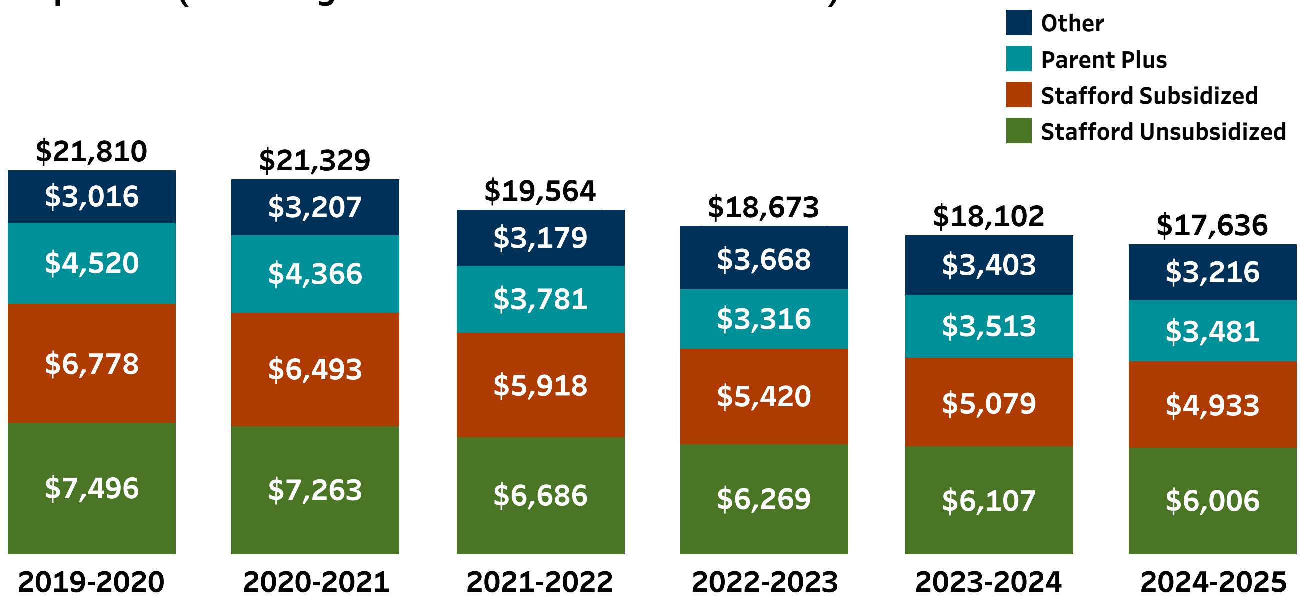
Note: Values for the "Other" category are not displayed on the chart due to spacing. The values are: 2019-2020 - $102; 2020-2021 - $139; 2021-2022 - $133; 2022-2023 - $147; 2023-2024 - $125; 2024-2025 - $121.

At Kentucky's two-year public institutions (KCTCS), the average debt burden has fallen from $5,594 in 2019-20 to $3,645 in 2024-25, a 34.8% decline.

This metric differs from "average loan balance" because it includes both borrowers and non-borrowers in the calculation. This all-inclusive measure reveals the mean debt level across the entire KCTCS cohort—useful for policymakers because it reflects the significant portion of debt-free graduates and doesn't inflate average financial liability.

This trend reflects the borrowing patterns of the KCTCS student population. Because a larger share of these students have low incomes or are financially independent (i.e., adult learners over the age of 25), borrowing is concentrated in federal subsidized and unsubsidized loans, which are subject to strict borrowing limits.

Figure 9. Average debt burden across all public university undergraduate completers (including borrowers and non-borrowers)



At Kentucky's public universities, the average debt burden among undergraduate completers fell from $21,810 in 2019-20 to $17,636 in 2024-25, a 19.1% decrease. While four-year students, like KCTCS students, primarily borrow Stafford loans, they are more likely to supplement their borrowing with Parent PLUS and private (other) loans. This is likely due to higher program costs and longer time-to-degree, which may exhaust annual and lifetime Stafford loan limits.

This metric differs from "average loan balance" because it includes both borrowers and non-borrowers in the calculation. This all-inclusive measure reveals the mean debt level across the entire public four-year cohort—useful for policymakers because it reflects the significant portion of debt-free graduates and doesn't inflate average financial liability.

Contributing Factors

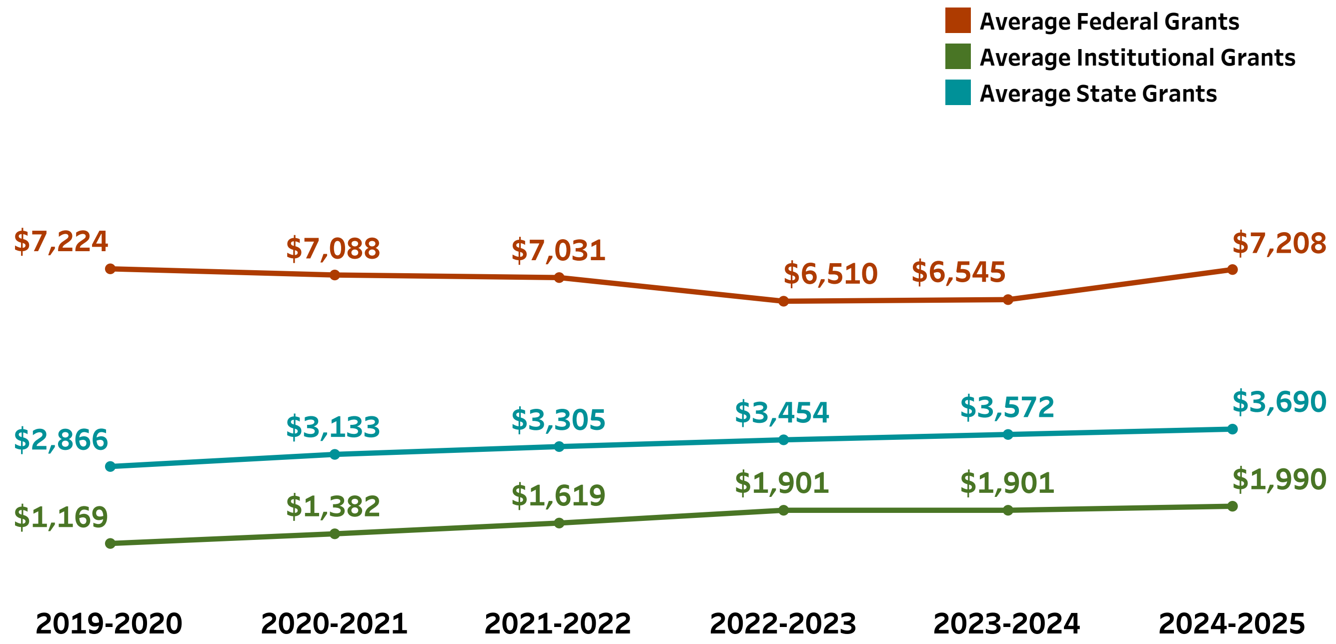
Factors Contributing to Student Debt Declines

Average student loan debt among Kentucky undergraduates at public institutions has declined due to a combination of policy, institutional, and enrollment-related factors. Key contributors include increased institutional and state financial aid; sustained efforts by CPE and campuses to limit tuition growth; exponential growth in dual credit course participation during high school; and shorter time to degree, all of which reduce overall educational costs. Statewide financial literacy initiatives have also supported more informed borrowing decisions by students and families.

Financial Aid Trends

During a period when average loan amounts were declining, grants and scholarships from state and institutional sources saw a corresponding and steady increase for KCTCS graduates. From 2019–2020 to 2024–2025, the average state grant rose from $2,866 to $3,690 — an increase of $824 or approximately 28.8%. Institutional grants saw even stronger growth, climbing from $1,169 to $1,990, a rise of $821 or about 70.2%. Federal grant awards, while fluctuating, declined overall from $7,224 to $7,208, a modest decrease of $16 or 0.2%. Despite the dip in federal aid mid-period, the combined average of state, institutional, and federal grants awarded to KCTCS graduates in 2024–2025 was higher than in 2019–2020, reflecting a net increase in total grant support.

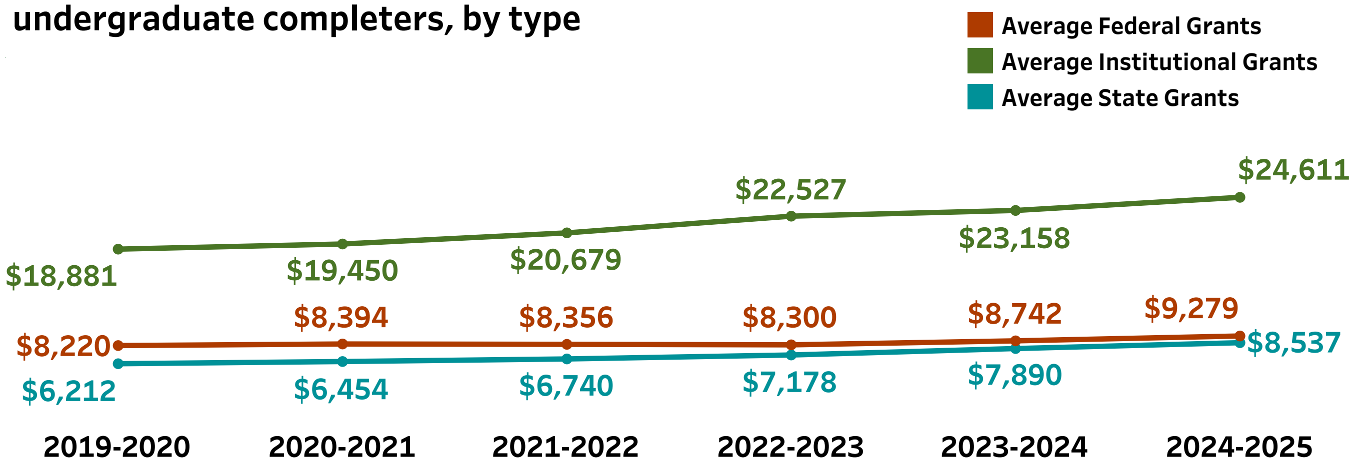
Figure 10. Average cumulative financial aid awards to KCTCS completers, by type



Financial Aid Trends (continued)

During the same period, grant aid from state and institutional sources rose significantly for public university graduates. From 2019–2020 to 2024–2025, the average state grant increased from $6,212 to $8,537—an uptick of $2,325 or approximately 37.4%. Institutional grants saw even more dramatic growth, climbing from $18,881 to $24,611, a rise of $5,730 or about 30.4%. Federal grant awards also increased, rising from $8,220 to $9,279, a gain of $1,059 or roughly 12.9%. The combined growth across all three sources reflects a substantial expansion in total grant support for public university graduates over the five-year period.

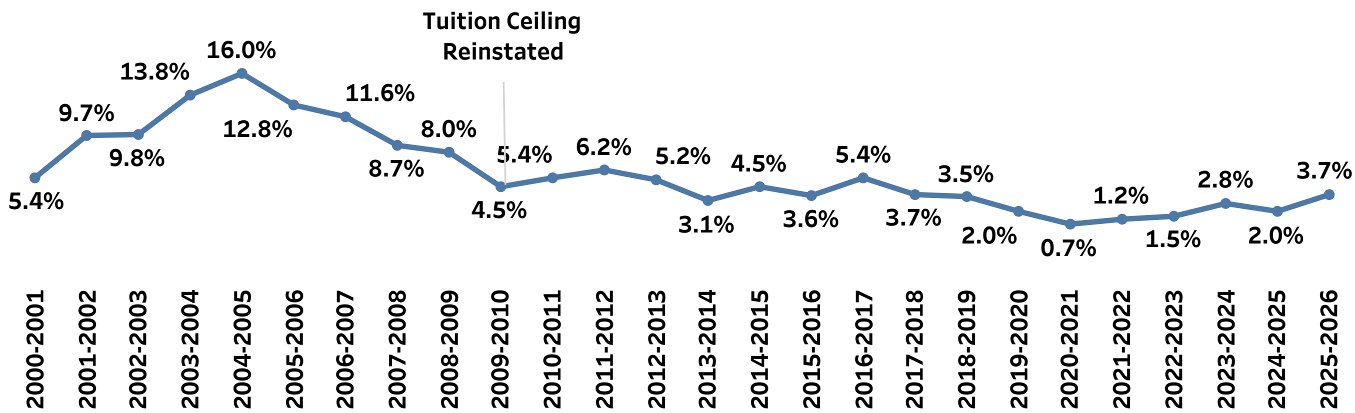
Figure 11. Average cumulative financial aid awards to public university undergraduate completers, by type



Tuition Rate Management

Along with increases in financial aid, tuition rate management has been central to Kentucky's pursuit of affordable, accessible postsecondary education. To this end, CPE remains committed to moderating tuition increases to minimize the cost of attendance for students. In 2009-10, CPE reinstated tuition ceilings for public institutions, dramatically slowing rate increases.

Figure 12. Average annual tuition and fee increases at Kentucky public institutions



Decreased Time to Degree

Reducing the time required to complete a postsecondary credential is a powerful strategy for lowering college costs. Over the past five years, average time-to-degree has fallen from 4.22 to 4.09 for a university bachelor's degree and from 2.99 to 2.92 at KCTCS. One of the most impactful developments in this area has been the expansion of high school dual credit programs. Since the Kentucky General Assembly established the Dual Credit Scholarship in 2017 (and the Work Ready Dual Credit Scholarship in 2019), the proportion of high school graduates successfully completing a dual credit course has risen from 22.8% to 46.2%. These gains translate to more students entering college with advanced standing, shortening their time to degree and reducing overall expenses. Additionally, improved retention and graduation rates — driven by enhanced student services such as mentoring, academic advising, and holistic support — have contributed to more efficient degree completion.

