

**KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION  
FINANCE COMMITTEE MEETING**



April 14, 2025 - 1:00 p.m., ET

Virtual Meeting via ZOOM - <https://us02web.zoom.us/j/89129396618>

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## MEETING MINUTES

*Draft for Approval by the Finance Committee, April 14, 2025*

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Who: Kentucky Council on Postsecondary Education  
Meeting Type: Finance Committee  
Date: January 27, 2025  
Time: 1:00 p.m. ET  
Location: Virtual Meeting via ZOOM Webinar

### CALL TO ORDER

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The Finance Committee met Monday, January 27, 2025, at 1:00 p.m., ET. The meeting occurred virtually via ZOOM webinar. Chair Madison Silvert presided.

### ROLL CALL

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The following Committee members attended the meeting: Lindsey Case, Jennifer Collins, Kellie Ellis, Madison Silvert, Macy Waddle and Elaine Walker. Committee chair Jacob Brown did not attend.

Heather Faesy, CPE program manager, served as recorder of the meeting minutes.

### APPROVAL OF THE MINUTES

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The minutes of the November 15, 2024, Finance Committee meeting were approved as presented.

### CPE PRESIDENT REPORT

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Dr. Aaron Thompson, CPE President, provided an update to the Committee that focused on early legislative happenings during the 2025 session, fall 2024 enrollment numbers and his recent speaking engagement at the ECMC foundation.

### INTERIM CAPITAL PROJECT – KENTUCKY STATE UNIVERSITY (KSU)

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Mr. Ryan Kaffenberger, Director of Finance Policy and Programs, presented Kentucky State University's request to approve a \$2,467,500 federally funded interim capital project to renovate the Betty White Building. The renovation would transform the existing space to create two labs and additional classrooms and offices to address a critical shortage of such spaces related to the KSU Land Grant Program's graduate studies. The renovation would also include replacing roofing, windows and the HVAC system. Although the KSU Board of Regents originally approved the project scope, CPE staff recommended the Finance

Committee endorse the \$2.853 million project scope that was approved by the Department of Agriculture grant. If the increased project scope is approved, the KSU board will revisit the matter to include scope to improve the efficiency of the proposed work.

MOTION: Ms. Walker moved that the Finance Committee endorse for Council approval the interim capital project at Kentucky State University at the increased project scope that was approved by the Department of Agriculture. Dr. Ellis seconded the motion.

VOTE: The motion passed.

## **2025-26 TUITION SETTING PROCESS**

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Dr. Bill Payne, CPE's Vice President of Finance Policy and Programs, provided an update on the 2025-26 tuition-setting process and discussed the *2025-26 Tuition Setting Timeline* and the drafted *Tuition and Mandatory Fee Policy for Academic Year 2025-26*.

- Timeline: The Council plans to take action on staff's tuition ceiling recommendation at their April 18, 2025, meeting. The Council will take action on campus tuition and fee proposals on June 13, 2025.
- Policy: The drafted policy changes were provided to the Committee, and the primary proposed changes include the elimination of special use fee and asset preservation fee exception provisions.

No action was taken by the Committee on the timeline or policy.

## **UPDATE ON 2022-24 AND 2024-26 ASSET PRESERVATION POOL FUNDING**

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Mr. Kaffenberger 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.

- The General Assembly appropriated \$683.5 million in General Fund supported bond funds for the 2022-24 Asset Preservation Pool. As of quarter 2 of fiscal year 2024-25, projects have been identified and certified by CPE staff for 96.8 percent (\$661.3 million) of the state funds. Furthermore, the public postsecondary institutions have received reimbursements for 48.7 percent (\$333.0 million) of the state funds.
- The General Assembly appropriated \$563.0 million in General Fund supported bond funds for the 2024-26 Asset Preservation Pool. As of quarter 2 of fiscal year 2024-25, projects have been identified and certified by CPE staff for 37.4 percent (\$210.6 million) of the state funds. Because the institutions have prioritized implementing and drawing down funds for their 2022-24 Asset Preservation Pool projects, they have

largely not begun requesting state reimbursements for 2024-26 Asset Preservation Pool projects.

## **ADJOURNMENT**

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The Finance Committee adjourned at 1:45 p.m., ET.

DRAFT

**TITLE:** Tuition and Mandatory Fee Recommendation, Academic Years 2025-26 and 2026-27

**DESCRIPTION:** Staff recommends that the Finance Committee endorse for full Council approval the proposed tuition and mandatory fee recommendations for academic years 2025-26 and 2026-27.

**STAFF CONTACTS:** Dr. Bill Payne, Vice President for Finance Policy and Programs  
Adam Blevins, Associate Director for Finance Policy and Programs

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### **RECOMMENDED MOTION**

Staff recommends that the Finance Committee approve, and endorse to the full Council, resident undergraduate tuition and mandatory fee ceilings for academic years 2025-26 and 2026-27 that equate to:

- A maximum base rate increase of no more than \$675.<sup>00</sup> over two years, and a maximum increase of no more than \$450.<sup>00</sup> in any one year, for public research universities.
- A maximum base rate increase of no more than \$630.<sup>00</sup> over two years, and a maximum increase of no more than \$420.<sup>00</sup> in any one year, for comprehensive universities.
- A maximum base rate increase of no more than \$9.<sup>00</sup> per credit hour over two years, and a maximum increase of no more than \$6.<sup>00</sup> per credit hour in any one year, for students attending KCTCS institutions.

It is further recommended that the public institutions be allowed to submit for Council review and approval:

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

### **BACKGROUND INFORMATION**

Council staff used a collaborative process to develop its tuition and mandatory fee recommendation for academic years 2025-26 and 2026-27, which included sharing information and engaging in discussions with campus presidents, chief budget officers, and Council members. Based on feedback from multiple stakeholders and recognizing that many Kentucky students and families and the state's postsecondary institutions are coping with the effects of persistent inflation, there is general sentiment that system average increases in resident undergraduate tuition and fees should be capped toward the upper end of the moderate range in academic year 2025-26 and limited to the upper end of the low range in 2026-27 to support a necessary balance between the ability of students and families to pay for college and the

resources required for postsecondary institutions to maintain quality academic programs, address cost increases, and support ongoing progress toward the state’s 60x30 college attainment goal.

For the upcoming tuition cycle, CPE staff and campus officials agreed that staff’s recommendation should include tuition and fee ceilings for the next two academic years (i.e., 2025-26 and 2026-27). Adopting rate ceilings for a two-year period has become an increasingly common approach in recent tuition-setting cycles. Four times over the past 11 years the Council has approved ceilings that span two years, including academic years 2014-15 and 2015-16, 2018-19 and 2019-20, 2021-22 and 2022-23, and 2023-24 and 2024-25. Using a two-year approach facilitates strategic planning and budgeting at the postsecondary institutions and makes college costs more predictable for Kentucky students and families.

## KEY ISSUES

Over the past four months, Council staff and campus officials identified and discussed a number of key issues that helped inform construction of staff’s 2025-26 and 2026-27 tuition and mandatory fee recommendation, including: (a) the level of state support for campus operations; (b) a pending reduction in the state’s pension subsidy; (c) relatively low tuition increases in recent years; (d) the onset of unprecedented and persistent inflationary cost increases; (e) recent trends in college spending; (f) declining college going rates; (g) recent increases in student enrollment at nearly every institution; and (h) recent decreases in student loan debt. Each of these issues is described in detail below.

### *State Funding*

The level of state support for campus operations is a key issue every year. While increases in General Fund appropriations can help institutions address budgetary challenges, funding cuts add to those challenges. The primary sources of revenue that postsecondary institutions use to educate students are state appropriations and net tuition and fee revenue (a.k.a., total public funds). For this reason, reductions in state support or flat funding can stress campus budgets and contribute to higher tuition.

Kentucky Public Postsecondary System				Table 1	
Change in State Funds for Educating Students Between Fiscal Years 2024-25 and 2025-26					
<u>Funding Category</u>	<u>Fiscal 2024-25 General Fund</u>	<u>Fiscal 2025-26 General Fund</u>	<u>Dollar Change</u>	<u>Percent Change</u>	
Adjusted Net General Fund <sup>1</sup>	\$785,575,500	\$785,575,500	\$0	0.0%	
Performance Fund	<u>105,000,000</u>	<u>115,000,000</u>	<u>10,000,000</u>	9.5%	
Funds for Educating Students	\$890,575,500	\$900,575,500	\$10,000,000	1.1%	

<sup>1</sup> The adjusted net General Fund appropriation (a.k.a., the Formula Base) is calculated by deducting debt service and mandated program funds from each institution's regular appropriation.

On April 12, 2024, the Kentucky General Assembly passed a state budget for fiscal years 2024-25 and 2025-26 (24 RS, HB 6) that for the second biennium in a row provided increases in state support for postsecondary institutions. While the enacted budget provided \$43.5 million new dollars to institutions in the first year of the biennium (i.e., a \$35.8 million recurring increase in adjusted net General Fund and a \$7.7 million increase in the Performance Fund), there was no increase in adjusted net General Fund and a \$10.0 million increase in the Performance Fund in the second year.

Specifically, after deducting debt service and mandated program appropriations, the postsecondary institutions, both individually and in the aggregate, will receive the same level of adjusted net General Fund in 2025-26 that they received in 2024-25 (see Table 1). Although the Performance Fund appropriations will ultimately be distributed among institutions, it is important to keep in mind that these are incentive funds, which will not become part of the recurring base of institutions that earn the funds.

*Pension Subsidy*

Beginning with the 2012-13 tuition-setting cycle, and in every cycle since, CPE staff has explicitly considered the impact of required increases in retirement system contributions on postsecondary institution operating budgets. This approach was necessitated by large and frequently unfunded increases in Kentucky Employees Retirement System (KERS) employer-paid retirement contributions that were required by the state.

Kentucky Public Postsecondary Institutions				Table 2	
Change in Kentucky Employee Retirement System Subsidy <sup>1</sup>					
Between Fiscal Years 2024-25 and 2025-26					
Institution	Fiscal 2024-25 General Fund	Fiscal 2025-26 General Fund	Dollar Change	Percent Change	
UK	NA	NA	--	--	
UofL	NA	NA	--	--	
EKU	\$6,236,800	\$5,345,800	(\$891,000)	-14.3%	
KSU	0	0	0	--	
MoSU	3,439,100	2,947,800	(491,300)	-14.3%	
MuSU	1,800,000	1,800,000	0	0.0%	
NKU	NA	NA	--	--	
WKU	1,522,200	1,522,200	0	0.0%	
KCTCS	0	0	0	--	
Total	\$12,998,100	\$11,615,800	(\$1,382,300)	-10.6%	

In fiscal year 2021-22, the General Assembly appropriated \$22.1 million in new funding to support the transition of comprehensive universities (except for NKU) and KCTCS to a level-dollar allocation method for determining KERS pension contributions. These funds were intended to cover 100 percent of the marginal cost increase in employer paid pension contributions in 2021-22, using projections based on an actual 2019-20 employer contribution base. House Bill 8 (21 RS), which established the pension subsidy, also included a schedule for

reducing the subsidy amount by 10% per year over a five-year period, until the residual amount reached \$11.0 million. The General Assembly ended up delaying the start of the subsidy reduction by one year.

Table 2 shows the annual dollar and percent change in the KERS pension subsidy between fiscal years 2024-25 and 2025-26. As can be seen in the table, between this year and next, the enacted state budget (24 RS, HB 6) calls for an \$891,000 reduction in the pension subsidy at Eastern Kentucky University and a \$491,300 reduction in the subsidy at Morehead State University (i.e., a \$1.4 million system total decrease). These reductions are not inconsequential for the identified institutions. They represent the equivalent of a 1.4 percent budget reduction at EKU and a 1.3 percent budget reduction at MoSU on each institution’s respective 2024-25 adjusted net General Fund base.

### Recent Tuition Increases

Another issue that CPE staff and campus officials routinely consider during periodic tuition-setting cycles is the level of tuition and fee increase adopted by Kentucky colleges and universities in the previous year, or over the past several years. To the extent that a prior-year tuition increase was relatively low, or that the average annual increase over several years was historically low, that information may provide rationale for increased flexibility in the upcoming tuition cycle, depending on other key factors.