Financial Literacy Initiatives

CPE, in collaboration with the Kentucky Center for Statistics (KYSTATS), institutions, and lawmakers, has prioritized financial literacy as a key component of college affordability. Educational materials and programming focus on responsible borrowing, budgeting, and understanding the long-term implications of student debt. Across the state, institutions host "FAFSA Day" events, where students and families receive hands-on assistance from financial aid counselors to maximize their eligibility for federal aid. At the state level, CPE and KYSTATS have leveraged Kentucky's nationally-recognized longitudinal data system to launch the Futuriti website, offering transparent data on college costs, degree pathways, and projected earnings. This resource empowers Kentuckians from any background to make informed decisions about their educational and career futures.

Conclusion

Kentucky has made measurable progress in improving college affordability. Increased availability of institutional and state grants, coupled with stable federal aid and low-interest loan options, has helped reduce the financial burden on students. Declining student debt at graduation, lower attendance costs at select institutions, and expanded financial literacy efforts have collectively contributed to a more accessible and affordable public postsecondary system. While continued efforts are needed to increase enrollment among low-income students, current data indicate that statewide and campus-level initiatives are having a meaningful impact on students and families across the Commonwealth.

About the Council

The Council on Postsecondary Education (CPE) is Kentucky's higher education coordinating agency and is committed to strengthening Kentucky's workforce, economy, and quality of life. The Council achieves this by guiding the continuous improvement and efficient operation of a high-quality, diverse, and accessible system of postsecondary education.

Key responsibilities include:

- Creating and implementing a strategic agenda for higher education with progress measures.
- Producing and submitting a biennial budget request for public funding of higher education.
- Determining tuition rates and admission criteria at public postsecondary institutions.
- Collecting and distributing data about postsecondary performance.
- Ensuring the coordination and connectivity of technology among public institutions.
- Licensing non-public postsecondary institutions to operate in the Commonwealth.

TEAM KENTUCKY

CPE Data and Advanced Analytics Team

- Travis Muncie - Assistant Vice President
- Chris Ledford - Director
- Wayne Fielder - IT Director
- Sujith Kakulamarri - Systems Architect
- Yuva Dhanapal - Systems Architect
- Madalyn White - Senior Associate
- Daniel Nyambati - Senior Associate
- Cameron Martin - Associate
- Anushka Karki - Intern, Northern Kentucky University
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Undergraduate Student Debt Levels in Kentucky

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CPE Higher Education Matters

HIGHER EDUCATION Matters

Percentage of graduates from Kentucky public institutions with zero debt

All Graduates (KCTCS and Four-Year)

Up 14.0 percentage points

KCTCS Graduates

Up 13.4 percentage points

Four-Year Public University Graduates

Up 7.9 percentage points

Average loan balance of public undergraduate borrowers at completion

All borrowers (KCTCS and Four-Year)

Down 10.7%

KCTCS borrowers

Down 2.1%

Public university borrowers

Down 7.2%


Statewide Trends

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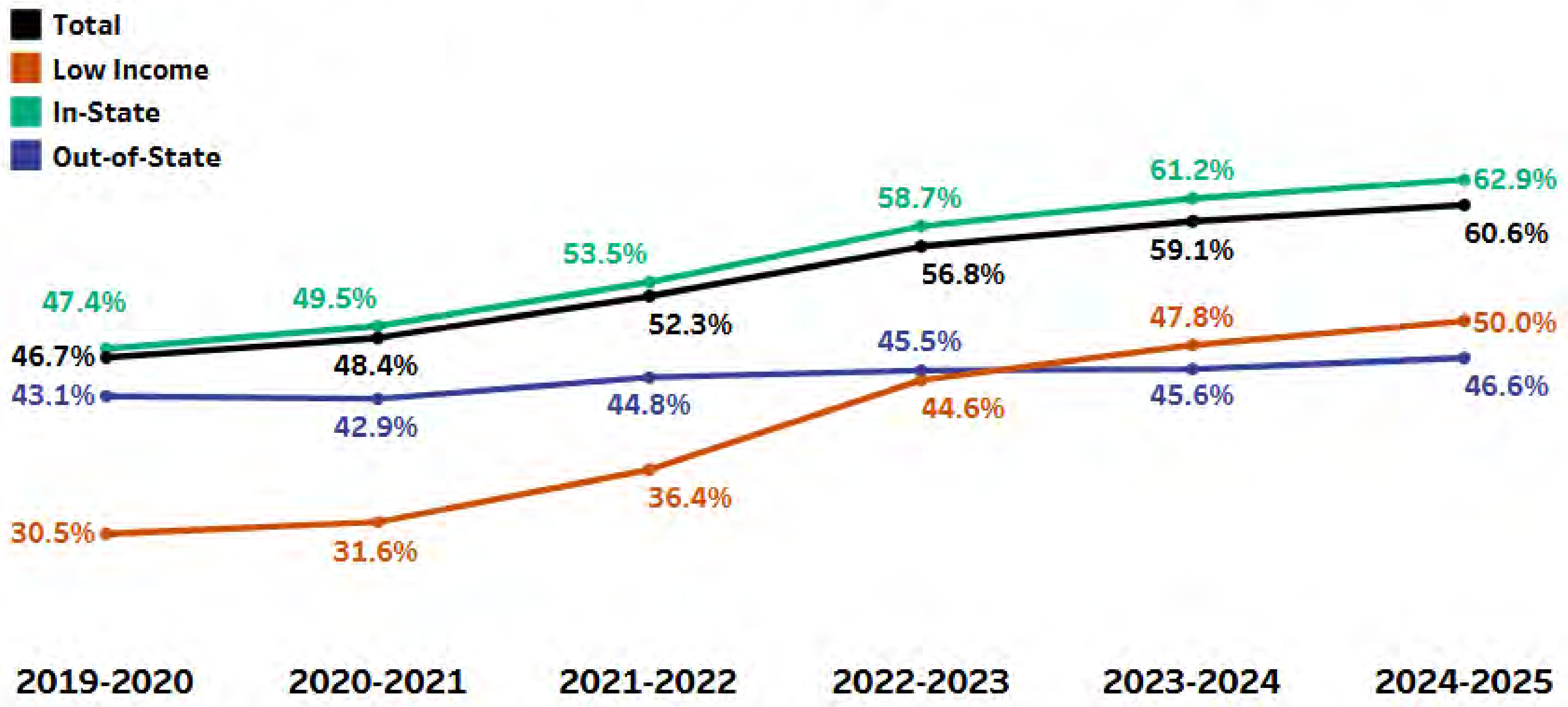

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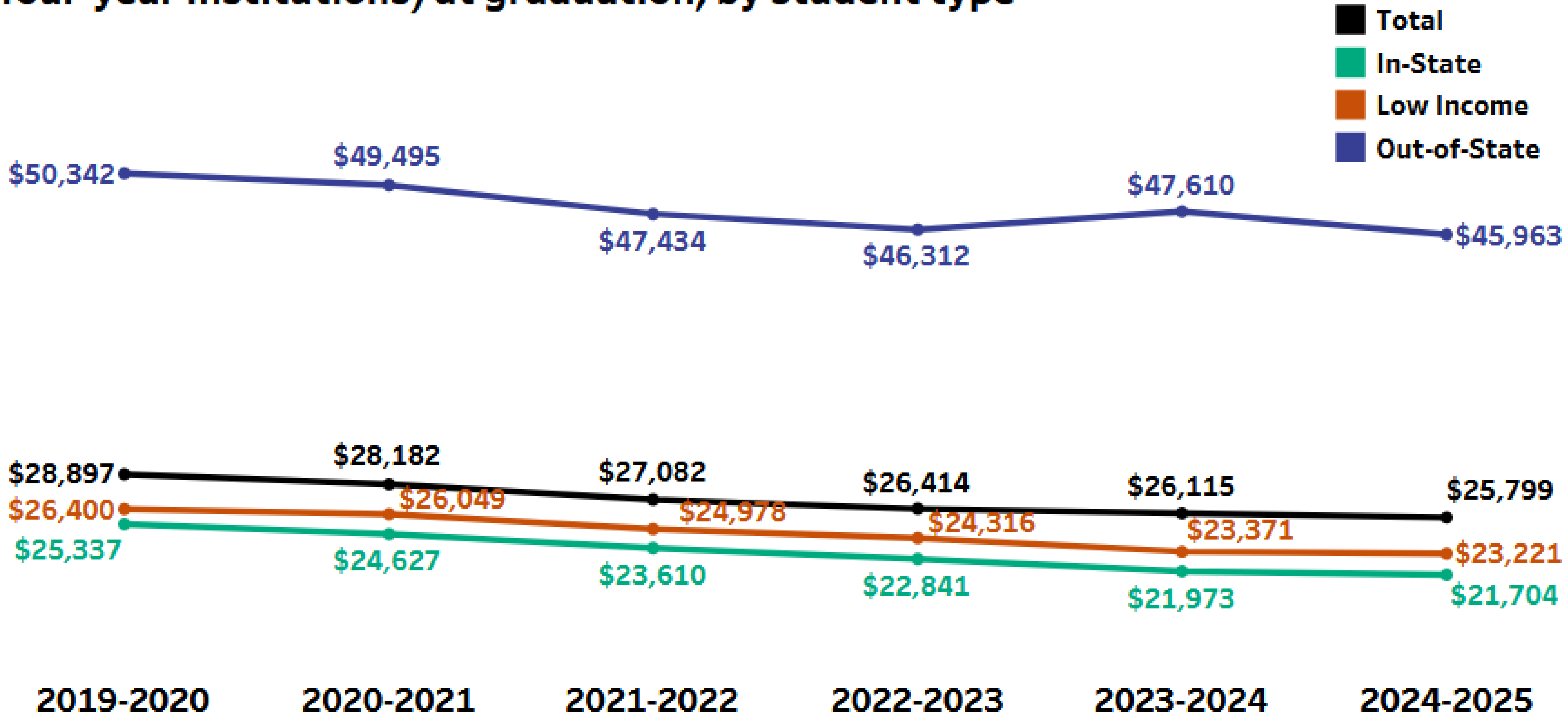


KCTCS Trends

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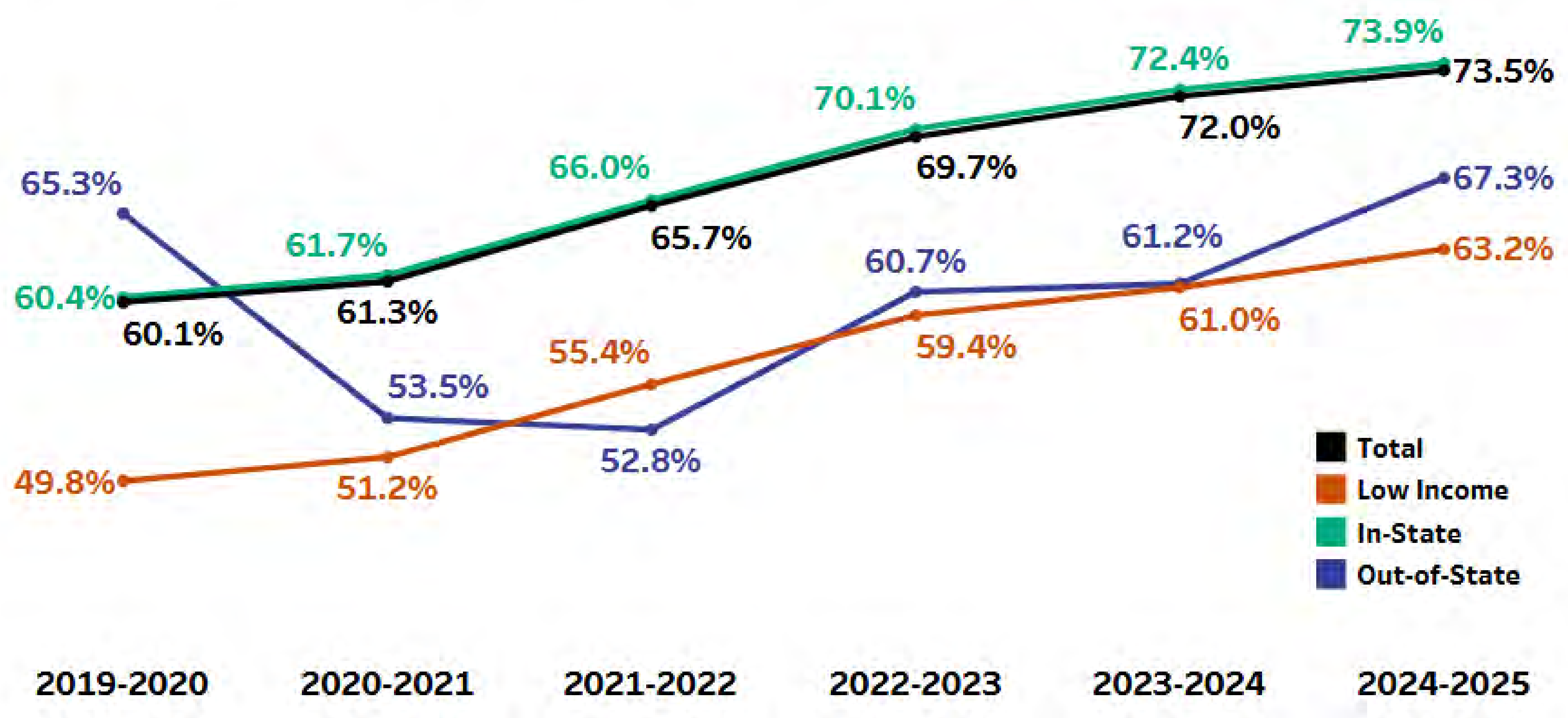

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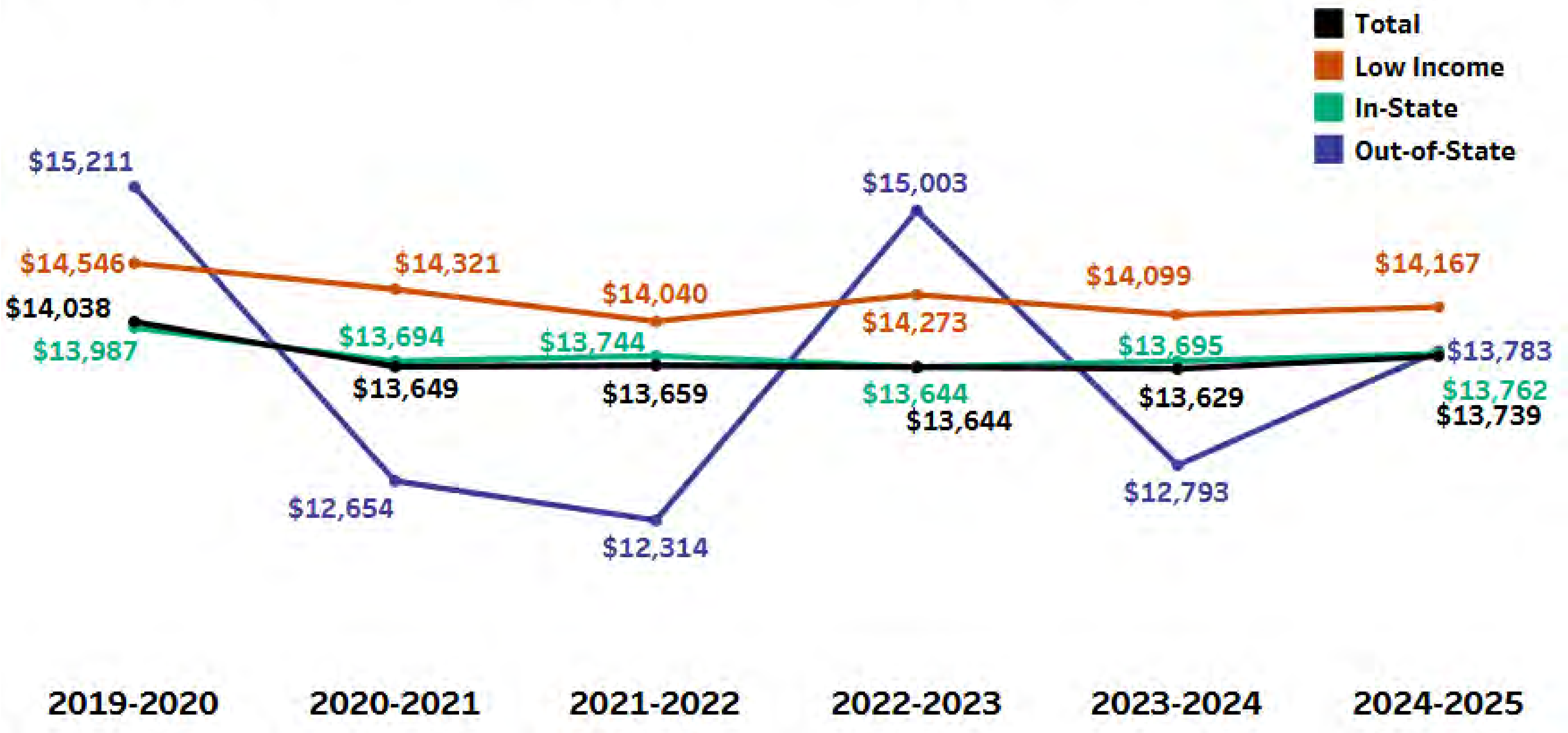


Four-Year Public
Institution Trends

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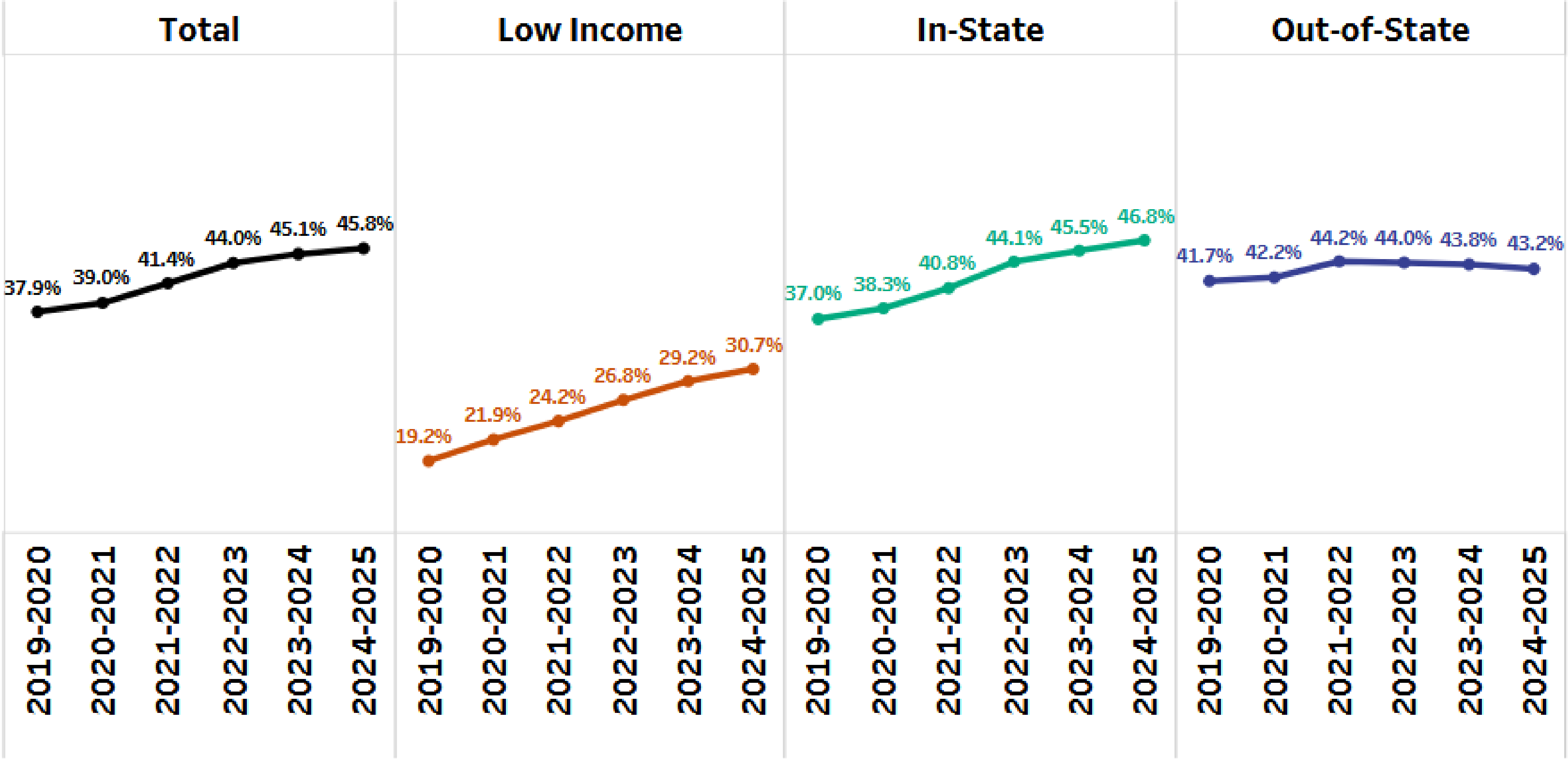

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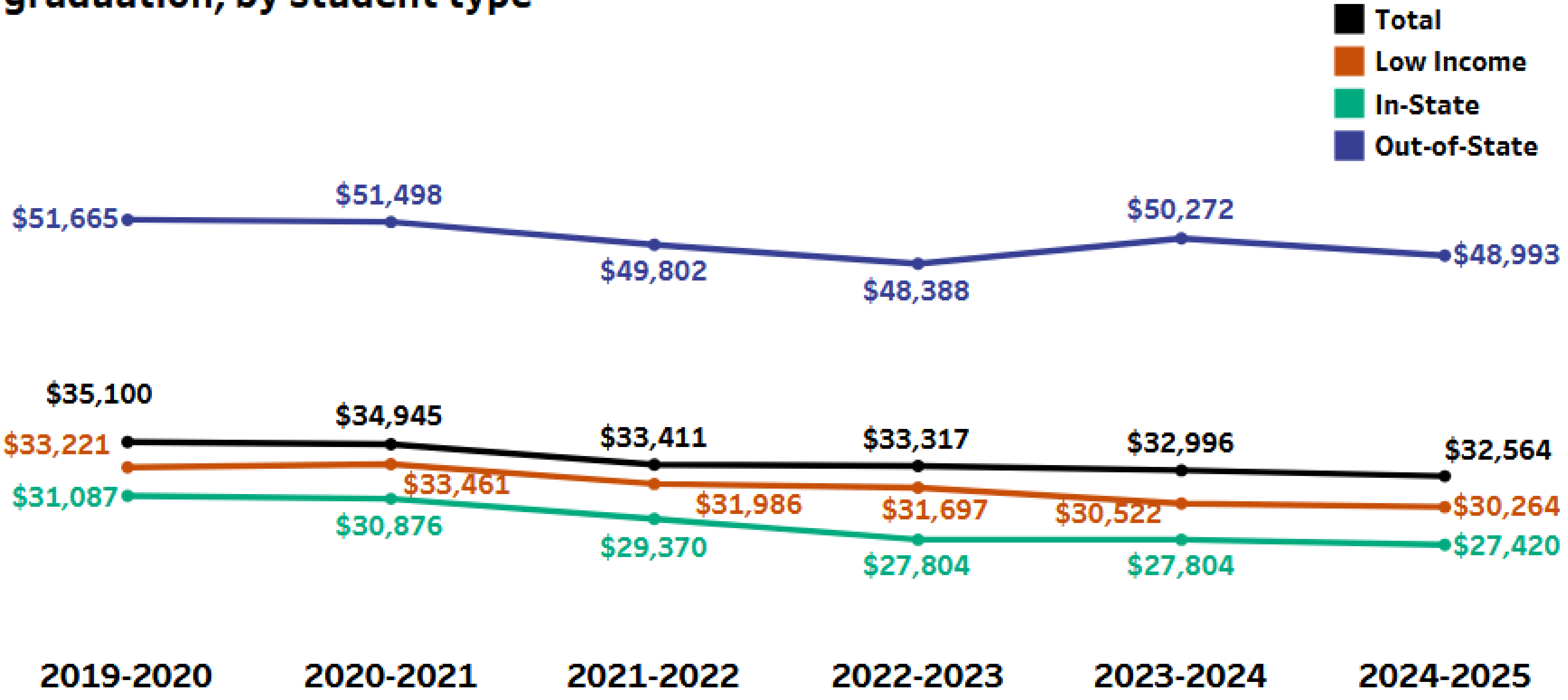


Average Debt
Burden

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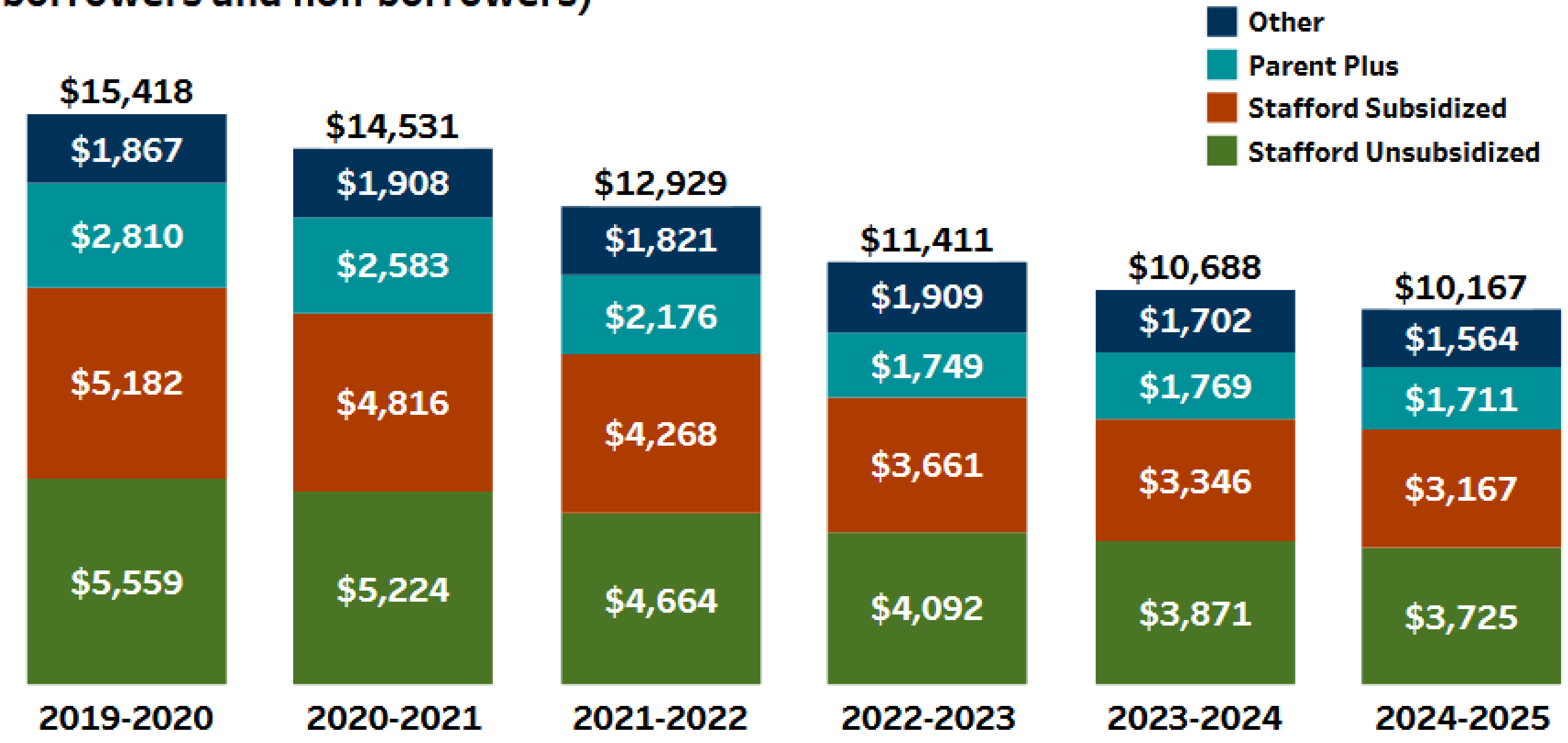