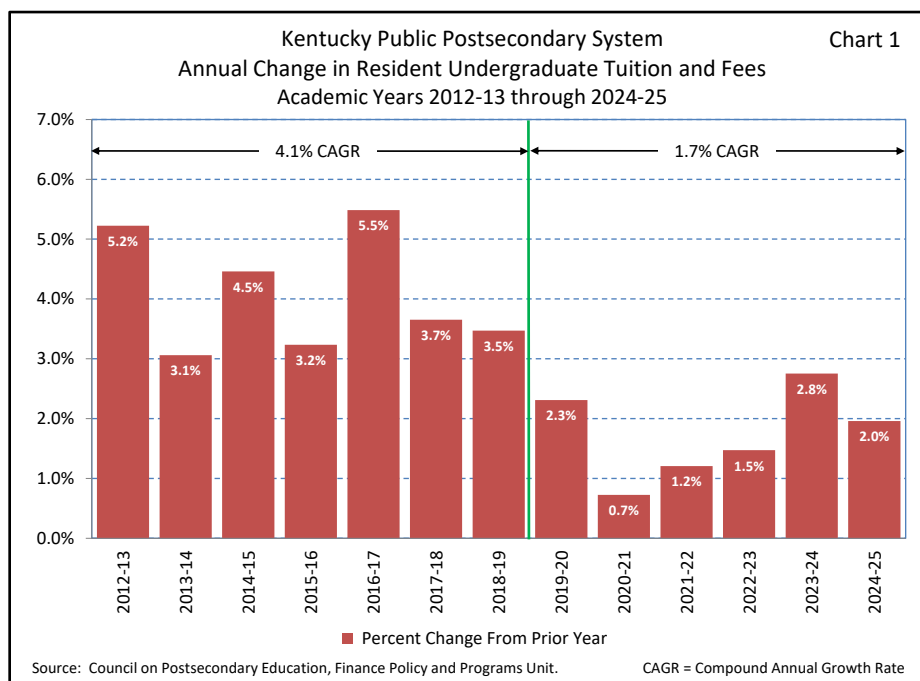


Chart 1 shows the annual change in resident undergraduate tuition and fees between academic years 2012-13 and 2024-25 for Kentucky’s public postsecondary education system. As can be seen in the chart, during the seven-year period between 2012-13 and 2018-19, resident undergraduate tuition and fees at the postsecondary institutions increased at an average annual rate of 4.1% per year; but over the six years since, resident undergraduate tuition and fees grew

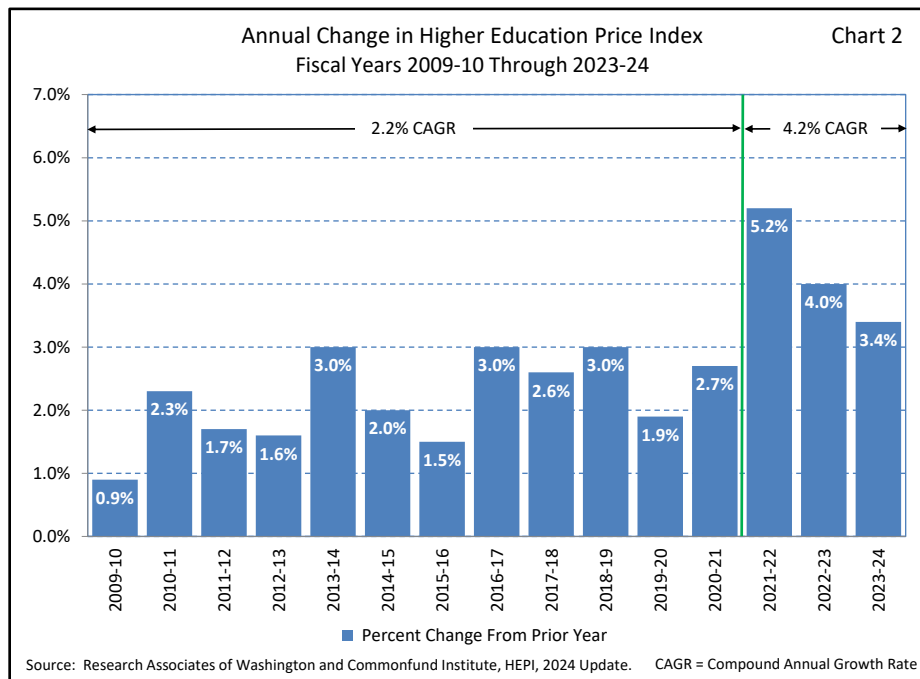


at an average annual rate of 1.7%, or a reduction of more than half the average annual increase of the prior period.

The difference in average annual growth rates between these two periods was heavily influenced by Council tuition and fee ceilings, which in recent years have prioritized maintaining affordability for Kentucky students and families to help counter a persistent decline in college going rates and decreases in student enrollment.

### *Impact of Inflation*

Another factor considered by stakeholders for the upcoming tuition cycle was the level and persistence of higher education inflation and the impact of those rising costs on campus operating budgets. Inflation is an important metric to monitor because the cost of educating students tends to go up every year and, for the most part, those costs are recurring. Fixed and unavoidable cost increases are receiving heightened scrutiny this cycle due to the magnitude of increases over the past three fiscal years (i.e., 2021-22, 2022-23, and 2023-24) and expectations that cost increases will be high again this year.



In 2022, inflation measured using the Commonfund Institute’s Higher Education Price Index (HEPI) registered 5.2%, its highest level in more than 20 years. As can be seen in Chart 2, that unprecedented one-year increase was followed by a 4.0% increase in higher education costs in 2023 and a 3.4% increase in 2024, which on their own represent large increases relative to historical averages. To put these statistics in perspective, in no single year between 2010 and 2021 did growth in the HEPI exceed 3.0%. The compound annual growth rate in the price index over that time period was 2.2% per year, compared to 4.2% average annual growth over the past three years.

Inflation is a key consideration in tuition setting because of the relationship between growth in higher education costs and the availability of resources (or lack thereof) to offset those costs. As previously mentioned, the main sources of funding for educating students are state appropriations and tuition and fee revenue. In any given year, the level of stress on institutional budgets and corresponding need to raise revenue through tuition and fee increases is a function of rising costs and availability of state support to cover those costs. Table 3 below, which calculates the projected tuition increase needed to cover inflationary cost increases for the upcoming academic year, illustrates this point. Assuming that inflation increases by 3.4% (i.e., the five-year average HEPI) and given an expected net change in state support of \$8.6 million, a 5.0% increase in tuition and fees would be required to cover the cost increases in 2025-26 alone.

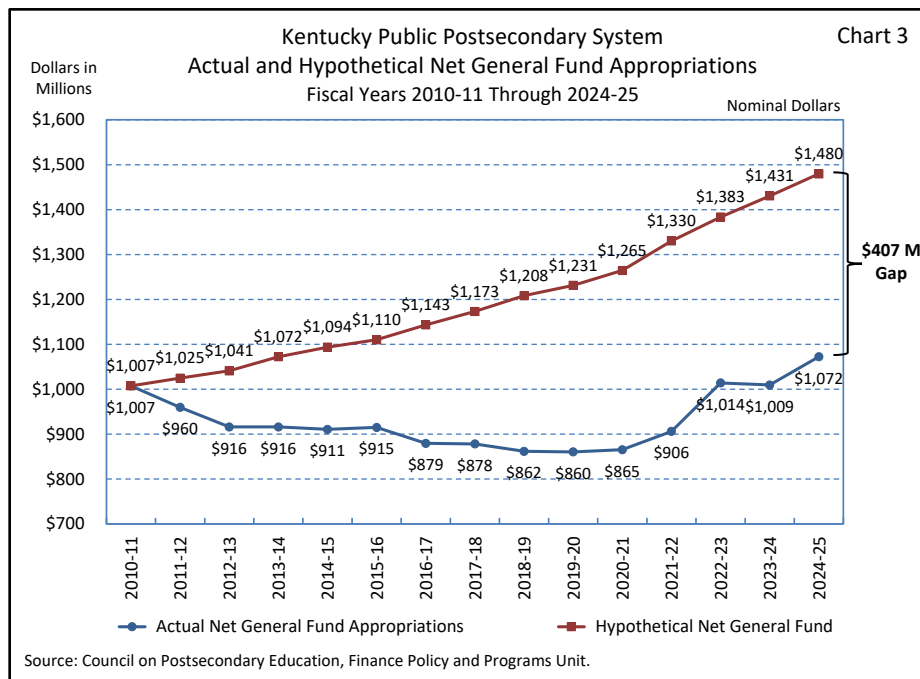
Kentucky Public Postsecondary System		Table 3
Projected Tuition Increase Needed to Cover Inflationary Costs Between Academic Years 2024-25 and 2025-26		
Estimated Inflationary Cost Increase:		
Education and Related Spending (Fiscal 2023-24)	\$2,351,726,587	
Assumed Inflation Rate (5-Year Average HEPI)	X 3.4%	
<b>Estimated Cost Increase</b>	<b>\$79,958,700</b>	
Expected Change in State Funds:		
Adjusted Net General Fund Appropriations	\$0	
Postsecondary Education Performance Fund	10,000,000	
Reduction in Pension Subsidy (HB 8)	(1,382,300)	
<b>Expected Net Change in State Support</b>	<b>\$8,617,700</b>	
Projected Tuition Revenue (@ 1.0% Increase):		
Net Tuition and Fee Revenue (Fiscal 2023-24)	\$1,431,323,000	
Apply 1.0% Rate Factor	X 1.0%	
Projected Tuition Revenue Generated (@ 1.0%)	\$14,313,200	
Tuition Increase Needed to Cover Costs:		
Estimated Cost Increase	\$79,958,700	
Minus: Expected Net Change in State Support	(8,617,700)	
Residual Cost (Revenue) Increase	\$71,341,000	
	÷	
Projected Tuition Revenue Generated (@ 1.0%)	\$14,313,200	
<b>Required Tuition Increase Multiple</b>	<b>5.0</b>	

The importance of state General Fund support for maintaining affordability for students and families cannot be overstated, as was illustrated in the previous table. But that support should not be a one-time occurrence. An examination of HEPI components and calculations over the past 20 years reveals that higher education cost factors, and thus the composite regression index, increase every year. As previously mentioned, most of those costs are recurring. For these reasons, it requires sustained state support over an extended time horizon to achieve the multiple, simultaneous, and often competing goals of affordability, access, and academic quality.

Unfortunately, for more than a decade during the past 15 years, state support for campus operations in Kentucky did not keep pace with inflation. Chart 3 compares actual net General Fund appropriations for Kentucky public postsecondary institutions (represented by the blue

line) to hypothetical net General Fund appropriations allowed to increase at the rate of growth in higher education costs (represented by the red line) over a 15-year period between fiscal years 2010-11 and 2024-25. This time frame is significant because by 2010-11 most states in the U.S. had begun reinvesting in higher education following the Great Recession.

As can be seen in Chart 3, between fiscal years 2010-11 and 2019-20, nominal net General Fund appropriations for Kentucky’s public postsecondary system decreased seven out of nine years, falling from \$1.0 billion to \$860 million, respectively. Then, between 2020-21 and 2022-23, Kentucky began reinvesting in higher education, an outcome that is very much appreciated by the Council and postsecondary institutions.



Beginning in 2022-23 and in each year over the next two years, net General Fund appropriations (i.e., regular appropriation minus debt service) to the postsecondary institutions exceeded the 2010-11 funding level in nominal terms. However, had the level of state support increased at the rate of inflation (HEPI), the institutions would have received \$1.5 billion in 2024-25, or \$407 million more in state appropriations.

It is important to remind Council members that, despite stresses on campus budgets over the past decade, the Council has not allowed institutions to fully recover losses from state budget cuts or fully cover increased spending demands caused by inflation through higher tuition and fees. Rather, the funding gap has been addressed through campus cost savings and efficiencies.

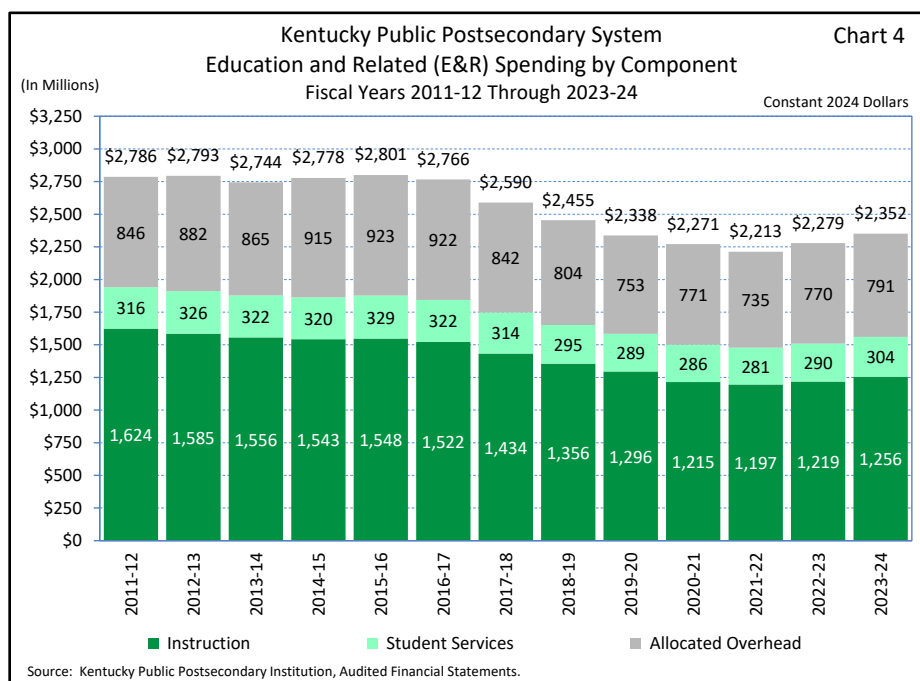
### College Spending

A metric that has recently been added to the list of key issues reviewed by CPE staff and campus officials is the trend in higher education spending. Specifically, Education and Related

(E&R) spending is calculated for each institution (using Delta Cost Project methodology), aggregated for the system, and tracked over time. The source of data for this metric is campus audited financial statements. Monitoring the level of expenditures over time is useful for assessing the adequacy of total public funds resources (i.e., state appropriations, plus net tuition and fee revenue) available to educate students.