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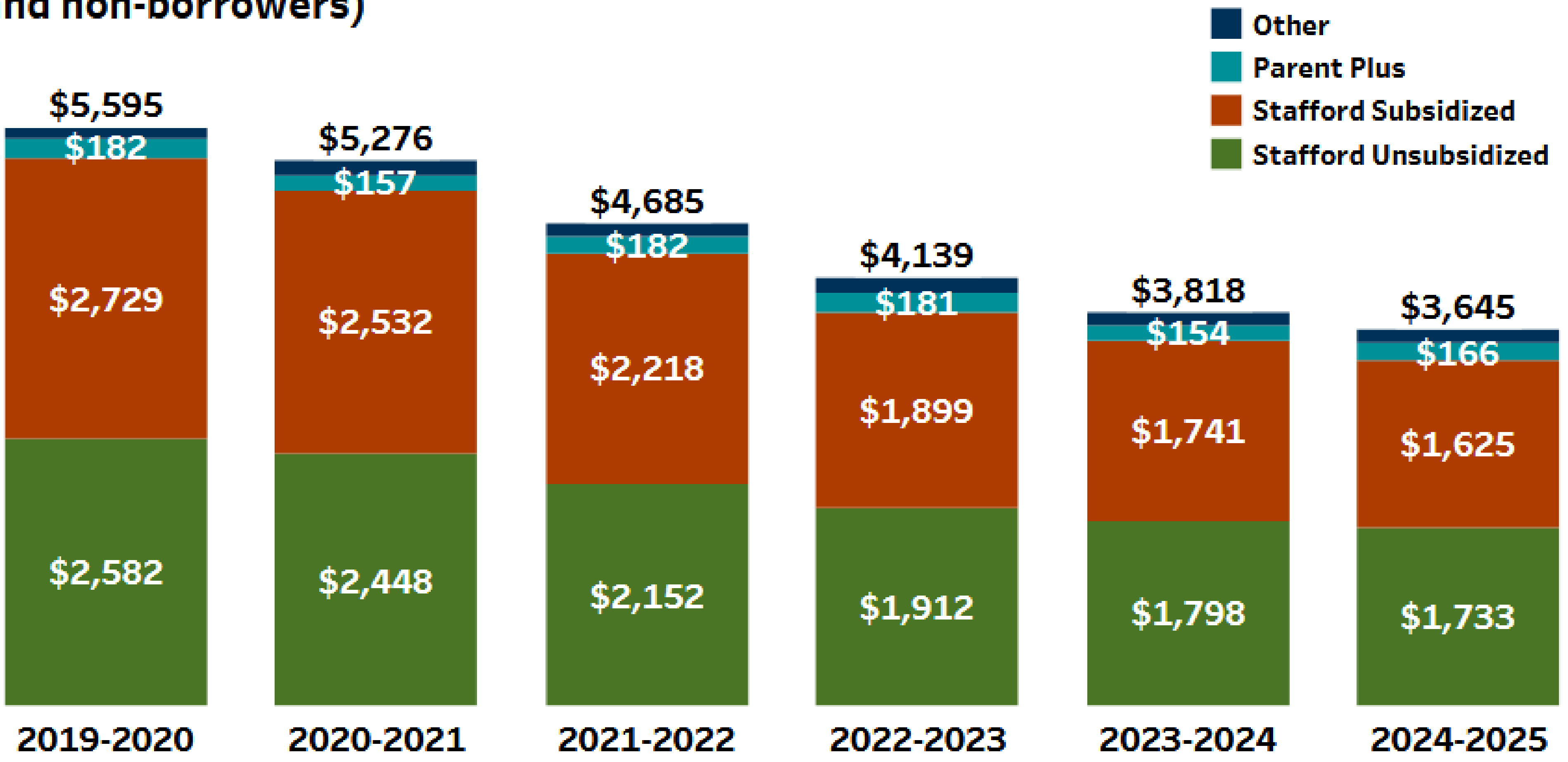

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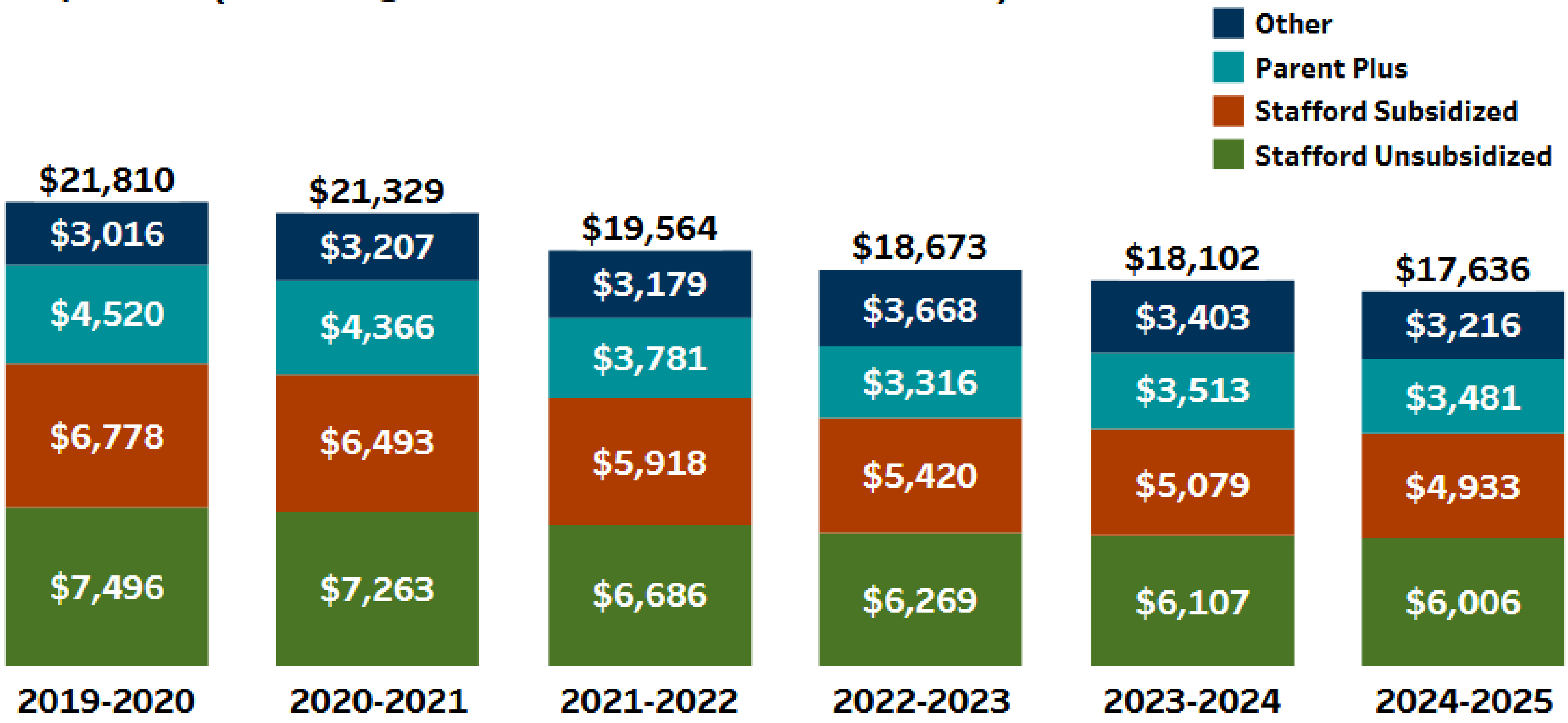


Contributing Factors
Financial Aid Office

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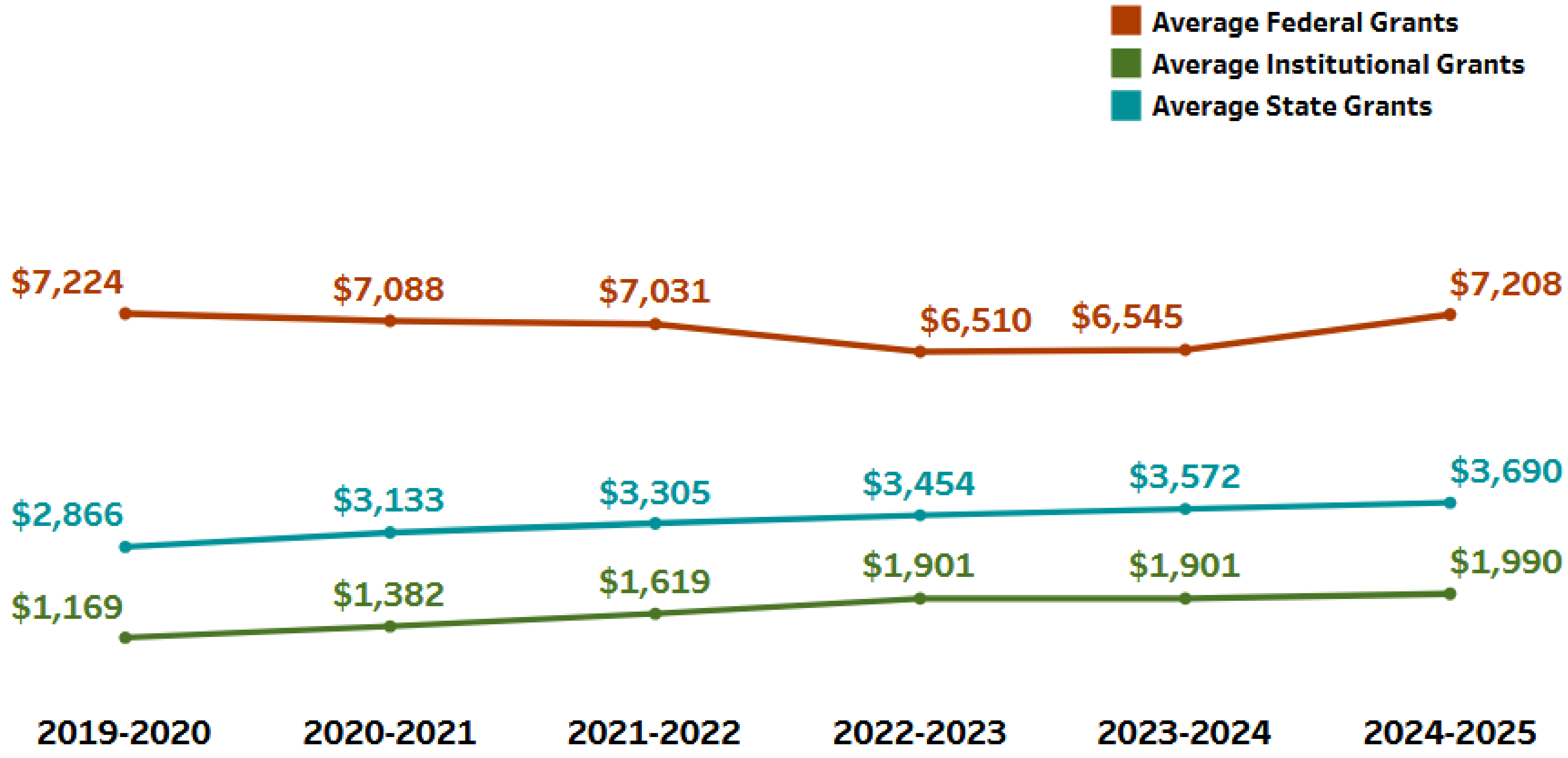

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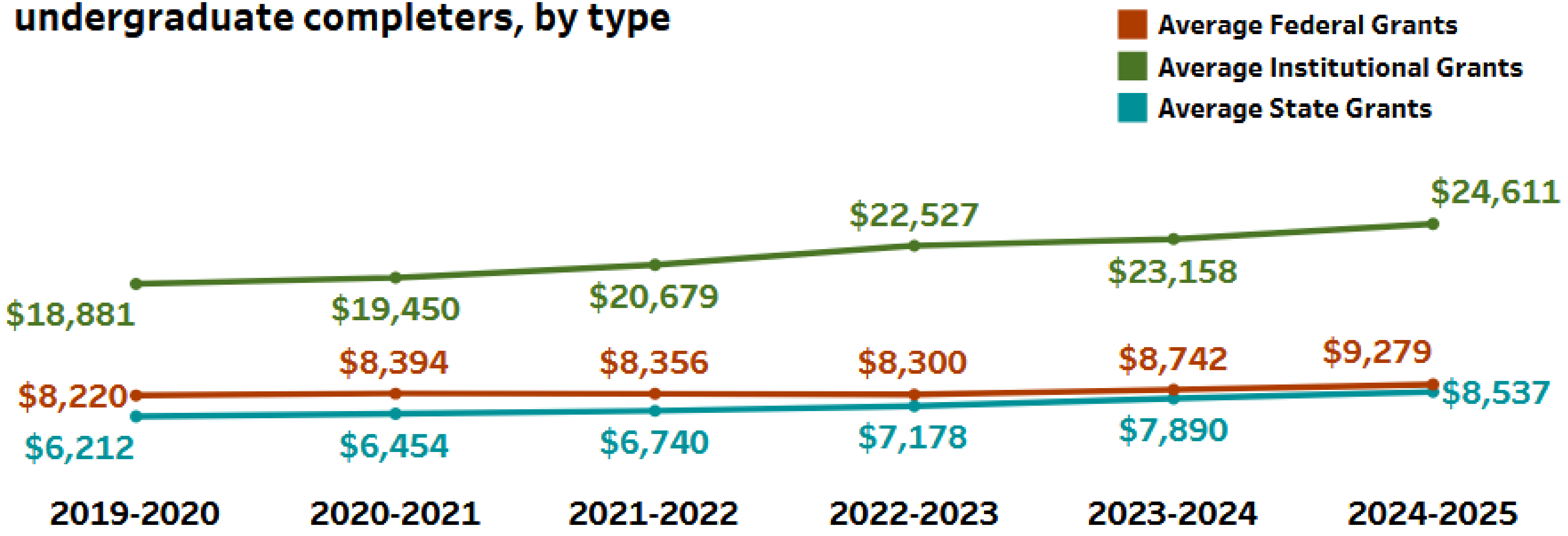