When the trend in E&R spending was examined two years ago, it was evident that the combination of relatively low increases in tuition and fees (i.e., a result of Council tuition ceilings) and declining or flat state support had taken a toll on campus operating budgets. Although real campus spending to educate students had remained relatively flat for five years in a row (i.e., between 2011-12 and 2015-16) indicating that it kept pace with inflation, between 2015-16 and 2021-22, campus spending decreased six years in a row, falling from \$2.8 billion to \$2.2 billion, respectively. This information provided support for Council adoption of a moderate tuition increase in 2023-24.

The recent trend has been positive. As can be seen in Chart 4, campus spending to educate students rebounded from the 2021-22 low and increased two years in a row. Specifically, between 2021-22 and 2023-24, real E&R spending increased from \$2.2 billion to \$2.35 billion, respectively. The level of increased spending the past two years was supported by a \$108 million increase in state General Fund support in 2022-23, the aforementioned moderate increase in tuition and fees (i.e., a 2.8% system average increase in 2023-24), and enrollment increases at most institutions in both years.



These data support the premise that declining state support coupled with Council tuition and fee ceilings have required Kentucky institutions to become more efficient. As previously mentioned, state appropriations and tuition and fees are the main sources of revenue available for educating students. Given the lack of state investment in higher education for much of the

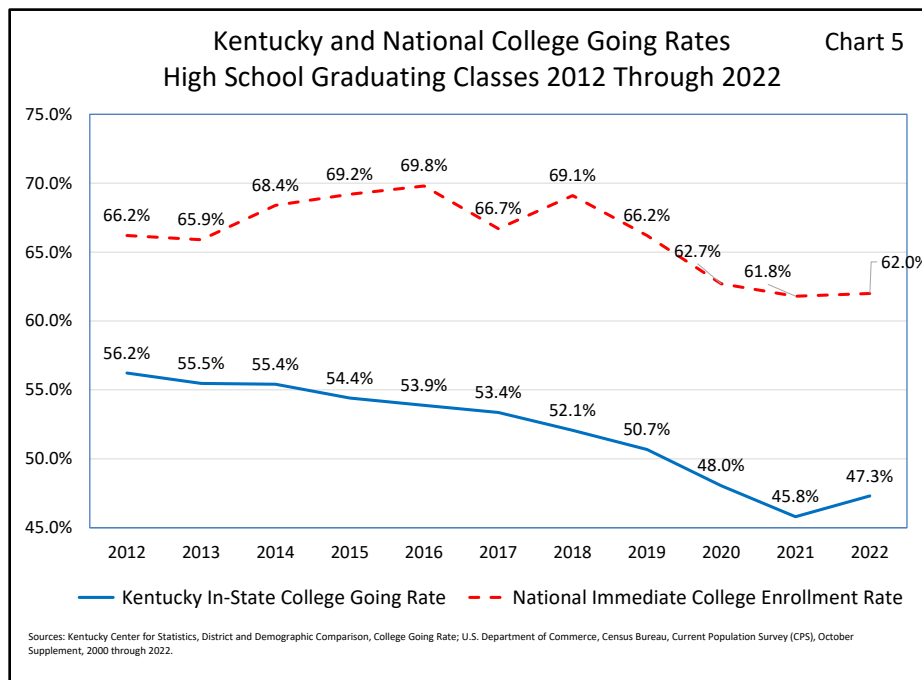
decade and given relatively low tuition increases in recent years, the downward trend in college spending is not surprising. The recent increase in real spending over the past two years was expected and intended.

### College Going Rates

The trend in college going rates among Kentucky high school graduates was added to the list of key issues for the 2023-24 tuition cycle. Maintaining or increasing the college participation rate is an important determinant in maintaining student enrollment and helping the state meet its 60x30 college attainment goal. Unfortunately, for most of the past decade, college-going rates in Kentucky trended in the wrong direction.

As can be seen in Chart 5, Kentucky’s in-state college going rate (represented by the solid blue line) decreased nine out of the past 10 years. After peaking at 56.2% for the high-school graduating class of 2012, the state’s college participation rate decreased nine years in a row to a low of 45.8% in 2021, before rebounding to 47.3% in 2022.

While the COVID-19 pandemic likely contributed to the 4.9 percentage point decrease between 2019 and 2021, that two-year change represents the continuation of a longer-term trend of declining rates. To a certain extent, the decline in Kentucky college going rates between 2016 and 2021 mirrors the broader trend that occurred at the national level during this period, although Kentucky did not experience similar growth in college going rates that occurred at the national level between 2013 and 2016.



As can be seen in Chart 5, the national immediate college enrollment rate (represented by the dotted red line) decreased from 69.8 percent in 2016 to 61.8 percent in 2021, an 8.0 percentage point decline. However, as clearly shown in the chart, in any given year, Kentucky’s college-

going rate was well below the national average rate. In fact, it lagged the national rate by between 10 to 17 percentage points every year during this period.

Maintaining affordability for Kentucky students and families is an obvious strategy for trying to bolster college going rates and it is one that the Council and postsecondary institutions pursued over the past six years by adopting relatively low tuition and fee ceilings. As a reminder, the average annual increase in postsecondary system average tuition and fees over the past six years was 1.7% per year. In comparison, the average yearly increase in tuition and fees over the previous seven-year period was 4.1% per year or more than double the recent rate of increase.

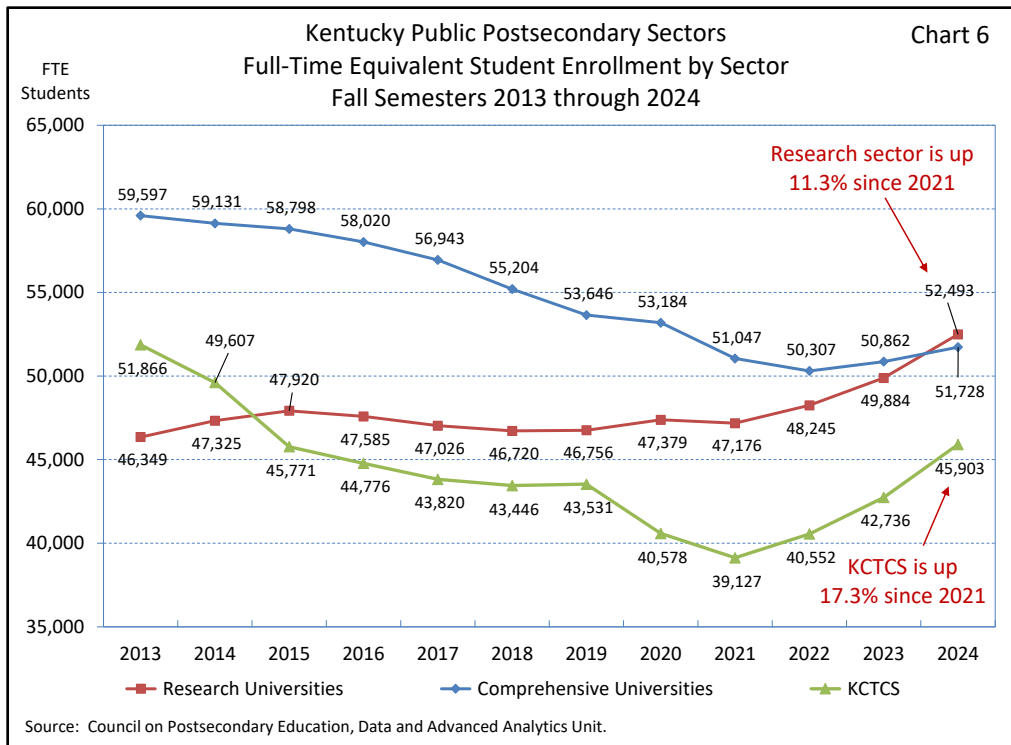
### *Enrollment Trends*

The direction and magnitude of changes in postsecondary institution enrollment have been key considerations in the tuition-setting process every year for at least the past six years. This is because the trend in student enrollment at most Kentucky colleges and universities was downward for much of the past decade (i.e., primarily fall semesters 2013 through 2021), but it is also because the Council adopted a resolution directing staff and campus officials to adopt strategies to halt and hopefully reverse the decline.

On March 3, 2021, the Council's Executive Committee, operating under a delegation of authority from the Council, adopted a resolution, expressing concern about the potential effects of enrollment decline on the ability of the postsecondary system to meet the state's 60X30 attainment goal. The resolution charged CPE staff and campus leaders to implement strategies and undertake bold actions to mitigate the near-term enrollment effects of COVID-19 and stem the tide of declining enrollment. One strategy pursued by the Council was to encourage enrollment by maintaining college affordability.

The good news is that enrollment numbers have rebounded at many institutions since fall semester 2021. As can be seen in Chart 6, aggregate full-time equivalent (FTE) student enrollment at the research universities, represented by the red line, increased by 6,144 students or 13.5% between fall semesters 2013 and 2024. The research sector was the only sector that recorded an overall increase during this period. The recent trend for the sector is positive, as well, with research university FTE enrollment growing by 5,317 students or 11.3% since fall 2021.

In the comprehensive sector, represented by the blue line in Chart 6, FTE student enrollment decreased nine years in a row, falling by 9,290 students or -15.6% between fall semesters 2013 and 2022, before increasing by 1,421 students or 2.8% over the past two years. At KCTCS, represented by the green line, FTE student enrollment decreased eight years in a row, falling by 12,739 students or -24.6% between fall semesters 2013 and 2021, but then increased by 17.3% over the next three years.

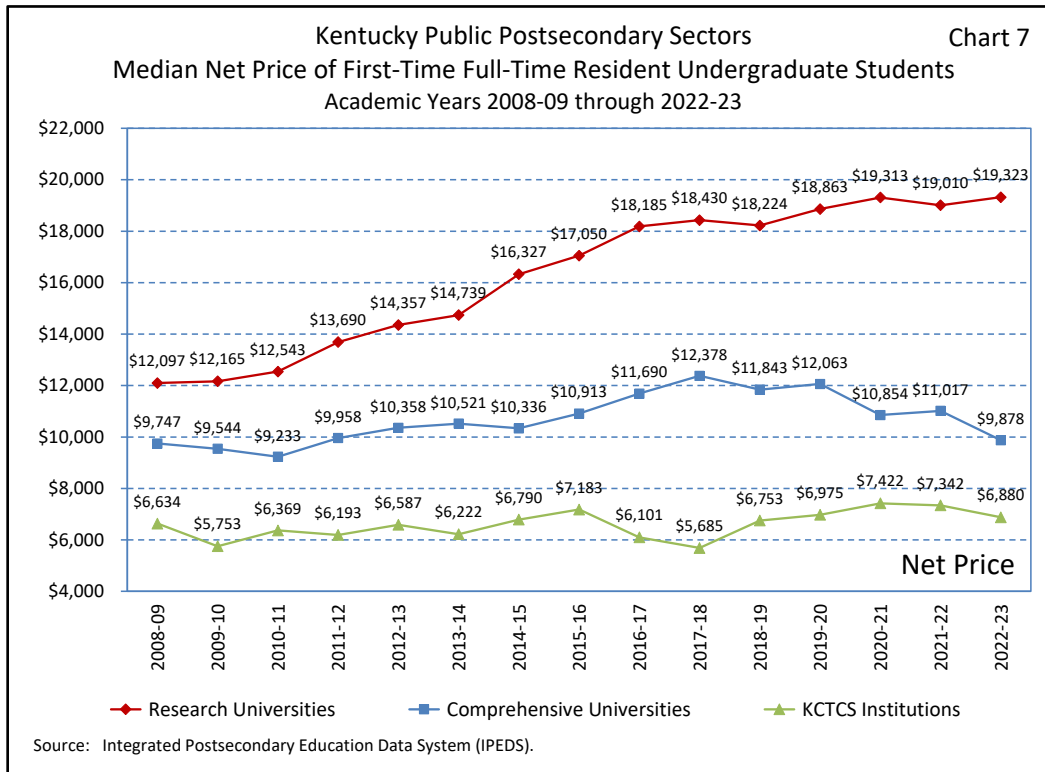


While maintaining affordability is still a high priority for Council staff and campus officials, the lack of sustained state support for campus operations over the past decade combined with several years of relatively low tuition and fee increases has resulted in real declines in college spending, which if left unchecked, could lead to increased reliance on adjunct faculty, fewer sections of courses being taught, larger class sizes, and a diminished level of academic quality. For this reason, staff is recommending tuition ceilings at the upper end of the moderate range in academic year 2025-26 and at the upper end of the low range in 2026-27 to achieve an appropriate balance between the resource needs of the institutions and affordability for Kentucky students and families.

### Net Price

An important metric for assessing the impact over time of changes in price and student financial aid on college affordability is the trend in the net college price. It has been added as a key issue this tuition cycle because of very positive trends in the net price of college attendance exhibited within the comprehensive and two-year college sectors.