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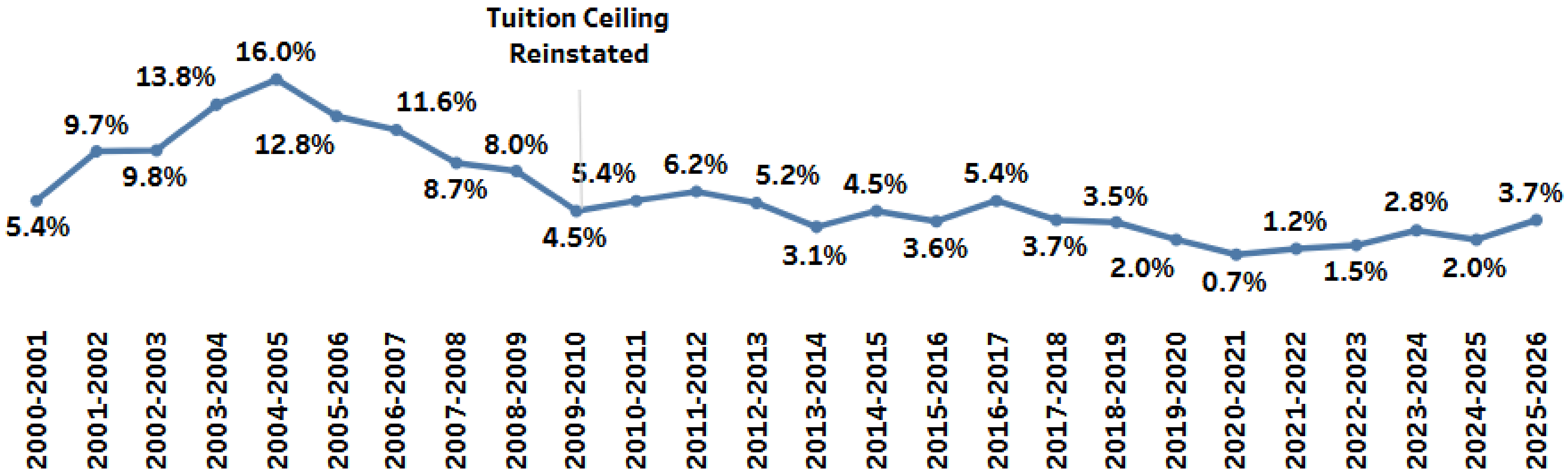
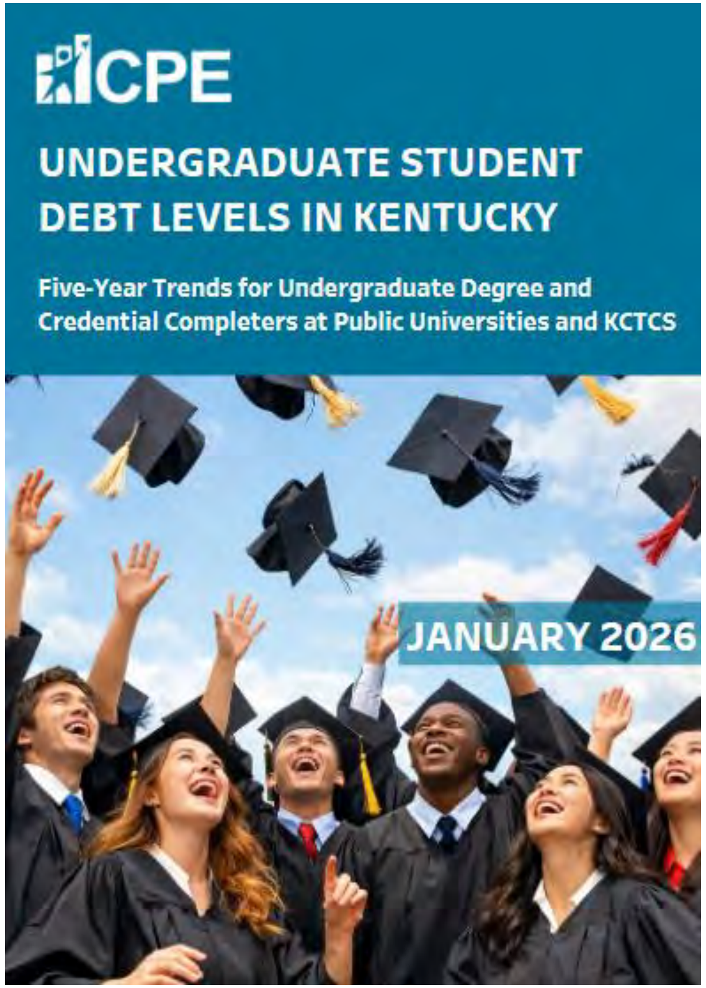


New Report Live Now



- Navigate to **cpe.ky.gov > Data > Publications**
- https://cpe.ky.gov/data/dashboards/studentdebt.html
- This innovative report was built by our three student interns. Thanks to their coding work, the report is now **dynamic and will update automatically** each year, enabling us to get these great statistics to lawmakers and the public **as quickly as possible.**

Questions & Discussion

EASTERN KENTUCKY UNIVERSITY

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CPE REPORT

Eastern Kentucky University News for the Council on Postsecondary Education

EKU HOSTS HEALTHCARE FORUM AT THE CAPITAL TO ADDRESS PHYSICIAN SHORTAGE ACROSS KENTUCKY

Eastern Kentucky University hosted a Healthcare Forum in the fall at the Kentucky State Capitol to discuss its proposed College of Osteopathic Medicine and how it can help address Kentucky's physician shortage.

According to the Kentucky Physician Report from the Center of Excellence in Rural Health, 94% of the state's counties are experiencing a primary care shortage, with the Commonwealth ranking 40th nationally for primary care workforce. Eight counties have no physicians at all, while 48 counties have no pediatricians, according to the American Board of Pediatrics.

The Healthcare Forum featured a panel of healthcare leaders, including Nick Bejarano, president and CEO of AdventHealth Manchester; Dr. Patty Swiney with the Kentucky Academy of Family Physicians; Dr. Salena Raines, president of the Kentucky Osteopathic Medical Association; Dr. Dustin Devers, a family medicine physician with Baptist Health Richmond; and EKU President David McFaddin.

"EKU is proud that 92% of our students are from Kentucky, and our graduates stay and work here at one of the highest rates in the nation," said McFaddin. With plans to establish the state's first public osteopathic medical program at EKU, McFaddin said, "This is a generational moment that can shape Kentucky's future for decades to come."

EKU's proposed College of Osteopathic Medicine aims to recruit, train and retain physicians in the Commonwealth and rural areas—improving access to both medical education and healthcare for Kentuckians.

"We have 120 designated health professional shortage areas in Kentucky; that gives us 2,069,000 Kentuckians who are underserved medically," said Swiney.

A 2024 feasibility study indicated a need for an additional medical program in Kentucky.

"If you look at how many students that graduate from medical schools here in the state of Kentucky, there's not enough to actually fill the void of physicians that are retiring already," said Bejarano.

EKU's next steps for the proposed College of Osteopathic Medicine include securing escrow funds, as well as funding for the university's Center for Health Innovation. As EKU's top capital priority for the 2026 legislative session, the proposed Center for Health Innovation will support interdisciplinary learning and simulation to prepare graduates for Kentucky's healthcare workforce.

EKU INTRODUCES NEW SCHOLARSHIP MODEL WITH AWARDS FOR EVERY KENTUCKY FRESHMAN

Eastern Kentucky University is launching a new highly competitive scholarship model beginning in Fall 2026, which provides financial support valued between $1,000 and $9,000 for every in-state, on-campus, full-time freshman. Through increased merit awards and the introduction of the Promise Award, EKU becomes the only university in the Commonwealth to offer a scholarship for every Kentucky freshman.

"We have a longstanding commitment to Kentucky families, particularly those who are first-generation or from our service region," said EKU President David McFaddin. "As a whole, our scholarship model provides more aid to more Kentucky students than any other comprehensive regional university."

This new model reinforces EKU's commitment to both affordability and access, removing financial barriers and creating new pathways to opportunity. With these enhancements, EKU's scholarship offerings will be among the most competitive in the state.

"While out in our communities, we talked to students and families about managing the costs of higher education, and their feedback was clear," said Dan Hendrickson, EKU chief enrollment and marketing officer. "We have to provide a scholarship model that is easy to understand, focuses on making college more affordable and serves EKU students and our service region—and that is what we have announced."

Prospective students can see which scholarship they qualify for based on their high school GPA and optional test scores. The highest scholarship, called the Regent's Award, provides $9,000 for incoming freshmen with a 3.8 or higher GPA and a 28 or higher ACT score.

EKU CELEBRATES COMPLETION OF ALUMNI COLISEUM RENOVATIONS

Eastern Kentucky University celebrated the completion of Baptist Health Arena at Alumni Coliseum renovations with a ribbon cutting ceremony, highlighting recent improvements to one of the university's most beloved buildings.

Alumni Coliseum serves a vital, multipurpose role in the student experience. The facility can now host a range of events, from athletic competitions and graduation ceremonies to Big E Welcome activities, concerts, movie nights and new student convocation. Students will also gain hands-on learning opportunities in the new space.

"This restoration preserves a campus landmark while welcoming and inspiring students and representing the excellence that defines an EKU Colonel," said EKU President David McFaddin.

"Considered the front porch of the university, Alumni Coliseum is often the first place visitors come to on our campus and the last impression they carry with them, creating memories that last a lifetime."

Renovations include a new playing floor inside Baptist Health Arena, a 300-seat conference center and the Central Bank Courtside Club. Upgrades include new locker rooms, concession areas, player lounges, offices and meeting spaces. The project also added expanded areas for tournaments and events, modern restrooms, an updated ticket office, a fan shop, expanded sports medicine facilities and advanced lighting, audio and video technology.

The renovation of Alumni Coliseum was funded by a $53 million appropriation from the Kentucky General Assembly.

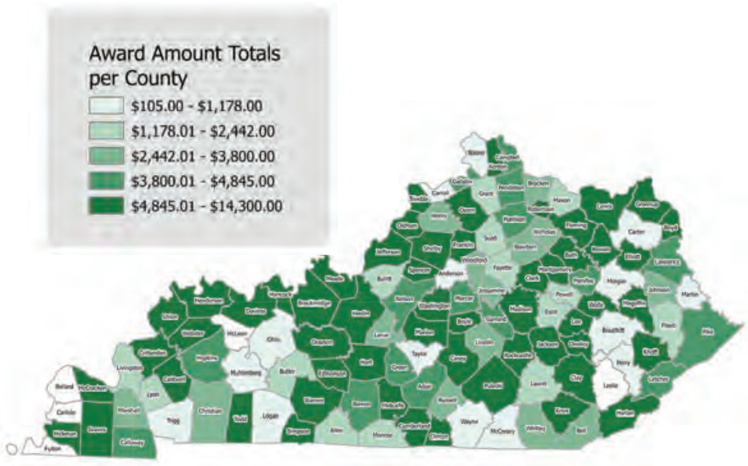
"The renovation of Alumni Coliseum is a prime example of how state investment in education drives progress across our region," said Kentucky State Senator Jared Carpenter, 2000 EKU graduate and former Colonel basketball player.

GOOD NEWS

JANUARY 2026

Small-Farm Grants Strengthen Local Food Systems

Since 2012, Kentucky State's Center for Sustainability of Farms and Families has invested $5.06 million to modernize small-farm operations across 115 counties, backing 1,450 on-farm projects in aquaculture, beekeeping, organic agriculture, agroforestry, value-added processing, and ag technology. In 2025, the Kentucky Agricultural Development Fund approved an additional $1.4 million to expand education, training, and the Mini-Grants Program—helping producers adopt practical upgrades, broaden production, and increase profitability while keeping more Kentucky-grown products close to home. Awards of up to $5,000 per application (lifetime cap $10,000 per farm) are issued upon contract, with companion $500 farmer-education mini-grants for approved workshops and conferences. Through county-by-county outreach and hands-on demonstrations, the program is building smarter infrastructure, stronger markets, and more resilient local food systems across the Commonwealth.



Second Annual Frankfort Police Department Citizens Police Academy

Kentucky State celebrated the graduates of the second annual Frankfort Police Department Citizens Police Academy, an eight-week program designed in partnership with the University's Criminal Justice Studies program—one of Kentucky State's top majors. The academy gives students hands-on experience in patrol operations, investigations, community policing, and specialized units. Through classroom sessions, practical exercises, and K9 demonstrations, students gain valuable skills, professional contacts, and a certificate of completion. The program further strengthened Kentucky State's partnership with the Frankfort Police Department, and both institutions plan to expand experiential learning opportunities in the coming academic year.

New Academic Programs | Spring 2026

- Bachelor of Arts in Public Policy *(pending CPE approval; January 2026)*
- Bachelor of Science in Aquatic Sciences *(pending CPE approval; January 2026)*
- Master of Science in Public Health *(approved; starting in Summer 2026)*
- Master of Science in Sport Analytics *(approved; starting in Summer 2026)*

2025 Global Agriculture & Agribusiness Case Study Competition

Kentucky State students are reshaping how U.S. soybeans move from field to consumer.

Two KYSU teams earned first and second place at the 2025 Global Agriculture & Agribusiness Case Study Competition, held during the 83rd Professional Agricultural Workers Conference in Montgomery, Alabama. Their award-winning ideas tackled real-world challenges—from supply chain transparency and quality assurance to trade disruptions and new biofuel markets.

This national recognition highlights the innovation, scholarship, and leadership of KYSU students, along with the dedicated faculty mentors who support their success. As an 1890 land-grant institution, Kentucky State continues to prepare the next generation of problem-solvers strengthening our food system and agricultural economy.

Thorobreds Football: Season of Firsts

The 2025 Thorobreds raised the bar for Kentucky State football. Led by head coach Felton Huggins Jr., the team stacked statement wins throughout the fall.
An eight-game winning streak carried Kentucky State into November as one of the hottest teams in Division II.

Along the way, the Thorobreds built a reputation for toughness, balance, and resilience. They excelled on the road, closed out tight contests, and energized alumni and fans nationwide.
Their performance earned Kentucky State its first-ever NCAA Division II Football Playoffs berth.
The season concluded with a 9–3 overall record and a 7–1 mark in SIAC play.

Multiple players earned All-SIAC honors, and Coach Huggins was named 2025 SIAC Coach of the Year.

MOREHEAD STATE UNIVERSITY

JANUARY 2026

Morehead State once again earns Carnegie Community Engagement Classification

Morehead State University prioritizes academic excellence, student support, and a welcoming college experience, while also providing multiple opportunities for students to give back through community engagement and service learning.

In recognition of MSU's commitment to community engagement, the American Council on Education and the Carnegie Foundation for the Advancement of Teaching recognized Morehead State with a 2026 Community Engagement Classification.

MSU is one of 277 institutions recognized by the Carnegie Elective Classification for Community Engagement for its commitment to community engagement in its mission, leadership, allocation of resources and institutional practices. This classification is valid through 2032 and is the third time MSU has been recognized with a Community Engagement Classification (first received in 2006 and reaffirmed in 2015).

Throughout their academic careers, MSU students can get involved in campus-community partnerships that address the region's needs. These include volunteering in a student organization, completing a service-learning project, or participating in events like MSU's annual March for Service. These are all ways students give back to the community and develop critical thinking, teamwork skills, and professionalism.

"Morehead State is committed to developing students academically, professionally and personally. Our institution's emphasis on community service events and service-learning provides opportunities for students to give back and make an impact on campus and in the region," said MSU President Dr. Jay Morgan.

MSU launches new academic certificates in high-demand fields

Morehead State University has announced the launch of three new academic certificate programs designed to meet the evolving needs of students and employers in today's dynamic workforce.

Approved by the MSU Board of Regents last fall, the University will offer new certificates in the following programs:

- Digital Marketing
- Human Resources Management
- Nutrition and Health

"These certificates reflect our commitment to innovation and responsiveness in higher education. By aligning our academic offerings with workforce demands, we're helping students gain a competitive edge while supporting regional economic development," said Dr. Chris Schroeder, provost and vice president for academic affairs.

Enrollment for the new certificate programs begins in the Spring 2026 semester.

MSU leadership tours campus construction projects

Morehead State University leaders recently toured behind the scenes to see firsthand the progress on several major campus construction projects, marking an exciting step in the University's long-term vision for growth.

Led by Associate Vice President for Construction Kim Oatman, the tour showcased active work sites and upcoming developments that will transform MSU's academic and residential spaces. These projects are part of the Campus Facility Master Plan. The plan was approved by the Board of Regents last fall and serves as a strategic roadmap for revitalizing campus infrastructure.

The behind-the-scenes tour included stops at key projects shaping MSU's future. Leadership viewed progress on Prefontaine Hall and plans for a second residence hall, explored the site of the new Science & Engineering Building, and discussed the upcoming Multidisciplinary Academic Building. These projects are significant investments in student living and learning spaces, aligning with the University's long-term vision.

"These projects represent a generational leap for our facilities," said MSU President Dr. Jay Morgan. "They will enhance both student living and learning experiences."

MSU honors Dr. Philip Prater with naming at University Farm

Morehead State University is proud to announce the approval of a newly named space within the Derrickson Agricultural Complex in recognition of Professor Emeritus Dr. Philip Prater's extraordinary contributions to MSU and the field of veterinary science.

The facility will be designated as the Dr. Phil Prater Equine Health and Education Center, serving as a lasting tribute to his impact on students, colleagues, and the veterinary profession.

This honor follows the successful launch of the Dr. Philip Prater Scholarship Endowment Fund. The fund was announced as a surprise during Dr. Prater's retirement reception and has been championed by veterinarians, alumni, and professional organizations, including the Kentucky Veterinary Medical Association (KVMA), which has ensured its long-term sustainability.

Prater began his tenure at MSU in 1998 as an assistant professor of veterinary technology. Over his 25-year career, he profoundly shaped the veterinary science program through his teaching, mentorship, and leadership. Alongside Dr. Judy Willard, then director of equine science, he also secured funding for the Equine Health Education Center and served as a faculty advisor to the Pre-Vet Club, guiding pre-veterinary students.

Murray State secures significant funding to support student scholarships for aspiring healthcare professionals

Murray State University has secured significant funding to support student scholarships for aspiring healthcare professionals. Through generous support from Baptist Health Paducah, Mercy Health, Jackson Purchase Medical Center and a match in funding through the Kentucky Council on Postsecondary Education (CPE) Healthcare Workforce Investment Fund (HWIF), a total of $640,000 will support nursing student scholarships at Murray State.

Additionally, Murray State was awarded $107,500 by CPE to purchase nursing equipment.

The Healthcare Workforce Investment Fund was created during the 2023 legislative session. Administered by CPE, the fund is a public-private partnership that provides healthcare training scholarships for Kentucky resident students and offers incentives to reward performance and excellence among healthcare professional programs. Donations from healthcare providers are matched dollar for dollar by the HWIF. The HWIF aims to cultivate a robust healthcare workforce in Kentucky, targeting critical needs among Kentucky's healthcare professional education and training programs.

"The School of Nursing and Health Professions is thankful for our regional clinical partners, CPE and the Kentucky General Assembly," Murray State Dean of the School of Nursing and Health Professions Dr. Dina Byers said. "This Healthcare Workforce Investment Fund will provide critical financial assistance to students enrolled in the Bachelor of Science in Nursing (BSN) program. Additionally, this partnership will enable students to enter the workforce and support our region's healthcare needs.

Students will be able to apply for this special scholarship starting in spring 2026. Selected students must agree to work at one of the selected hospitals upon graduation. The scholarship will assist with covering tuition and fees for those students."

"Support for nursing scholarships is an investment in our students and in the health of our communities across the region and Commonwealth," Murray State President Dr. Ron Patterson said. "This generous funding allows us to prepare highly skilled, compassionate nurses who will serve where they are needed most. We are grateful for this investment in our students and the communities they will serve."

This is an exciting time for Murray State's School of Nursing and Health Professions.

Within the past year, the school received a $1,000,000 USDA Health Services Grant to develop a new dental hygiene program as well as a $499,000 Health Resources and Services Administration grant to support BSN clinical education. The school also achieved record enrollment in several programs, including its BSN, family nurse practitioner and nurse anesthesia programs.

Construction on Murray State's new School of Nursing and Health Professions Building, Jackson Hall, continues to move forward with an anticipated opening in the Fall 2026 semester. The facility will offer state-of-the-art technology, expanded space for labs, larger classrooms, simulation areas, spaces for student and faculty collaboration and study, as well as the campus health clinic.

Murray State welcomes largest-ever Racer Day attendance with more than 300 prospective students visiting campus

Murray State University welcomed its largest-ever Racer Day attendance on Nov. 15, as more than 300 prospective students, along with their family members, visited campus.

The open-house style event provides helpful information through sessions with recruitment and admissions staff, financial aid and scholarships, housing and more. Attendees could also attend a session within their academic area of interest and take a tour of campus.

A total of 305 students attended across multiple states including Alabama, Arizona, Illinois, Indiana, Kentucky, Missouri, Minnesota, Mississippi, North Carolina, New Jersey, Ohio and Tennessee.

Office of Branding, Marketing and Communication earns two Public Relations Society of America Bluegrass Chapter awards

Murray State University's Office of Branding, Marketing and Communication earned two Public Relations Society of America (PRSA) Bluegrass Chapter Awards at the chapter's 2025 Landmarks of Excellence awards ceremony, which was held in Louisville, Kentucky, last fall.

The office received awards for its marketing and communications efforts in Murray State's advocacy for a School of Veterinary Medicine, as well as for the development of an economic impact report print and design piece.

The PRSA Bluegrass Chapter has served communications professionals in Louisville, Kentucky and the surrounding areas, including southern Indiana, since 1957. The chapter represents a diverse mix of experienced practitioners with a shared passion for advancing the practice of public relations across the region.

Chemistry professor delivers special lectures at prestigious academic institutions in South Korea

Murray State University chemistry professor Dr. Bommanna Loganathan was jointly invited by Professor Gi Beum Kim from the Department of Marine Environmental Engineering at Gyeongsang National University (GNU) and Professor Jong Seong Khim from the School of Earth and Environmental Sciences at Seoul National University (SNU) to deliver special lectures on persistent organic pollutants (POPs) in the global environment and their effects on wildlife and human health. GNU, a partner institution of Murray State, and SNU are among the top-ranked academic institutions in South Korea and are recognized as leading global universities.

Loganathan visited South Korea during the first week of December, presenting a series of lectures focused on halogenated POPs, their global distribution, environmental behavior and toxic health effects on both wildlife and humans. He specifically addressed long-term trends of these pollutants in the global environment and their impact on the ability of human natural killer cells to eliminate cancer cells. During his visit to GNU, Loganathan toured the Department of Marine Environmental Engineering, engaging with graduate students and discussing their research. Notably, one PhD student from GNU, who spent a semester in Loganathan's lab researching polynuclear aromatic hydrocarbons in Kentucky Lake, the Ohio River and the Mississippi River, is set to graduate with a PhD this December.

Additionally, Loganathan visited GNU's Office of International Affairs, where he met with Dr. Kyeong Soo Kim, vice dean of international cooperation, and Mr. Hoe Dong Kim, manager of the international team. They discussed and reaffirmed their cooperative agreement, facilitating student, faculty and staff exchanges between the two universities.

Loganathan spent the final three days of his week in Seoul, meeting with graduate students from the School of Earth and Environmental Sciences at SNU. He presented a lecture on POPs, their behaviors and their effects on human immune cells, fostering engaging discussions with the students.

Murray State's Hopkinsville Regional Campus partners with Sprocket to expand entrepreneurial support in Christian County

The Murray State University Hopkinsville Regional Campus is partnering with Sprocket, a Paducah-based network of western Kentucky innovators and entrepreneurs, to strengthen entrepreneurial support to Christian County and surrounding areas.

Made possible through Sprocket's partnership with the Kentucky Cabinet for Economic Development, together with the strong support of Christian County partners, programs launched in November. There was a grand opening celebration that included a ribbon-cutting ceremony, Hopkinsville's first Entrepreneur Support Coffee Hour and a Build What Works Lunch & Learn.

The Murray State University Hopkinsville Regional Campus will provide space to host these programs in Christian County. Programs help founders transform ideas into successful businesses through one-on-one coaching and cohort-based learning.

The Christian County Chamber of Commerce has stepped forward as a sustaining partner of Sprocket in Hopkinsville, demonstrating their commitment to supporting entrepreneurial growth in the county. They are also the first monthly sponsor of the Entrepreneur Support Coffee Hour, ensuring the program's sustainability in Christian County.

The Murray State University Hopkinsville Regional Campus is providing dedicated facility space for the entrepreneurial programs, making efforts possible through their commitment to regional economic development.

Equal Opportunity Employer/AA.

NKU

GOLD RUSH

JAN. 2026

NORTHERN KENTUCKY UNIVERSITY

GO FIGURE

OUR GRADUATES EARNED

1,099
bachelor's degrees

936
master's degrees

44
doctoral degrees

COLLEGE CORNER

COAS PARTNERS WITH LOCAL INCUBATOR TO PROMOTE GROWTH IN LIFE SCIENCES

NKU's College of Arts and Sciences is partnering with LifeSciKY, a nonprofit life sciences incubator based in Covington, to enhance students' hands-on industry experience, support talent retention in the northern Kentucky region and further the university's footprint in strengthening community resources. The partnership combines NKU and LifeSciKY resources, faculty expertise and collaborative opportunities with regional startups to benefit students across a range of life science disciplines including biology, neuroscience, engineering technology and more.

LEARN MORE:
https://tinyurl.com/nku-lifesciky-partnership

NKU GRADUATES 1,500+ STUDENTS AT FALL CEREMONIES

Northern Kentucky University honored more than 1,500 graduates over two ceremonies during the university's 54th commencement on Saturday, Dec. 13, 2025. Since 1968, NKU has graduated more than 86,000 alumni who are now living and working across the Commonwealth of Kentucky and all over the world.

The morning ceremony celebrated graduates from the College of Arts and Sciences, College of Informatics and the College of Education. Emma-Kate Bennett served as the student speaker for the morning ceremony, graduating magna cum laude with a bachelor's degree in communication studies from the College of Informatics. She plans to pursue a career in the nonprofit sector, where she can advocate for causes that uplift others while carrying forward the collaboration and compassion that defined her NKU experience.

The afternoon ceremony celebrated graduates from the College of Health and Human Services and the Haile College of Business. Ashlee Fisk served as the student speaker for the afternoon ceremony, graduating magna cum laude with a bachelor's degree in nursing from the College of Health and Human Services. She is looking forward to starting her career as a NICU nurse at Riley Children's Hospital in Indianapolis, Indiana, where she can combine her love for children, commitment to excellence and passion for compassionate care.

Although commencement marks the conclusion of many students' journey in higher education, NKU alumni are able to remain closely connected to the university through the Norse Network Hub and the NKU Alumni Association, maintaining access to career resources and professional networking opportunities for life. With nearly 80% of all NKU graduates living and working in the northern Kentucky and Greater Cincinnati area, the Norse alumni base reinforces the university's long-standing impact on the region's vitality.

LEARN MORE: https://tinyurl.com/fall-2025-commencement-nku

NKU RANKED IN TOP 50 LIST OF AMERICA'S BEST ONLINE COLLEGES BY *NEWSWEEK*

NKU is ranked 47th on Newsweek's list of America's Top Online Colleges for 2026 out of 250 universities and colleges nationwide. This is the first time NKU has been recognized by Newsweek for its high value online programing, and it is the only university in Kentucky ranked in the top 50. NKU's ranking above the University of Kentucky (209), University of Cincinnati (92) and Ohio State University (51) solidifies the university as the leading learner-centered higher education institution in the Greater Cincinnati and northern Kentucky region, offering on-campus, online and hybrid degree pathways designed to meet essential student needs.