As can be seen in Chart 7, the net price of college attendance differs markedly across Kentucky's public postsecondary sectors. As expected, the median net price paid by resident undergraduate students attending KCTCS institutions (represented by the green line) is the lowest among the sectors (i.e., \$6,880 in 2022-23), followed by a somewhat higher net price (i.e., \$9,878 that same year) paid by students enrolled at comprehensive universities (represented by the blue line), and exceeded by the net price paid (i.e., \$19,323) by students at research universities (represented by red line).



The overall trends in median net price over time also differ among sectors. At KCTCS institutions, annual changes in median net price have been sporadic, increasing in seven out of 14 years and decreasing in seven out of 14 years, with nine directional changes during that period. The overall trend is relatively flat, with median net price increasing by only \$246 between academic years 2008-09 and 2022-23.

A similar pattern can be observed in the net price trend in the comprehensive sector. Between 2008-09 and 2022-23, the median net price paid by resident undergraduate students attending comprehensive universities increased eight out of 14 years and decreased six out of 14 years, with five directional changes during that period. Like the two-year sector, the overall trend was relatively flat, with median net price increasing by only \$131 during this period.

Finally, the trend in net price has been generally up for students attending a research university. Between 2008-09 and 2022-23, the median net price paid by resident undergraduate students attending research universities increased 12 out of 14 years and decreased two out of 14 years. The overall trend was upward, with median net price increasing by \$7,226 during this period.

#### *Student Loan Debt*

A final measure that has been added to the list of key issues for the 2025-26 tuition cycle is the trend in student loan debt. Average student loan debt and the percentage of students graduating with debt are indicators that CPE staff has routinely monitored both in terms of conducting interstate comparisons and reviewing trends over time for Kentucky institutions. Many researchers consider trends in student loan debt as a litmus test for assessing college



affordability. Abrupt changes in average loan debt or the percentage of students graduating with debt, as well as overall trends in these metrics can signal the extent to which changes in college prices or in the amount and availability of student financial aid impact the ability of students and families to pay for college.

Over the past five years, average loan amounts for undergraduate degree and credential completers who graduated with debt has decreased, both among graduates of KCTCS institutions and graduates of public universities. The average loan amount of KCTCS degree, certificate, and diploma completers who graduated with debt decreased from \$14,571 in 2018-19 to \$13,629 in 2023-24, a 6.5% reduction. The average loan amount of public university undergraduate degree completers who graduated with debt decreased from \$34,773 in 2018-19 to \$32,996 in 2023-24, a 5.1% decrease.

In recent years, a smaller percentage of graduates from Kentucky public postsecondary institutions are leaving college with student loan debt. This is the case among graduates of KCTCS and among public university graduates. Specifically, among students who graduated from a KCTCS institution, 42.7% graduated with debt in 2018-19, compared to 28.0% who graduated with debt in 2023-24, a 14.7 percentage point reduction. Among students who graduated from a public university, 61.6% graduated with debt in 2018-19, compared to 54.9% of graduates in 2023-24, a 6.7 percentage point drop.

The positive trends in average student loan debt and the percentage of students graduating with debt were highlighted in the following quote by President Thompson. “This report is good news for Kentucky college students and reflects the tremendous efforts campuses are making to keep higher education accessible and affordable, despite inflationary pressures,” said Dr. Aaron Thompson, CPE president. “While headlines warn of a national student loan debt crisis, balances among Kentucky students have been falling for a decade, and especially over the last five years.”

## **STAFF RECOMMENDATION**

For the current tuition-setting cycle, staff recommends that the Council adopt two-year ceilings that will limit increases in resident undergraduate tuition and mandatory fees at Kentucky colleges and universities to predetermined amounts over the next two years.

Specifically, staff recommends that the Finance Committee approve, and endorse to the full Council, resident undergraduate tuition and mandatory fee ceilings for academic years 2025-26 and 2026-27 that equate to:

- A maximum base rate increase of no more than \$675.<sup>00</sup> over two years, and a maximum increase of no more than \$450.<sup>00</sup> in any one year, for public research universities.
- A maximum base rate increase of no more than \$630.<sup>00</sup> over two years, and a maximum increase of no more than \$420.<sup>00</sup> in any one year, for comprehensive universities.
- A maximum base rate increase of no more than \$9.00 per credit hour over two years, and a maximum increase of no more than \$6.00 per credit hour in any one year, for students attending KCTCS institutions.

In addition to proposing resident undergraduate rate ceilings for the next two years, staff recommends that the public institutions be allowed to submit for Council review and approval:

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

Finally, it is recommended that the public postsecondary institutions be allowed to submit for Council review and approval:

- Market competitive tuition and fee rates for graduate and online courses, as approved by their respective governing boards.

Included in the paragraphs below are four tables that identify each institution’s adopted 2024-25 base rate (i.e., current-year base rates) and maximum allowable base rates for academic years 2025-26 and 2026-27 given staff’s recommended parameters. As a reminder, 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.

Kentucky Public Postsecondary Institution				Table 4	
Maximum Base Rate Increase for Resident Undergraduates					
Academic Year 2025-26					
Institution	Adopted 2024-25 Base Rates <sup>1</sup>	Maximum 2025-26 Base Rates	One-Year Dollar Change	One-Year Percent Change	
UK	\$13,502	\$13,952	\$450	3.3%	
UofL	12,940	13,390	450	3.5%	
WKU	\$11,452	\$11,872	\$420	3.7%	
NKU	10,704	11,124	420	3.9%	
EKU	10,020	10,440	420	4.2%	
MuSU	9,900	10,320	420	4.2%	
MoSU	9,772	10,192	420	4.3%	
KSU	9,087	9,507	420	4.6%	

<sup>1</sup> Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart fee at KCTCS.

Table 4 shows the current-year base rate, maximum allowable base rate for academic year 2025-26, and one-year dollar and percent changes compared to the current-year base rate for each public university, using the recommended “no more than \$450.<sup>00</sup> in any one year for public research universities” and “no more than \$420.<sup>00</sup> in any one year for comprehensive universities” maximum increase parameters.

Kentucky Public Postsecondary Institution				Table 5	
Maximum Base Rate Increase for Resident Undergraduates					
Academic Year 2026-27					
Institution	Adopted 2024-25 Base Rates <sup>1</sup>	Maximum 2026-27 Base Rates	Two-Year Dollar Change	Two-Year Percent Change	
UK	\$13,502	\$14,177	\$675	5.0%	
UofL	12,940	13,615	675	5.2%	
WKU	\$11,452	\$12,082	\$630	5.5%	
NKU	10,704	11,334	630	5.9%	
EKU	10,020	10,650	630	6.3%	
MuSU	9,900	10,530	630	6.4%	
MoSU	9,772	10,402	630	6.4%	
KSU	9,087	9,717	630	6.9%	

<sup>1</sup> Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart fee at KCTCS.

Table 5 shows the current-year base rate, maximum allowable base rate for academic year 2024-25, and two-year dollar and percent changes compared to the current-year base rate for each public university, using the recommended “no more than 5.0 percent over two years” maximum increase parameter.

See Attachment A for detail regarding the maximum allowable total tuition and fee charges in 2025-26 and 2026-27 for resident undergraduate students at each public university. Unlike base rates, total tuition and fee charges include Special Use Fees and Asset Preservation Fees previously approved by the Council.

Kentucky Public Postsecondary Institution				Table 6	
Maximum Base Rate Increase for Resident Students					
Academic Year 2025-26					
Institution	Adopted 2024-25 Base Rates <sup>1</sup>	Maximum 2025-26 Base Rates	One-Year Dollar Change	One-Year Percent Change	
KCTCS (per credit hour)	\$189.00	\$195.00	\$6.00	3.2%	
KCTCS (per credit hour x 30)	5,670	5,850	180	3.2%	

<sup>1</sup> Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart fee at KCTCS.

Table 6 shows the adopted 2024-25 base rate, maximum allowable base rate for academic year 2025-26, and one-year dollar and percent changes compared to the current-year base rate for KCTCS institutions, using the recommended “maximum increase of no more than \$6.00 per credit hour in any one year” parameter. These rates are displayed both on a per-credit-hour basis and for a full-time student taking 30 hours.

Kentucky Public Postsecondary Institution Maximum Base Rate Increase for Resident Students Academic Year 2026-27				Table 7
Institution	Adopted 2024-25 Base Rates <sup>1</sup>	Maximum 2026-27 Base Rates	Two-Year Dollar Change	Two-Year Percent Change
KCTCS (per credit hour)	\$189.00	\$198.00	\$9.00	4.8%
KCTCS (per credit hour x 30)	5,670	5,940	270	4.8%

<sup>1</sup> Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart fee at KCTCS.

Table 7 shows the adopted 2024-25 base rate, maximum allowable base rate for academic year 2026-27, and two-year dollar and percent changes compared to the current-year base rate for KCTCS institutions, using the recommended “maximum increase of no more than \$9.00 per credit hour over two years” parameter.

See Attachment A for detail regarding the maximum allowable total tuition and fee charges in academic years 2025-26 and 2026-27 for resident students attending a KCTCS institution. Unlike base rates, total tuition and fee charges include KCTCS’ BuildSmart agency bond fee. CPE staff’s tuition and fee recommendation and corresponding maximum base rate increases are consistent with the objectives of the Council’s *Tuition and Mandatory Fee Policy*, including funding adequacy, shared benefits and responsibility, affordability and access, attracting and importing talent, and effective use of resources.

If the proposed parameters for academic years 2025-26 and 2026-27 are endorsed by the Finance Committee and approved by the full Council, and if every university, KCTCS, and their respective governing boards were to adopt the maximum allowable increase in each year (which is not always a given), the system average increase in resident undergraduate base rates for Kentucky public postsecondary institutions would be 3.9 percent in 2025-26 and 1.9 percent in 2026-27.

Because Special Use Fees, Asset Preservation Fees, and a KCTCS BuildSmart Fee are backed out of base rates before applying the percent increase parameters, the effective rates of increase in total tuition and fee charges will be lower.

**INSTITUTION RATE PROPOSALS**

It is anticipated that the postsecondary institutions will submit their proposed 2025-26 tuition and fee rates for review and approval at the June 9 meeting of the Finance Committee and the June 13 meeting of the Council. CPE staff will recommend approval of resident undergraduate tuition and fees that comply with Council approved ceilings, nonresident undergraduate rates that comply with the Council’s *Tuition and Mandatory Fee Policy* or otherwise adhere to a previously approved Memorandum of Understanding, and market competitive rates for graduate and online courses.

Kentucky Public Postsecondary Institution  
 Maximum Allowable Resident Undergraduate Tuition and Fees  
 Academic Year 2025-26

Attachment A

Institution	Adopted 2024-25 Tuition & Fees <sup>1</sup>	Maximum 2025-26 Tuition & Fees	One-Year Dollar Change	One-Year Percent Change
UK	\$13,502	\$13,952	\$450	3.33%
UofL	13,136	13,586	450	3.43%
WKU	\$11,652	\$12,072	\$420	3.60%
NKU	11,088	11,508	420	3.79%
EKU	10,620	11,040	420	3.95%
MuSU	10,200	10,620	420	4.12%
MoSU	10,024	10,444	420	4.19%
KSU	9,387	9,807	420	4.47%
KCTCS (per credit hour)	\$197.00	\$203.00	\$6.00	3.05%
KCTCS (per credit hour x 30)	5,910	6,090	180	3.05%

Academic Year 2026-27

Institution	Adopted 2024-25 Tuition & Fees <sup>1</sup>	Maximum 2026-27 Tuition & Fees	Two-Year Dollar Change	Two-Year Percent Change
UK	\$13,502	\$14,177	\$675	5.00%
UofL	13,136	13,811	675	5.14%
WKU	\$11,652	\$12,282	\$630	5.41%
NKU	11,088	11,718	630	5.68%
EKU	10,620	11,250	630	5.93%
MuSU	10,200	10,830	630	6.18%
MoSU	10,024	10,654	630	6.28%
KSU	9,387	10,017	630	6.71%
KCTCS (per credit hour)	\$197.00	\$206.00	\$9.00	4.57%
KCTCS (per credit hour x 30)	5,910	6,180	270	4.57%

Note: Charges shown are annual full-time comparison rates (except for the per-credit-hour rates at KCTCS), assuming a student takes 15 credit hours per semester (i.e., fall and spring) for a total of 30 credit hours taken in an academic year.

<sup>1</sup> Tuition and fees include Special Use Fees at UofL, EKU, MoSU, NKU, and WKU, Asset Preservation Fees at EKU, KSU, MoSU, and MuSU, and BuildSmart agency bond fees at KCTCS.

**TITLE:** Interim Capital Project Request – Murray State University, Curris Center Roof Replacement

**DESCRIPTION:** Staff recommends that the Finance Committee endorse for full Council approval a \$1,510,000 agency restricted funds interim capital project at Murray State University’s main campus that will replace the roof of the Curris Center.