The rankings are based on a survey of more than 10,000 people in the United States who have used online learning services and rated their experiences based on organization, support, price, reputation, success and practical relevance. According to Newsweek, virtual learning has seen exponential growth in the years since the COVID-19 pandemic, with more than half of all U.S. college students in 2022 taking at least one online class. As the demand for virtual education increases, NKU is adapting to provide the resources and services that best serve students. **LEARN MORE:** https://tinyurl.com/nku-ranked-by-newsweek

THE SCOREBOARD

NORSE WOMEN'S TRIATHLON FINISHES 14TH AT NATIONAL CHAMPIONSHIP COMPETITION

Two Norse women's triathletes capped off the program's second competitive year at the women's national championship in Tempe, Ariz. Senior Alisha Detmer and freshman Maddux Bigman brought the Norse to 14th place among NCAA DI programs. Detmer concluded her NKU athletics career with a 122nd place finish, while Bigman finished 171st. The national championship included a 750m swim, 20km bike and 5km run, and was raced in bright sunshine and 88-degree heat.

LEARN MORE: https://tinyurl.com/womens-triathlon-championship

FACULTY FOCUS

LONGTIME THEATRE PROFESSOR KEN JONES TO RETIRE AFTER 39 YEARS OF SERVICE

Ken Jones arrived at NKU's Department of Theatre and Dance in 1987, and in 2016 became the founding director of the School of the Arts (SOTA). He has been recognized with the Frank Sinton Milburn Outstanding Professor award and is a Rosenthal Distinguished Professor of Theatre and a regents professor. He has written, produced and directed countless plays and screenplays, always striving to involve NKU students in his professional endeavors. In recognition of his talent and expertise, Ken has received numerous awards and nominations, including a 2024 nomination for the Pulitzer Prize in drama.

LEARN MORE: https://tinyurl.com/ken-jones-retirement

BRIEFS

NKU ADDS CONCENTRATIONS IN AI AND SUPPLY CHAIN ANALYTICS TO ONLINE MBA PROGRAM

NKU is partnering with Risepoint, an education technology company, to expand the university's online Master of Business Administration program with two new concentrations in artificial intelligence and supply chain analytics. These additional degree paths will prepare professionals to lead in industries that are rapidly changing with technology and data.

The artificial intelligence concentration blends strategy, analytics and ethics to help students understand how AI is reshaping business operations. Courses explore the use of AI across key areas including operations, finance, human resources and marketing. The supply chain analytics concentration equips students with practical training in logistics optimization, predictive modeling and real-time decision-making—skills that are especially critical in the Greater Cincinnati and northern Kentucky region as a hub for transportation and distribution.

NKU's online MBA program is designed for working professionals, offering a flexible format, relevant coursework and opportunities to build leadership and communication skills. At NKU, students can customize their MBA experience to match their career goals while continuing to work full-time.

LEARN MORE: https://tinyurl.com/new-mba-concentrations

NKU AND GATEWAY REVITALIZE RIVER CITY PROMISE PROGRAM FOR NKY HIGH SCHOOLS

NKU and Gateway Community & Technical College are reinstituting the River City Promise program, offering free tuition and benefits for Pell-eligible high school students from participating districts in northern Kentucky. Initially launched in 2020, the River City Promise program allows qualifying students to complete an associate degree at Gateway Community & Technical College with free tuition before transferring to NKU. Currently, six northern Kentucky school districts are participating in the program including Bellevue, Dayton, Holmes, Lloyd, Ludlow and Newport.

Since 2021, more than two dozen students have participated in the River City Promise program, with nearly half going on to enroll as full-time students at NKU. The university maintains a 100 percent retention rate among students who chose to continue their education at NKU following completion of the program. Looking forward, NKU and Gateway aim for the River City Promise Program to create a reliable pipeline to higher education for high school students in the northern Kentucky region who may not consider a college degree as a tangible opportunity.

LEARN MORE: https://tinyurl.com/river-city-promise-program

ALUMNI NEWS

IGNITING A FIRE, LEAVING A LEGACY

Johanna "Hanna" Thompson will never forget the first day of her volunteer trip with Haiti Air Ambulance on August 14, 2021—the same day Haiti was hit by a 7.2 magnitude earthquake. At the time, she was also a student in Northern Kentucky University's online health sciences program.

"I was the first volunteer in the history of Haiti Air Ambulance to achieve 50 patient transports and a set of wings," she says.

LEARN MORE: https://tinyurl.com/hanna-thompson

ADVANCING KENTUCKY TOGETHER: MOMENTUM IN PARTNERSHIPS AND INNOVATION

The Advancing Kentucky Together Network continued to gain momentum this fall, marked by the announcement of our first corporate partner — Microsoft — and the launch of the Commonwealth AI Transdisciplinary Strategy, or CATS AI. Together, these milestones signal a new phase of collaboration that brings together education, research, health care and operations to responsibly advance artificial intelligence for the benefit of Kentucky and beyond. They also demonstrate how the university is translating innovation into action through intentional, values-driven partnerships.

Through this partnership and strategy, the university is expanding AI literacy and access for students, faculty and staff, accelerating research and discovery and identifying new ways AI can improve patient care and community impact. Anchored within the AKT Network, this work reflects the university's role as a convener, aligning expertise and partners to solve real-world challenges. It also underscores our commitment to ensuring emerging technologies are developed and deployed in ways that strengthen trust, transparency and opportunity across the Commonwealth.

CELEBRATING OUR GRADUATES: WINTER COMMENCEMENT 2025

In December, the university celebrated Winter Commencement across two ceremonies, with nearly 1,300 graduates participating in person. Overall, the UK Board of Trustees approved the conferral of 2,084 degrees — a powerful reflection of student perseverance and achievement. Each degree represents not just academic success, but a readiness to lead lives of meaning and purpose.

Student speakers helped anchor the ceremonies in reflection and gratitude, sharing stories of growth, resilience and the communities that shaped their journeys. Their voices reminded us that commencement is not only a milestone for graduates, but also a celebration of the faculty, staff, families and mentors who helped make those moments possible. Together, these ceremonies captured the spirit of what it means to belong to the University of Kentucky community, in the classroom and after commencement.

THE BILL GATTON FOUNDATION: A HISTORIC GIFT TO TRANSFORM THE ARTS

This fall also marked a historic moment for the university with the announcement of a $150 million gift from The Bill Gatton Foundation to establish a new College of Fine Arts and create a vibrant arts district at the heart of campus. As the single largest gift ever received by the university, the investment reflects a belief in the power of creativity to shape lives, communities and the future of Kentucky. It also affirms the essential role the arts play in a comprehensive, land-grant education.

The new college and arts district will bring together music, theatre, dance, visual arts and design — matching talent with opportunity and dreams with space to grow. It represents an enduring commitment to students, faculty and the cultural life of the Commonwealth, ensuring the arts remain a vital part of how the university educates, inspires and serves. For generations to come, this gift will expand access, fuel creativity and elevate Kentucky's artistic voice on a national stage.

THE PRESIDENT'S REPORT

ISSUE 135
NOVEMBER 2025 / JANUARY 2026

Dear Colleagues,

At the University of Louisville, we are celebrating many accomplishments from 2025 and are eager to move forward together in 2026.

I was thrilled to confer diplomas and professional certificates on our newest graduates at our December commencement exercises. These graduates will represent our university as alumni who commit themselves to shaping a better future for our world. On behalf of UofL, congratulations to all CPE institutions that recently celebrated a new class of alumni.

At UofL, our world-renowned faculty, outstanding staff and amazing students commit the best of themselves – personally and professionally – to their work on campus and in the community. Thanks to that commitment, UofL was recently named one of 277 institutions to receive the 2026 Carnegie Elective Classification for Community Engagement. This distinction recognizes institutions that collaborate with community partners to share knowledge and resources for the public good. It is the latest Carnegie classification, which also includes UofL's designation as a Research 1 institution for its elite status as a top research university and an Opportunity College and University for its work fostering student success.

Our institutional strength was validated with the renewal of our affiliation agreement with UofL Health. Through this agreement, patient care, research and education in medicine, dentistry, public health and nursing bolster hospitals and clinics throughout Kentucky and beyond.

Meanwhile, UofL remains a destination for industry and technology as seen in the university's selection as one of the Defense Innovation Unit's (DIU) Defense Innovation OnRamp Hubs. DIU works with companies to rapidly prototype and scale technologies for national defense and currently operates OnRamp Hubs across the U.S., in Arizona, Hawaii, Kansas, Ohio and Washington.

Finally, I am happy to announce that Katie Cardarelli has been appointed as UofL's new executive vice president and university provost. Her talent and commitment will no doubt help carry our university to new heights.

I am looking forward to working with all of you in the year to come.

Gerry Bradley

President,
University of Louisville

Volunteers assemble and decorate snack kits for Metro United Way's nonprofit partners during Cards Come Together.

UofL retains status as Carnegie Community Engagement university

The University of Louisville is one of 277 institutions to receive the 2026 Carnegie Elective Classification for Community Engagement. This accomplishment is especially noteworthy amid significant federal policy and funding shifts shaping the future of higher education. According to the American Council on Education (AACE) and the Carnegie Foundation for the Advancement of Teaching (CFAT), UofL exemplifies how campuses nationwide are deepening partnerships, leveraging community assets and addressing urgent societal challenges. Further, UofL's application for consideration documented excellent alignment among campus mission, culture, leadership, resources and practices that support dynamic and noteworthy community engagement.

This is UofL's latest recognition of excellence by the ACCE and CFAT. In 2025, the Carnegie Foundation once again named UofL a Research 1 (R1) institution for its elite status as a top research university and named UofL an Opportunity College and University (OCU) for its work fostering student success. UofL is one of only 13 universities nationwide to earn R1, OCU and Community Engaged designations from Carnegie and is the only ACC school to receive the OCU title.

University of Louisville selects new provost

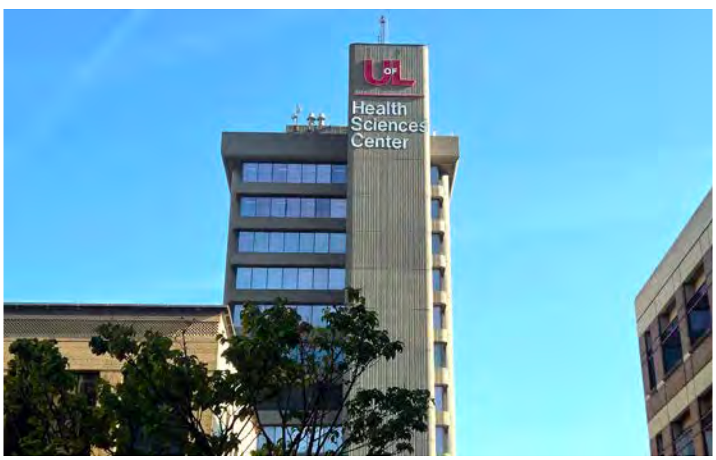
Kathryn "Katie" Cardarelli was recently selected as the University of Louisville's new executive vice president and university provost. Cardarelli joined UofL as dean of the School of Public Health and Information Sciences in April 2024. In March 2025, she was appointed interim university provost to provide leadership for academic affairs and set the university's curricula through collaboration with faculty, staff and students. Cardarelli's priorities will continue to focus on student success and further develop a strategic undergraduate success plan to dramatically improve retention.

Before coming to UofL, Cardarelli spent 10 years at the University of Kentucky, where she served in several positions, including senior associate provost for administration and academic affairs. She also served as assistant provost and senior assistant provost for faculty affairs, associate dean for academic student and faculty affairs, and department chair at UK.

December 2025 Commencement

The University of Louisville's December 2025

Commencement ceremony for August graduates and December degree candidates took place Dec. 12, 2025, at the KFC Yum! Center. More than 2,500 students were honored with more than 1,000 taking part in the ceremony. More than 980 degrees and certificates were conferred for summer 2025 and 1,526 were conferred for fall 2025.



UofL renews affiliation with UofL Health

The strategic partnership between the University of Louisville and UofL Health continues to thrive thanks to a measure taken at the Dec. 11, 2025, UofL Board of Trustees meeting. Following a detailed assessment and recommendation to renew the UofL/UofL Health Affiliation Agreement, the board unanimously approved the affiliation agreement for renewal.

UofL Health, Inc. is a 501(c)(3) nonprofit corporation and is governed by an independent board of directors. The agreement solidifies UofL/ULH roles as an integrated academic health system, combining UofL's medical education and research with UofL Health's clinical services (hospitals, clinics) to train future providers, advance medicine and offer comprehensive care. It also ensures that UofL's Health Sciences Center serves as the academic arm, fostering research and education in medicine, dentistry and nursing, while UofL Health provides advanced patient care and expands access statewide through this academic integration.

UofL chosen to operate new Defense Innovation OnRamp Hub

The Defense Innovation Unit (DIU), part of the U.S. Department of War (DoW), recently selected the University of Louisville to operate a Defense Innovation OnRamp Hub for the state of Kentucky. This new designation will bring Kentucky talent and technology companies greater opportunities to support DoW needs.

DIU works with companies to rapidly prototype and scale technologies for national defense and currently operates OnRamp Hubs across the U.S. in Arizona, Hawaii, Kansas, Ohio and Washington. The addition of OnRamp Hub: Kentucky presents an opportunity for talent and technology companies across the state.

NEWS FOR THE COUNCIL ON POSTSECONDARY EDUCATION

JANUARY 2025

WKU Students Conduct Weather Support for 80,000 at Louder Than Life

Three WKU graduate students working from the WKU Disaster Science Operations Center (DSOC) recently provided heat-stress monitoring and weather support at the Louder Than Life Festival, held in Louisville, Ky. and attended by nearly 80,000 people. The four-day event took place September 18-21, 2025.