**STAFF CONTACT:** Adam Blevins, Associate Director, Finance Policy and Programs

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### **SUPPORTING INFORMATION**

Murray State University (MuSU) officials have requested authorization for an interim capital project to replace the roof of the Curris Center on the university’s main campus. The project will replace 32,862 square feet of built-up roofing, which was last replaced in 1990 and had a 25-year useful-life expectancy. The MuSU Board of Regents approved the project on December 13, 2024. The project’s total scope is \$1,510,000 and will be funded with agency-restricted funds.

House Bill 592 (RS 18) 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.

During the interim, the approval process for a capital project that exceeds \$1,000,000 and the agencies involved 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 ECU, MoSU, MuSU, NKU, UNK, 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 boards and agencies, the project may be initiated by the requesting institution.

Because this project was not previously approved by the Council and 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 restricted funds to finance this project. 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.

**TITLE:** Interim Capital Project Request – Northern Kentucky University,  
Reconstruct Outdoor Tennis Complex

**DESCRIPTION:** Staff recommends that the Finance Committee endorse for Council approval a \$3,000,000 private donor funds interim project at the Northern Kentucky University main campus that will demolish and reconstruct the existing outdoor tennis complex.

**STAFF CONTACT:** Adam Blevins, CPE Associate Director, Finance Policy and Programs

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### **SUPPORTING INFORMATION**

Northern Kentucky University (NKU) staff request authorization for an interim capital project to demolish and reconstruct the existing outdoor tennis complex on the university's main campus. The project will allow the six-court complex to be demolished and reconstructed at the current site on the west side of the main campus. The NKU Board of Regents approved the project on January 15, 2025. The project may be completed in conjunction with a pickleball court project should both fit within scope. The total combined scope for the project is \$3,000,000, and it will be funded privately.

House Bill 592 (RS 18) 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.



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 nor authorized by the General Assembly in the enacted 2024-2026 budget (RS 24, HB 6), Council approval is now required to authorize this project. NKU will use private donor funds to finance this project. 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 NKU, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee regarding this interim capital project.

**TITLE:** Revisions to 2022-24 Endowment Match Program Guidelines

**DESCRIPTION:** Staff recommends the Finance Committee endorse for full Council approval revisions to the *2022-24 Endowment Match Program Guidelines* as shown in the attachment.

**STAFF CONTACTS:** Adam Blevins, Associate Director of Finance Policy and Programs  
Bill Payne, Vice President of Finance Policy and Programs

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### **SUPPORTING INFORMATION**

The Bucks for Brains program, also referred to as the Endowment Match Program (EMP), matches public dollars with private donations on at least a dollar-for-dollar basis to encourage research at the University of Kentucky (UK) and the University of Louisville (UofL) and to strengthen key programs at Kentucky’s comprehensive universities. All funds, both public and private, must be endowed, with investment proceeds used to provide a perpetual source of funding for research-related activities.

In the 2022-2024 Budget of the Commonwealth (22 RS, HB 1), the General Assembly authorized \$40.0 million in state bond funds for Bucks for Brains, with \$30.0 million of that amount appropriated to the Research Challenge Trust Fund (RCTF) to support UK and UofL and \$10.0 million allocated to the Comprehensive University Excellence Trust Fund (CUETF) to support the comprehensive universities.

The Council on Postsecondary Education (CPE) has statutory authority to determine the criteria and process by which public universities apply for access to appropriations to the RCTF (KRS 164.7917) and CUETF (KRS 164.7919). At its June 14, 2022, meeting, the Finance Committee approved the 2022-24 Endowment Match Program (EMP) Guidelines. In March 2024, staff brought proposed revisions to the Council to clarify language and reduce confusion for the institutions. The proposed revisions also included updated language permitting Kentucky State University to use up to 20 percent of funds awarded under Title III of the Higher Education Act to be endowed so long as the dollar-for-dollar matching requirement is maintained. The Council approved both the proposed revisions and the updated language at the March 2024 meeting.

During the 2025 Regular Session, the General Assembly passed legislation that prohibits initiatives related to diversity, equity and inclusion (DEI) for postsecondary institutions and agencies across the Commonwealth (HB 4). The bill specifies that neither the Council on Postsecondary Education nor any public postsecondary institution shall “expend any resources to establish or maintain a diversity, equity and inclusion initiative.” A “diversity, equity and inclusion initiative” is defined as a policy, practice or procedure designed or implemented to

promote or provide differential treatment or benefits to individuals on the basis of religion, race, sex, color or national origin in such practices including, but not limited to, employee recruitment and hiring and student financial assistance and scholarship awards.

To comply with the legislative requirements of HB 4, CPE staff is proposing revisions to the Endowment Match Program Guidelines to remove DEI-related planning and reporting requirements from the program. On page five (5) of Attachment A, staff has identified the section that needs to be removed using red font and strikethrough.

### **STAFF RECOMMENDATION**

Staff recommends the Finance Committee endorse for full Council approval the proposed revisions to the *2022-24 Endowment Match Program Guidelines* as shown in Attachment A.

## **Council on Postsecondary Education 2022-24 Endowment Match Program Guidelines**

### **Introduction**

Kentucky recognizes the importance of research to the economic well-being of its citizens. The Endowment Match Program encourages private investment in public higher education research activities to stimulate business development, generate increases in externally sponsored research, create better jobs and a higher standard of living, and facilitate Kentucky's transition to a knowledge-based economy. The program matches public money with private gifts to fund chairs, professorships, research scholars, staffs and infrastructure, fellowships and scholarships, and mission support at the public universities. This collaborative approach is critical to advancing Kentucky's research presence into national prominence.

### **Program Funding**

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 passage of the Postsecondary Education Improvement Act of 1997 (HB 1).

Prior to 2022, there were four rounds of funding for the Endowment Match Program. In fiscal year 1998-99, the program received surplus General Fund appropriations of \$110 million (i.e., \$100 for the research universities and \$10 million for comprehensive institutions). In 2000-01, the General Assembly authorized \$120 million for the program (i.e., \$100 million for the RCTF and \$20 million for the CUETF). The legislature debt financed another \$120 million for the program in 2003-04 (i.e., \$100 million for the RCTF and \$20 million for the CUETF). Finally, the General Assembly authorized \$60 million in state supported bond funds for the program in 2008-09, with \$50 million appropriated to the research universities and \$10 million appropriated to the comprehensive universities.

For the upcoming 2022-2024 biennium, the General Assembly authorized \$40 million in bond funds for the Bucks for Brains program, with \$30 million appropriated to the Research Challenge Trust Fund and \$10 million appropriated to the Comprehensive University Excellence Trust Fund (22 RS, HB 1).

### **Program Administration**

The Council on Postsecondary Education oversees and administers the Endowment Match Program. The Council establishes areas of concentration within which program funds are used, develops guidelines for the distribution of program funds, and reviews reports from the institutions on uses of program funds and results achieved.

The boards of trustees and boards of regents of the Commonwealth's public universities are responsible for the Endowment Match Program on their respective campuses. The governing boards are required by Council guidelines to review and approve all donations, gifts, and pledges that will be matched with state funds and used to establish new endowments or expand existing endowments under the Bucks for Brains program. Furthermore, the boards

are charged with ensuring that the purposes of each endowment and sources of matching funds comply with Council guidelines and serve the public good.

Documentation of board approval must be submitted with each endowment request. In addition, the governing boards are required to review and approve Endowment Match Program reports that are submitted annually to the Council.

### Allocation of Program Funds

In the 2022-2024 Budget of the Commonwealth (22 RS, HB 1), the General Assembly authorized \$30 million in General Fund supported bond funds in fiscal year 2022-23 for the Research Challenge Trust Fund (RCTF) to support efforts to grow endowments for initiatives in fields of science, technology, engineering, mathematics, and health (i.e., STEM+H fields) at Kentucky public research universities. In accordance with KRS 164.7917, funding appropriated to the RCTF will be allocated two-thirds (2/3) to the University of Kentucky and one-third (1/3) to the University of Louisville, as shown in the table below. These funds will remain in the trust fund until matched and distributed.

University of Kentucky	\$20,000,000
University of Louisville	<u>10,000,000</u>
Total RCTF	\$30,000,000

In that same budget, the General Assembly also authorized \$10 million in state-supported bond funds in 2022-23 for the Comprehensive University Excellence Trust Fund (CUETF) to support endowment growth in STEM+H fields at Kentucky comprehensive universities. In keeping with KRS 164.7919, these funds will be apportioned among the comprehensive universities based on each institution’s share of sector total General Fund appropriations, excluding debt service and specialized, noninstructional appropriations (i.e., mandated programs). The resulting allocations are shown below. These funds will remain in the trust fund until matched and distributed.

Eastern Kentucky University	\$2,227,800
Kentucky State University	667,800
Morehead State University	1,279,000
Murray State University	1,484,900
Northern Kentucky University	1,864,600
Western Kentucky University	<u>2,475,900</u>
Total CUETF	\$10,000,000

### Matching Requirements

The Endowment Match Program was conceived as a way to bring new money from external sources into the Commonwealth’s system of postsecondary education. In order to receive state funds, the universities must provide dollar-for-dollar matching funds that satisfy the following requirements:

- Gifts and pledges must be newly generated to be eligible for state match. Newly generated contributions are those received by the university after November 15, 2021 (i.e., the date of the Council’s 2022-2024 biennial budget submission).

- Gifts and pledges must be from external sources to be eligible for state match. External source contributions are those that originate outside the university and its affiliated corporations. Eligible sources of funding include, but are not limited to, businesses, non-governmental foundations, hospitals, corporations, and alumni or other individuals. Funds received from federal, state, and local government sources are not eligible for state match. Federal funds awarded to Kentucky State University under Title III of the Higher Education Act (HEA) are an exception to this rule and are eligible for state match. Federal guidelines under the Strengthening HBCUs Program allow up to 20% of Title III grant awards to be endowed provided they are matched dollar-for-dollar.
- General Fund appropriations and student-derived revenues (e.g., tuition and fees revenue) are not eligible for state match.
- The minimum institutional request amount is \$50,000. A university may combine smaller donations from businesses, nongovernmental foundations, hospitals, corporations, and alumni or other individuals to meet the \$50,000 minimum.
- All funds, both state and private, must be endowed. “Endowed” means that state and donated funds will be held in perpetuity and invested to create income for the institution, with endowment proceeds eligible for expenditure, in accordance with donor restrictions, university endowment spending policies, and Uniform Prudent Management of Institutional Funds Act (UPMIFA) requirements.
- Requests for state funds must identify the matching funds that are cash and the matching funds that are pledges.
- Pledges, or promises of future payment, are eligible for state match provided they are based on a written contract or agreement and include a payment schedule, which does not exceed five years from the initial pledge date. Pledge payment schedules showing receipts to date and scheduled future payments are to be included in the audited financial statements of either the institution or the foundation.
- If pledged funds are not received within five years of the initial pledge date, the university must replace the portion of private funds not received with another eligible cash gift or the unmatched portion of the state funds plus an allowance for accrued interest will revert to the trust fund for reallocation. In such cases, a time frame for the replacement or return of state funds will be negotiated between Council staff and institutional representatives.
- University officials must notify the Council staff of unpaid pledges six months before the end of the five-year deadline, or immediately when a gift has been revoked.

### **Uses of Program Funds**

Proceeds from the endowments can be used to support various activities including endowed chairs and professorships, research scholars, research staff, graduate fellowships, undergraduate scholarships, research infrastructure, and mission support as described below.

#### *Category 1 Uses of Program Funds*

**Chairs:** New faculty positions, salary supplements to existing faculty positions, and associated expenses for those positions, including start-up costs, salaries, benefits, travel, and other professional expenses as permitted by university policy.

**Professorships:** New faculty positions, salary supplements to existing faculty positions, and associated expenses for those positions, including start-up costs, salaries, benefits, travel, and other professional expenses as permitted by university policy.

**Research Scholars:** Salaries, benefits, and other personnel related expenses associated with non-tenured, medical school faculty who exhibit the potential to assume a chair or professorship position once tenure has been awarded. Research scholars should have clearly defined research agendas that relate specifically to the fields of study envisioned for the ultimate occupants of the chairs or professorships. Funding for this purpose is time limited. Each research scholar may be supported with endowment proceeds for a maximum of six years. At the end of that time, if the research scholar has not been appointed to the identified chair or professorship, university officials should fill the position with an appropriately qualified, tenured faculty member.

**Research Staff:** Salaries, benefits, and other personnel related expenses associated with full- time or part-time staff assistants who directly support the research activities of an endowed chair or professor.

**Research Infrastructure:** Start-up and operating expenses that directly support the research activities of an endowed chair or professor, including equipment, materials and supplies, and other research related expenses as permitted by university policy.

### *Category 2 Uses of Program Funds*

**Graduate Fellowships:** Fellowship stipends for outstanding graduate or professional students, which may include travel and other expenses as permitted by university policy. Eligibility for fellowships will be determined by academic deans and/or campus financial aid officials consistent with donor intent as specified in endowment agreements.

**Undergraduate Scholarships:** At the comprehensive universities only, program funds can be used to support scholarships for outstanding undergraduate students, which may include travel and other expenses as permitted by university policy. Eligibility for scholarships will be determined by academic deans and/or campus financial aid officials consistent with donor intent as specified in endowment agreements.

**Mission Support:** Program funds can be used to support research and graduate missions at all institutions, and programs of distinction or applied research programs approved by the Council at the comprehensive institutions. Consideration will be given to mission support activities such as: (1) expenditures that enhance the research capability of university libraries (i.e., books, journals, research materials, media, and equipment); (2) start-up costs, equipment, and supplies that support faculty, graduate student, or undergraduate student research activities; (3) funding for visiting scholars, lecture series, and faculty exchange; and (4) expenditures for the dissemination of research findings (i.e., nationally prominent publications and presentations at conferences, symposiums, seminars, or workshops).

However, priority will be given to mission support expenditures that encourage the research related activities of faculty and students.

### **Use of Funds Requirements**

- At the research universities, at least 70 percent of program funds must be endowed for the purpose of supporting 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 percent of program funds may be endowed for the purpose of supporting mission support activities or graduate fellowships (i.e., Category 2 Uses).
- At the comprehensive institutions, at least 50 percent of 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 percent of program funds may be endowed for the purpose of supporting mission support, graduate fellowships, or undergraduate scholarships (i.e., Category 2 Uses).

### **Areas of Concentration**

- At both research and comprehensive universities, 100 percent of program funds must be endowed to support initiatives in STEM+H fields (22 RS, HB 1). These areas are of strategic benefit to Kentucky and are core components of a knowledge-based economy. A copy of the Council’s official STEM+H Classification of Instructional Program (CIP) code list is available upon request.
- At the research universities, the Council expects state and external matching funds to be substantially directed toward supporting research that leads to the creation, preservation, or attraction of businesses that will increase the number of good jobs in Kentucky. For these purposes, “good jobs” are defined as jobs that yield income at or above the national per capita income.
- The Council recognizes that strong research programs are clustered around related academic disciplines and encourages campus officials to create a critical mass of scholars who can influence the nation’s research and academic agendas.
- The Council recognizes that the boundaries of traditional disciplines are increasingly permeable and encourages the use of endowment funds for interdisciplinary, problem solving, or applied research activities.
- The Council recognizes the importance of cooperation between universities and corporations and encourages partnerships in the technologies, engineering, and applied sciences.
- Program funds cannot be used for positions that are primarily administrative. However, chairs, professors, or scholars with active research agendas who may have an appointment such as department chair, center director, or dean are eligible.

### **Program Diversity**



~~The Council on Postsecondary Education and participating universities are committed to ensuring the gender and ethnic diversity of Endowment Match Program faculty, professional staff, and financial aid recipients. The universities shall develop and implement plans to achieve reasonable diversity in the recruitment and retention of women, African Americans, and other underrepresented minorities for positions funded by the Endowment Match Program, including scholarship and fellowship recipients. In addition, the universities will report by November 1 every odd numbered year to the Council the race and gender of program faculty, professional staff, and financial aid recipients.~~

## **Reporting**

Institutions will provide a report to the Council by November 1 every odd numbered year (i.e., coinciding with the Council's biennial budget submission), documenting how state and campus matching funds were used. These reports will include such items as the number of endowed chairs, professorships, and research scholars created or expanded using program funds, the gender and race of program faculty, research staff, and financial aid recipients, and the impact of the program in terms of job creation, increases in sponsored research attributable to the program, and generation and profitable use of intellectual property.

The institutions will also continue to provide FD-21 reports as part of their annual Comprehensive Database submissions to the Council. CPE staff will work with campus officials to identify any additional information that should be included in reports provided to the Council.



# Council on Postsecondary Education Finance Committee Meeting

Bill Payne, Vice President for Finance Policy and Programs

Adam Blevins, Associate Director for Finance Policy and Programs

April 14, 2025

# Overview



- Tuition and Fee Recommendation
  - Key Issues
  - Staff Recommendation
  - Supporting Rationale
- Interim Capital Projects
  - MuSU Roof Replacement
  - NKU Tennis Courts
- Endowment Match Program Guideline Revisions



# Tuition and Fee Recommendation

# Key Issues

## *For 2025-26 Tuition Cycle*

Council staff and campus officials considered a number of key issues this tuition-setting cycle:

- Level of State Funding
- Pension Subsidy Reductions
- Recent Tuition Increases
- Impact of Inflation
- Trend in College Spending
- Student Enrollment
- Net Price
- Student Loan Debt

# Key Issues

## State Funding

Reductions in state support can stress campus budgets and contribute to higher tuition

- Changes in state support for campus operations over time are a primary determinant of changes in tuition
- Increased funding helps institutions address budgetary challenges, while funding cuts add to those challenges
- Although the Kentucky General Assembly provided \$45.3 million in new funding in 2024-25, funding between this year and next is flat
- Sustained increases in state support are needed to offset inflationary cost increases and maintain affordability

Kentucky Public Postsecondary Institutions  
Change in Adjusted Net General Fund Appropriations <sup>1</sup>  
Between Fiscal Years 2024-25 and 2025-26

Institution	Fiscal 2024-25 General Fund	Fiscal 2025-26 General Fund	Dollar Change	Percent Change
UK	\$195,715,200	\$195,715,200	\$0	0.0%
UofL	131,309,900	131,309,900	0	0.0%
EKU	63,708,500	63,708,500	0	0.0%
KSU	19,343,900	19,343,900	0	0.0%
MoSU	36,665,400	36,665,400	0	0.0%
MuSU	42,428,500	42,428,500	0	0.0%
NKU	53,013,500	53,013,500	0	0.0%
WKU	70,693,900	70,693,900	0	0.0%
KCTCS	172,696,700	172,696,700	0	0.0%
Total	\$785,575,500	\$785,575,500	\$0	0.0%

<sup>1</sup> The adjusted net General Fund appropriation (a.k.a., the Formula Base) is calculated by deducting debt service and mandated program funds from each institution's regular appropriation.

# Key Issues

## *Pension Subsidy*

Since 2013, CPE staff has explicitly considered the impact of pension costs on campus budgets

- In 2021-22, the state appropriated \$22.1 million to help transition five universities and KCTCS to a level-dollar method for determining KERS pension contributions
- HB 8 (21 RS), which established the pension subsidy, also called for it to be reduced by 10% a year over five years
- Between this year and next, the subsidy will be reduced by \$891,000 at EKU and \$491,300 at MoSU
- This is the equivalent of a 1.4% budget reduction at EKU and 1.3% cut at MoSU on the 2024-25 adjusted net GF base

### Kentucky Public Postsecondary Institutions Change in Kentucky Employee Retirement System Subsidy <sup>1</sup> Between Fiscal Years 2024-25 and 2025-26

Institution	Fiscal 2024-25 General Fund	Fiscal 2025-26 General Fund	Dollar Change	Percent Change
UK	NA	NA	--	--
UofL	NA	NA	--	--
EKU	\$6,236,800	\$5,345,800	(\$891,000)	-14.3%
KSU	0	0	0	--
MoSU	3,439,100	2,947,800	(491,300)	-14.3%
MuSU	1,800,000	1,800,000	0	0.0%
NKU	NA	NA	--	--
WKU	1,522,200	1,522,200	0	0.0%
KCTCS	0	0	0	--
Total	\$12,998,100	\$11,615,800	(\$1,382,300)	-10.6%

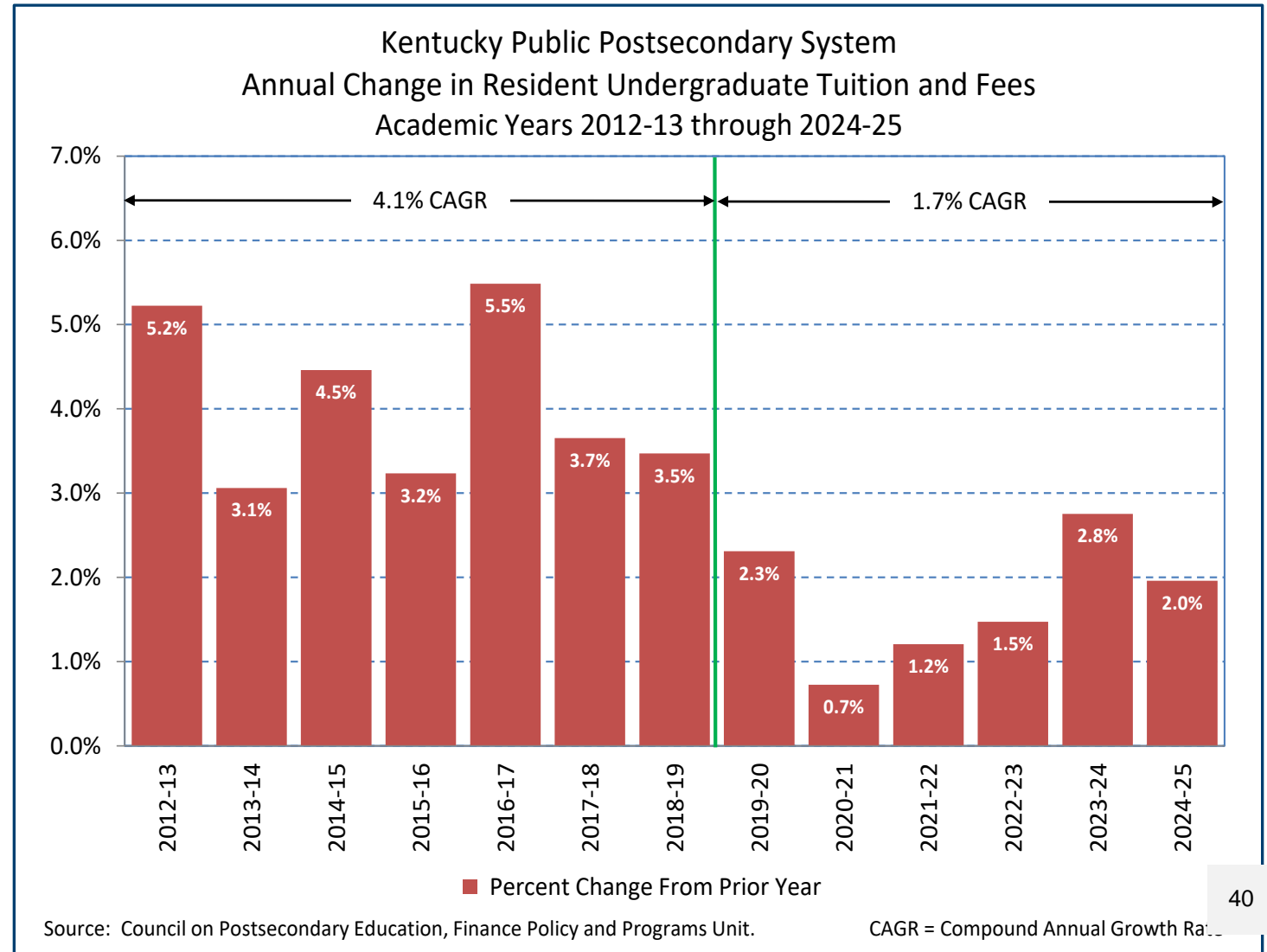
<sup>1</sup> In 2021-22, the General Assembly appropriated \$22.1 million to five comprehensive universities (not including NKU) and KCTCS to support their transition to a level-dollar allocation method for determining KERS pension contributions. Language included in the bill specified an intent to reduce this subsidy by 10% per year over a five year period, beginning in 2023-24 39

# Key Issues

## Recent Tuition Increases

Prior-year increases are often considered when setting tuition for the upcoming year

- Recent increases in tuition are among the lowest in 20 years
- Between 2013 and 2019, resident undergraduate tuition increased at an average annual rate of 4.1% per year
- Over the past six years, tuition grew at an average rate of 1.7% per year, a reduction of more than half the rate of prior period
- Maintaining affordability has been a high priority since 2019 to combat enrollment declines