Luke Ferguson of Coal Grove, Oh., Harmony Guercio of Knoxville, Tn., and Thomas Payette of Bowling Green, Ky., worked to monitor and predict heat stress using weather instruments to target specific conditions and locations for potential heat issues.

"Working with DSOC at Louder Than Life provided firsthand insight into how even a brief storm can disrupt large-scale events and highlighted the importance of precise weather communication," Guercio, a first-year graduate student, said.

The group uses methods that are scalable and repeatable for outdoor events. For the Louder Than Life Festival, students in DSOC collaborated with the National Weather Service in Louisville to work on forecast details.

Their work also connected them with local emergency management officials overseeing safety operations.

"Louisville Metro Emergency Management was proud to welcome Western Kentucky University meteorology students behind the scenes at Louder Than Life," Jody Meiman, Executive Director of Louisville Metro Emergency Management, said. "This unique opportunity allowed students to observe real-time emergency planning, weather monitoring, and public safety coordination in a dynamic, high-impact environment. This hands-on experience reflects our commitment to supporting student learning and preparing future professionals."

The collaboration provided students the experience of professional emergency managers and meteorologists working together to ensure safety during large-scale events.

Since 2016, WKU students at both the undergraduate and graduate levels from the Meteorology, Emergency Management Disaster Science, and Homeland Security Science programs have been providing weather and emergency management-related support, leading to their involvement in major national events like the Chicago Marathon, Special Olympics USA Games, NASCAR, the National Cherry Blossom Festival, and more.

WKU listed in 'Guide to Green Colleges' for 16th straight year

For the 16th consecutive year, Western Kentucky University has been recognized as one of the nation's most environmentally responsible colleges, according to The Princeton Review Guide to Green Colleges: 2026 Edition. The Green Rating provides a comprehensive measure of a school's performance as an environmentally aware and prepared institution.

The Princeton Review chose the colleges for the 2026 edition based on a survey it conducted in 2024-2025 of administrators at over 400 colleges about their institutions' sustainability-related policies, practices and programs. The company also surveyed students attending the colleges about their "green" campus experiences.

WKU, which created its Office of Sustainability in 2008, has earned numerous national recognition and certifications, including the International WELL Building Institute for Ogden College Hall, the Green Restaurant Association Certified Dining program, LEED (Leadership in Energy and Environmental Design) certified buildings, AASHE STARS (Association for the Advancement of Sustainability in Higher Education Sustainability Tracking, Assessment, and Rating System), Tree Campus USA, U.S. Department of Education Green Ribbon Schools and more.

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WKU Awarded $1.25 Million to Prepare Special Educators and School Psychologists to Serve Students with High-Intensity Needs

The U.S. Department of Education has awarded WKU's College of Education and Behavioral Sciences (CEBS) $1,249,671 to launch Project THRIVE (Training to support High-intensity needs via Responsive, Interdisciplinary, and Vital Engagement). This initiative is designed to prepare future school psychologists and special educators to collaboratively serve school-age children with high-intensity needs.

The goal of Project THRIVE is to increase the number of qualified professionals in the field and to strengthen the quality of preparation. Project THRIVE facilitates essential collaboration between school psychology and special education to effectively meet the needs of students with high-intensity disabilities.

Funded through the Department of Education's *Interdisciplinary Preparation of Early Intervention, Special Education, and Related Services Personnel Serving Children with Disabilities who have High-Intensity Needs* program, Project THRIVE will train 20 graduate students over five years. Project THRIVE scholars will experience shared coursework, collaborative clinical experiences, expert-led seminars, and paired field placements in high-need school districts.

WKU Board of Regents Approves Pre-Development Agreement with Gilbane for Phase 1 of Comprehensive Housing Transformation

The Western Kentucky University Board of Regents has approved a pre-development agreement with Gilbane, launching the first phase of a bold, multi-year initiative to transform student housing. The partnership marks a significant milestone in WKU's push to enhance campus life, modernize and replace its residential facilities and ensure that every Hilltopper has access to affordable, high-quality, student-centered living environments.

Under the partnership, WKU and Gilbane will continue detailed design and planning work through the coming months while negotiating final partnership terms. Renderings and additional project updates will be shared during the Spring 2026 semester.

Phase 1 of the plan focuses on replacing two of WKU's oldest residence halls with a new, roughly 1,000-bed residential complex on the same site. The new hall will feature a variety of room configurations—including private and semi-private suites—paired with community kitchens, collaborative lounges and study spaces designed to promote student interaction and engagement and support significant expansion of WKU's Living Learning Communities. The facility is expected to open in Fall 2028. Future phases will address renovations of existing halls, explore new living-learning models and increasingly align residential design with WKU's academic mission.

"For many of our Hilltoppers, living on campus is an essential part of the WKU experience," WKU President Timothy C. Caboni said. "As we transform our housing portfolio, we remain committed to keeping rates competitive while offering students more choices, greater comfort and environments that promote academic and personal growth. This project represents a major step toward that vision."

Founded in 1870, Gilbane is a family-owned firm headquartered in Providence, Rhode Island. Gilbane specializes in real estate development, construction and property management, with an extensive track record in higher education housing and campus infrastructure projects across the nation. During the past several decades, Gilbane has partnered with universities including Clemson, Brown and the University of Maryland, developing and building more than 55,000 student housing beds across more than 100 campuses nationwide.

The housing transformation will be structured as a public-private partnership (P3)—a model that has become increasingly common in higher education as universities seek to modernize infrastructure while maintaining fiscal responsibility.

Under a P3 arrangement, the university collaborates with a private developer that assumes responsibility for financing, design and construction, while the institution retains control over key mission-focused academic and student experience priorities. This structure enables a more efficient project delivery, leverages private capital and reduces the university's risk and financial burden. For WKU, the P3 approach ensures that new facilities can be developed without relying solely on public funds, allowing the university to address housing needs more quickly while continuing to prioritize affordability for students.

"P3s are transforming how universities approach housing," Caboni said. "By partnering with a firm that brings national expertise, we're able to deliver innovative, student-centered living environments while protecting financial stability for years to come."

KCTCS GOOD NEWS REPORT
JANUARY 2026

JCTC Center for Science and Discovery

Ashland and Jefferson Community and Technical Colleges Open New State-of-the-Art Technical Learning Facilities

Ashland Community and Technical College marked a major milestone for workforce education in eastern Kentucky with a ribbon cutting ceremony for its new Transportation Education Center. The state-of-the-art facility will serve a s a regional hub for hands-on training in high-demand transportation careers. Programs housed in the new facility include diesel technology, automotive technology, lineworker, and commercial driver's license (CDL).

In Louisville, Jefferson Community and Technical College celebrated the grand opening of its Center for Science and Discovery. This 40,000 square foot STEM facility represents a bold investment in innovation, hands-on learning, and the future of science education at JCTC. The new building is designed to support JCTC's growing science, technology, engineering, and math programs and features modern classrooms, advance laboratories, and collaborative spaces that foster hands-on learning and real-world application. More than just an upgrade for JCTC students, this facility is a powerful new resource for the region.

Both of these projects were made possible by funding from the Kentucky General Assembly.

BY THE NUMBERS:

OVER
70,000
KENTUCKIANS RECEIVED CUSTOMIZED WORKFORCE TRAINING IN 2025.

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1 OUT OF EVERY **49**
JOBS IN KENTUCKY
IS SUPPORTED BY THE ACTIVITIES OF KCTCS COLLEGES AND THEIR STUDENTS.

KCTCS TOTAL ESTIMATED ANNUAL IMPACT IS
$3.9 BILLION
FOR KENTUCKY.

KCTCS Graduation Rate Hits Milestone: From 41st to 4th

When KCTCS fully launched as a system in 2000-01, we were building a new system from the ground up. Our first-ever cohort of students had a three-year graduation rate of just 15%, and Kentucky ranked 41st nationally among two-year public higher education institutions.

From those beginnings, we've transformed student success. For the first time in our history, KCTCS's three-year graduation rate has surpassed 50% (51.1%) — a remarkable achievement that reflects decades of commitment to helping our students complete credentials faster, getting them into the workforce or transferring to bachelor's programs sooner, and saving them time and money. In the latest national ranking, KCTCS is 4th in the nation in credentials awarded.

KCTCS Official Fall 2025 Enrollment is Highest in Over a Decade

Community colleges are leading the way nationally as students look for value and relevant skills for jobs of today and tomorrow. Preliminary national data shows community colleges grew 4% in Fall 2025 compared to the previous fall, the highest growth rate among all higher education sectors. Overall, enrollment in higher education grew 2.4%.

KCTCS is outperforming the national trend with 6.2% growth for Fall 2025. The system's 16 colleges now have nearly 90,000 students taking for-credit courses, the highest in more than a decade. High school dual credit enrollment grew. Those students make up 38% of our for-credit enrollment. Traditional freshman/sophomore enrollment also grew by 4.6% year-over-year, and our adult enrollment has returned to pre-COVID levels. Spring enrollment is strong across the system and we expect to serve well over 120,000 credit students this academic year.

Education Secretary Linda McMahon Discusses Education to Workforce Pipelines at BCTC

Bluegrass Community and Technical College hosted Toyota Motor Manufacturing Kentucky, FAME, Inc., and U.S. Secretary of Education Linda McMahon for a roundtable discussion about career and technical education and pipelines being built by KCTCS colleges to prepare students for the state's workforce needs.

Secretary McMahon toured BCTC's Georgetown Campus, which features advanced manufacturing hands-on learning labs and classrooms and talked to students who are part of the FAME partnership with Toyota. The students discussed the many benefits of learning in a state-of-the-art facility that mirrors the work they do on the line at Toyota. The graduation rate of students enrolled in the FAME program tops 90%.

Association of Independent Kentucky Colleges and Universities

GOOD NEWS REPORT
January 2026

AIKCU to advocate for students during 2026 General Assembly

Mason Dyer
AIKCU President

The legislative season is under way, and like our friends from the Council on Postsecondary Education, the public institutions, and the Kentucky Higher Education Assistance Authority, AIKCU will be monitoring the action closely and advocating for students over the coming months.

As always, our primary interest lies in the General Assembly's support of the student financial aid programs funded by the Kentucky Lottery and administered by KHEAA. Kentucky has a strong student financial aid system that has been well-supported by the General Assembly for decades, and we look forward to seeing that support continue in this year's budget session.

In combination with federal and institutional aid, these state aid programs make it possible for AIKCU students, about half of whom are Pell-eligible, to attend the college that best fits their educational needs.

And these lottery-funded state aid programs do the same for Kentuckians who choose KCTCS or public four-year institutions. They are an investment in Kentucky's future skilled workforce.

We don't take these programs for granted, and we are grateful for partners who are also looking out for the interests of students and the important role of state aid.

KCTCS President Ryan Quarles meets with AIKCU presidents

Presidents of Kentucky's independent colleges and universities hosted KCTCS President Ryan Quarles at the AIKCU Board of Directors' winter meeting.

The commonwealth's 18 independent four-year institutions and the 16 public colleges in the Kentucky Community & Technical College System share similar goals — to ensure postsecondary and workforce education are relevant, accessible, and affordable while preparing graduates for meaningful careers.

AIKCU presidents and Dr. Quarles discussed strengthening transfer pathways and other areas of mutual interest, including the legislature's continued strong support for Kentucky Lottery-funded financial aid programs.

"Big 3" Kentucky Lottery-Funded State Aid Awards

Total awarded in FY 25 to Kentucky resident students attending AIKCU institutions

CAP	KTG	KEES
11,723	13,466	10,849
College Access Program Grant	Kentucky Tuition Grant	Kentucky Educational Excellence Scholarship
Need-based awards tied to Pell eligibility	Need-based awards to low- and moderate-income students attending independent colleges	Awards based on high school performance and test scores

So[illegible]AA

AIKCU alumna Sydney Newton earns prestigious 2025-26 Milken Educator Award

Teacher, English/Language Arts · Taylor County High School · Campbellsville

AIKCU celebrates the power of a degree from Kentucky's independent colleges as Sydney Newton earns an "Oscar of Teaching" for her outstanding efforts in the classroom. She has been named a winner of the competitive 2025-26 Milken Educator Award.

The Milken Educator Awards, created by Lowell Milken in 1987, have rewarded and inspired excellence in the world of education by honoring top educators around the country with $25,000 unrestricted awards. You can learn more at www.milkeneducatorawards.org.

Sydney completed degrees from two AIKCU member campuses. She holds a bachelor's degree from Lindsey Wilson University in Columbia and dual master's degrees from Campbellsville University in Campbellsville.

Congratulations, Sydney!

Kentucky's independent colleges celebrate graduates at December commencements

AIKCU congratulates the thousands of students who just graduated from its member colleges and universities

Campbellsville University honored its graduates at three commencement ceremonies Dec. 11.

Lindsey Wilson University celebrated its commencement Dec. 13 by graduating the largest class in its 122-year history.

Quentin Young is new president of the University of the Cumberlands

Quentin Young has been named the 11th president of the University of the Cumberlands in Williamsburg. He succeeds Dr. Larry L. Cockrum, who will serve as president emeritus.

Dr. Young joined the Cumberlands in 2016 and previously served as executive vice president for finance and chief financial officer. In those roles, he oversaw all university budget, finance, and accounting operations and various administrative operations for university finances. He was also responsible for managing investments and endowment funds.

He holds a Ph.D., two master's degrees, and a bachelor's degree — all from the University of the Cumberlands.

AIKCU President Mason Dyer elected to Council of Independent Colleges Board of Directors

AIKCU President Mason Dyer was one of seven members elected to the Council of Independent Colleges Board of Directors during its annual board meeting in January. His three-year term will end in January 2029.

"The CIC Board benefits tremendously from the wide-ranging expertise and diverse missions represented by our member institutions," said President Marjorie Hass. "I am pleased to add new voices to our leadership team — voices that will contribute fresh thinking and broaden our collective impact. Together, we are poised to advance important initiatives that will benefit the entire independent higher education community."

The CIC is an association of more than 700 nonprofit independent colleges and universities and affiliates that work to support college and university leadership, advance institutional excellence, and enhance public understanding of independent higher education's contributions to society.