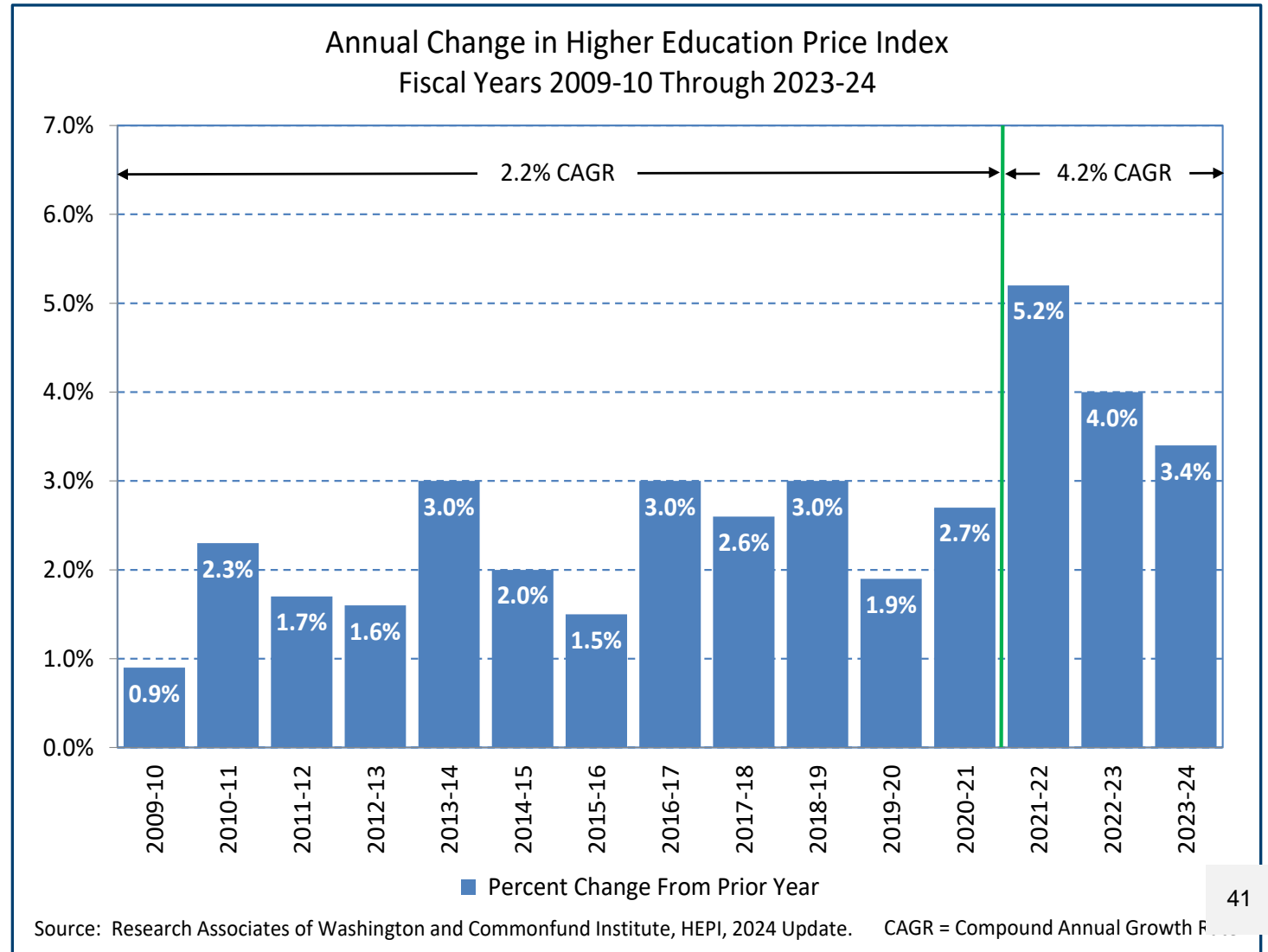


# Key Issues

## *Impact of Inflation*

The cost of educating students goes up every year and typically those costs are recurring

- In recent years, higher education costs have grown at an unprecedented pace
- In 2022, inflation measured using the HEPI grew by 5.2%, its largest increase in 20 years
- In 2023 and 2024, costs rose 4.0% and 3.4%, respectively
- In no single year between 2010 and 2021 did growth in the HEPI exceed 3.0%
- The average growth rate nearly doubled the past three years



# Key Issues

## Impact of Inflation (Cont'd)

State support and tuition revenue are the main sources of funding to cover cost increases

- Inflation is a key issue every year due to the relationship between growth in costs and availability of resources
- Costs are expected to grow \$80.0 M next year, with \$8.6 M increase in state funds
- Staff estimates, a 5.0% increase in tuition would be needed to cover expected costs
- Over the past decade, institutions have not been allowed to fully recover state budget cuts or fully offset inflationary cost increases through higher tuition and fees
- Resulting funding gaps were addressed through cost savings and efficiencies

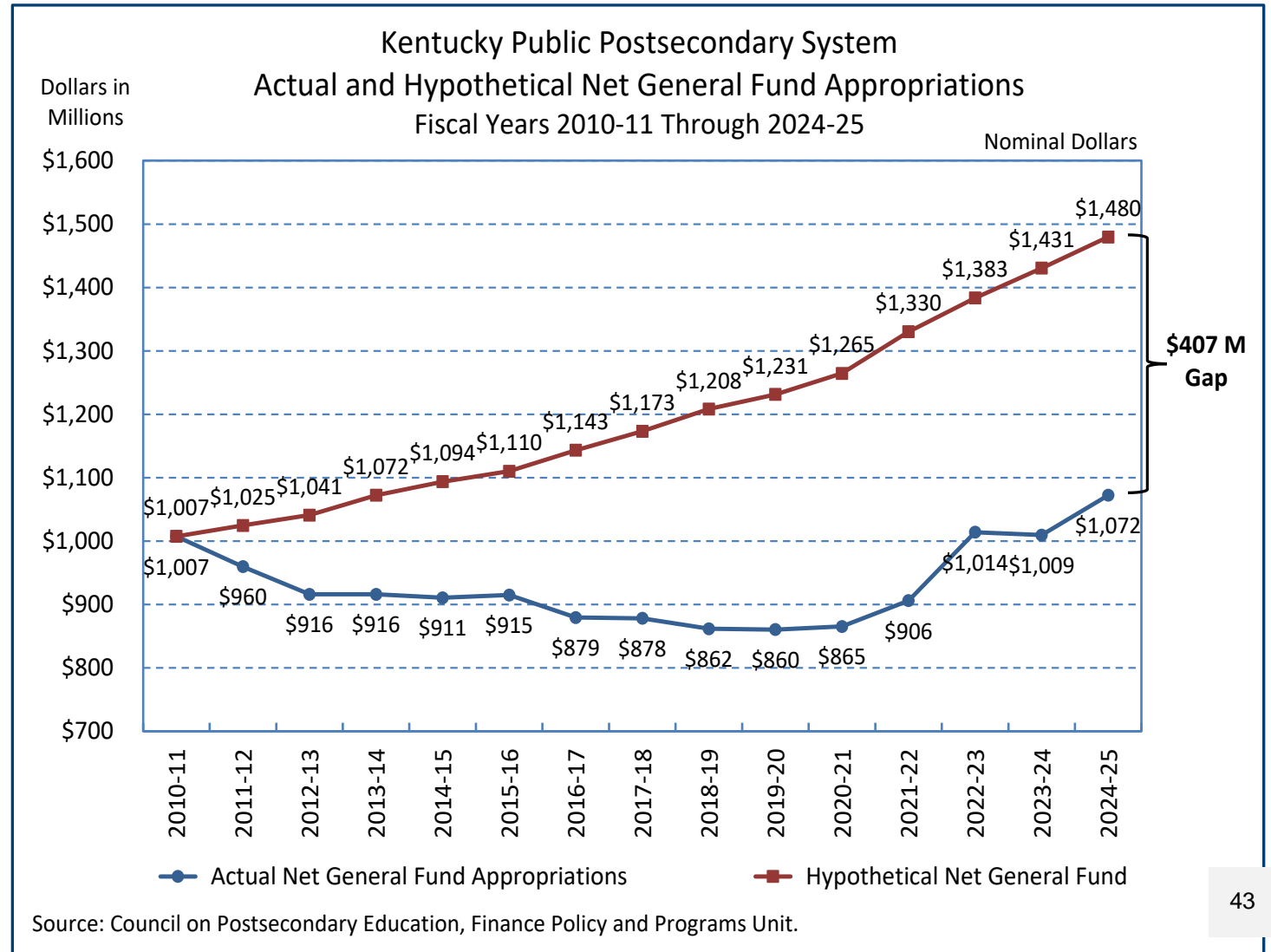
Kentucky Public Postsecondary System Projected Tuition Increase Needed to Cover Inflationary Costs Between Academic Years 2024-25 and 2025-26	
Estimated Inflationary Cost Increase:	
Education and Related Spending (Fiscal 2023-24)	\$2,351,726,587
Assumed Inflation Rate (5-Year Average HEPI)	X 3.4%
<b>Estimated Cost Increase</b>	<b>\$79,958,700</b>
Expected Change in State Funds:	
Adjusted Net General Fund Appropriations	\$0
Postsecondary Education Performance Fund	10,000,000
Reduction in Pension Subsidy (HB 8)	(1,382,300)
<b>Expected Net Change in State Support</b>	<b>\$8,617,700</b>
Projected Tuition Revenue (@ 1.0% Increase):	
Net Tuition and Fee Revenue (Fiscal 2023-24)	\$1,431,323,000
Apply 1.0% Rate Factor	X 1.0%
Projected Tuition Revenue Generated (@ 1.0%)	\$14,313,200
Tuition Increase Needed to Cover Costs:	
Estimated Cost Increase	\$79,958,700
Minus: Expected Net Change in State Support	(8,617,700)
Residual Cost (Revenue) Increase	\$71,341,000
	÷
Projected Tuition Revenue Generated (@ 1.0%)	\$14,313,200
<b>Required Tuition Increase Multiple</b>	<b>4.98</b>

# Key Issues

## Impact of Inflation (Cont'd)

Sustained state support is needed to achieve goals of affordability, access, academic quality

- By 2010, following the Great Recession, most states began reinvesting in higher education
- For a decade, state support for campus operations in Kentucky did not keep pace with inflation
- Between 2011 and 2020, system total net General Fund decreased seven out of nine years, falling from \$1.0 B to \$860 M
- If state support had kept pace with inflation, institutions would have had \$407 M more in 2025

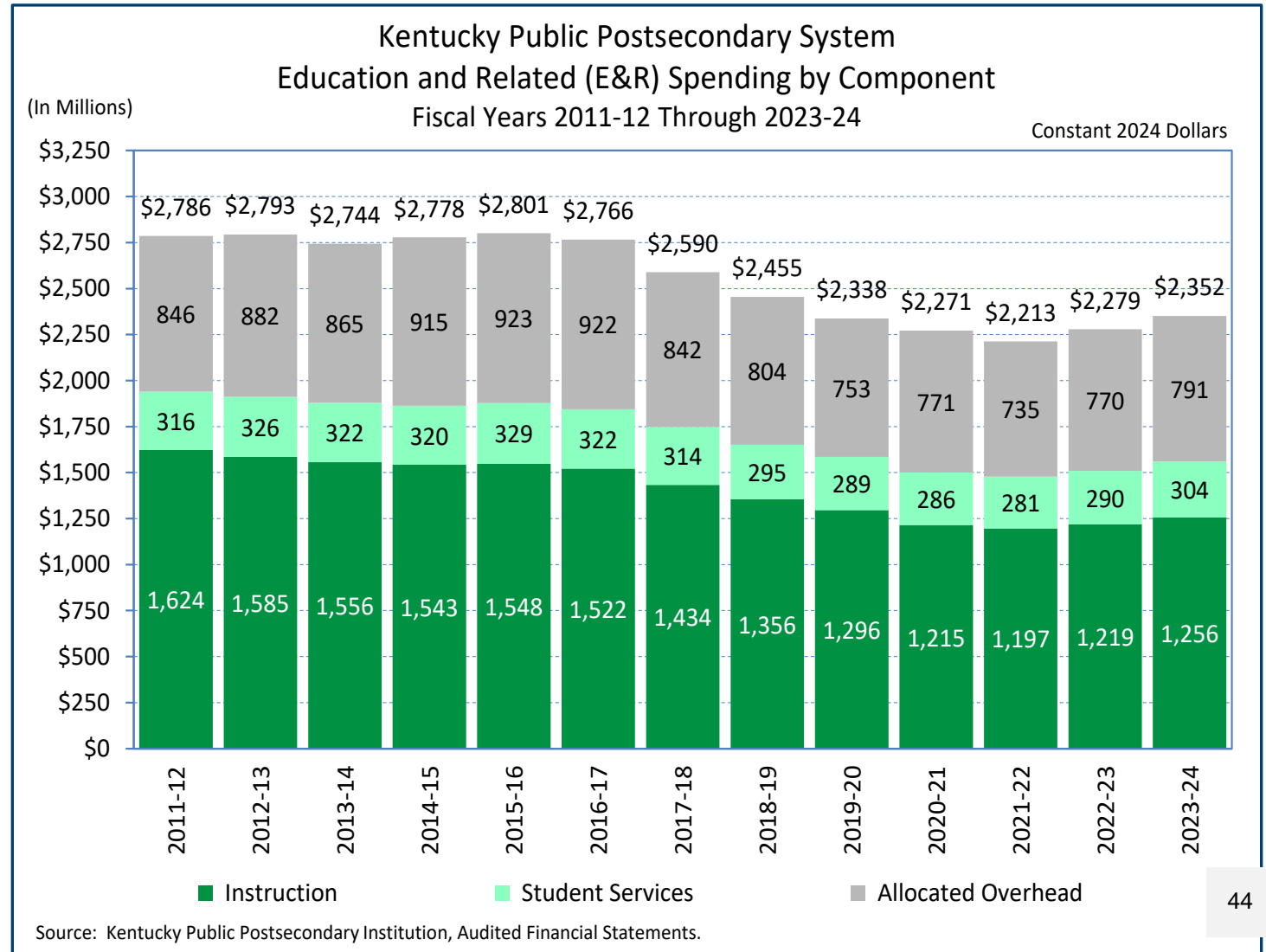


# Key Issues

## College Spending

Declining state support and low tuition ceilings required institutions to become more efficient

- Over the past 13 years, higher education spending in Kentucky exhibits three distinct trends
- Between 2012 and 2016, real spending to educate students was relatively flat, indicating that it kept pace with inflation
- Between 2016 and 2022, real spending decreased six years in a row, falling from \$2.8 B to \$2.2 B (i.e., a -21.0% drop)
- Since 2022, spending increased from \$2.2 B to 2.35 B (+6.2%)

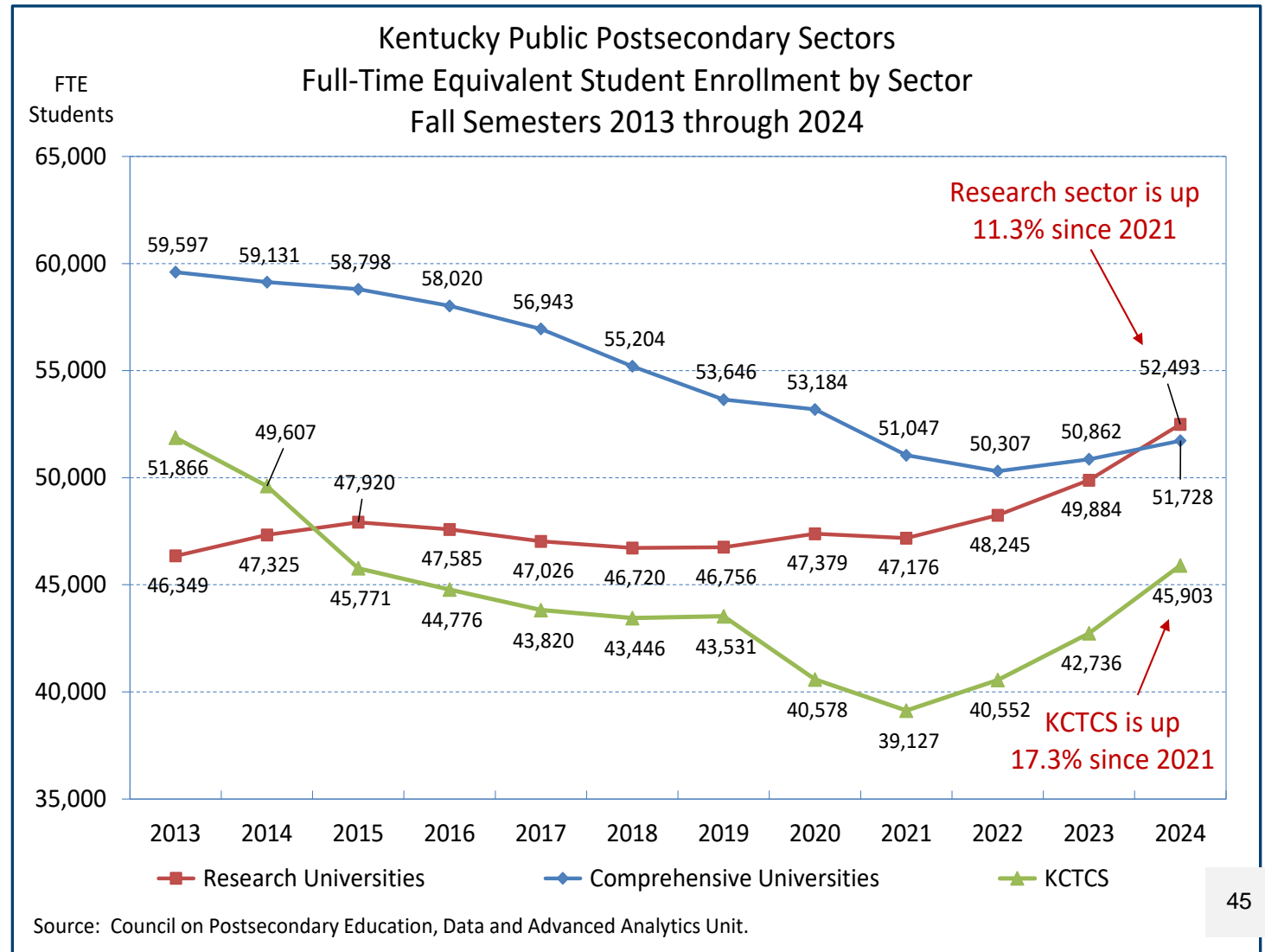


# Key Issues

## Enrollment Trends

In 2021, the Council charged staff and campus leaders to adopt strategies to stem the tide of declining enrollment

- Between 2013 and 2021, the trend in enrollment at most Kentucky institutions was down
- One strategy pursued by the Council was low tuition ceilings to encourage enrollment
- Since 2021, enrollment has rebounded at most institutions
  - Research universities are up 5,317 FTE students or 11.3%
  - Comprehensive universities are up 681 FTE students or 1.3%
  - KCTCS institutions are up 6,776 FTE students or 17.3%

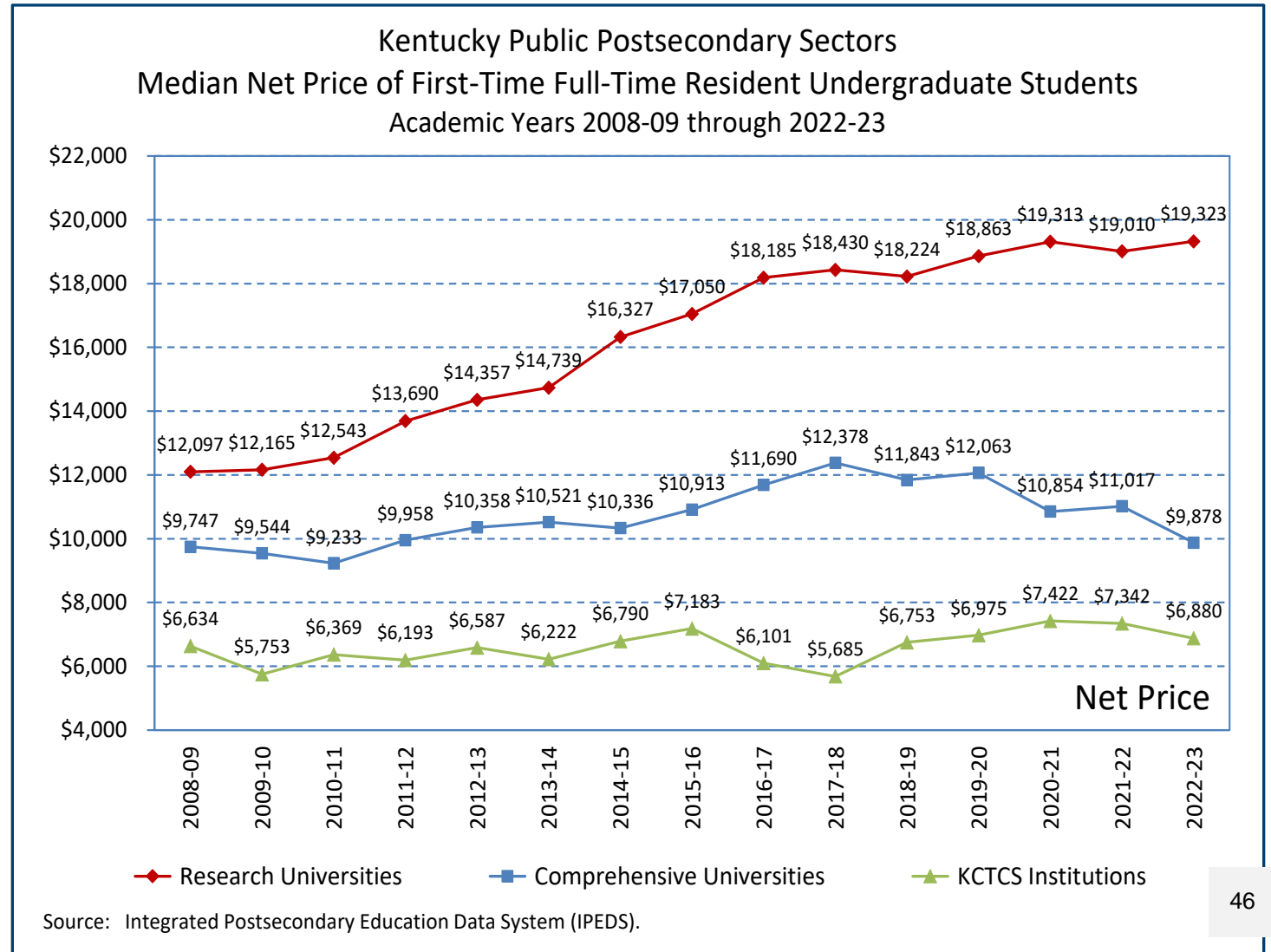


# Key Issues

## Net College Price

Net price is an important metric for assessing the impact of changes in price and student aid on college affordability

- Over the past 15 years, trends in net college price have been positive within comprehensive and two-year college sectors
- Although net price fluctuated at KCTCS between 2009 and 2023, the overall trend was flat
- At the comprehensives net price trended up between 2011 and 2018, but trended down since
- After 15 years, net price is only up \$246 at KCTCS and up \$131 at comprehensive universities



# Key Issues

## *Student Loan Debt*

Many researchers consider trends in student loan debt as a litmus test for assessing college affordability

- Over the past five years, average loan amounts for Kentucky undergraduate degree and credential completers who graduated with debt has decreased
  - The average loan amount of KCTCS degree, certificate, and diploma completers who graduated with debt dropped from \$14,571 in 2019 to \$13,629 in 2024 (down 6.5%)
  - The average loan amount of public university undergraduate degree completers who graduated with debt fell from \$34,773 in 2019 to \$32,996 in 2024 (down 5.1%)
- In recent years, a smaller percentage of graduates from Kentucky public institutions are leaving college with student loan debt
  - Among KCTCS graduates, 42.7% graduated with debt in 2018-19, compared to 28.0% who graduated with debt in 2023-24 (i.e., a 14.7 percentage point reduction)
  - Among public university graduates, 61.6% graduated with debt in 2018-19, compared to 54.9% of graduates in 2023-24 (i.e., a 6.7 percentage point drop)

# Staff Recommendation

## *Background Information*

- Council staff used a collaborative process to develop its tuition and mandatory fee recommendation for the upcoming year
- This included sharing information and engaging in discussions with campus presidents, chief budget officers, and Council members
- Stakeholders agreed early on that tuition ceilings should be set for the next two years (i.e., academic years 2025-26 and 2026-27)
- The Council approved two-year ceilings four times over past 11 years
- Benefits of two-year ceilings:
  - facilitate strategic planning and budgeting at postsecondary institutions
  - make college costs more predictable for students and families



# Staff Recommendation

## *Background Information (Cont'd)*

- Based on feedback from multiple stakeholders, there is general sentiment that increases in tuition this cycle should be:
  - capped at the upper end of the moderate range in 2025-26; and
  - limited to the upper end of the low range in 2026-27
- CPE staff and campus officials believe these parameters will help support a necessary balance between:
  - the ability of students and families to pay for college, and
  - the resources required for institutions to address cost increases, maintain quality academic programs, and keep making progress toward 60x30 goal

# Staff Recommendation

## *Proposed Parameters*

Staff recommends that the Finance Committee approve resident undergraduate tuition and fee ceilings for academic years 2025-26 and 2026-27 that equate to:

- Maximum base rate increases of no more than \$675.<sup>00</sup> over two years, and no more than \$450.<sup>00</sup> in any one year, for public research universities
- Maximum base rate increases of no more than \$630.<sup>00</sup> over two years, and no more than \$420.<sup>00</sup> in any one year, for comprehensive universities
- Maximum base rate increases of no more than \$9.<sup>00</sup> per credit hour over two years, and no more than \$6.<sup>00</sup> per credit hour in any one year, for KCTCS institutions

# Staff Recommendation

## *Proposed Parameters (Cont'd)*

It is further recommended that institutions be allowed to submit for Council approval:

- Nonresident undergraduate tuition and fee charges that comply with the Council's *Tuition and Mandatory Fees Policy*, or an existing Memorandum of Understanding (MOU) between the Council and an institution
- Market competitive tuition and fee rates for graduate and online courses

# Staff Recommendation

## Proposed Parameters (Cont'd)

### Kentucky Public Postsecondary Institution Maximum Base Rate Increase for Resident Undergraduates Academic Year 2025-26

Institution	Adopted 2024-25 Base Rates <sup>1</sup>	Maximum 2025-26 Base Rates	One-Year Dollar Change	One-Year Percent Change
UK	\$13,502	\$13,952	\$450	3.3%
UofL	12,940	13,390	450	3.5%
WKU	\$11,452	\$11,872	\$420	3.7%
NKU	10,704	11,124	420	3.9%
EKU	10,020	10,440	420	4.2%
MuSU	9,900	10,320	420	4.2%
MoSU	9,772	10,192	420	4.3%
KSU	9,087	9,507	420	4.6%
KCTCS (pch)	\$189.00	\$195.00	\$6.00	3.2%
KCTCS (pch x 30)	5,670	5,850	180	3.2%

<sup>1</sup> Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart fee at KCTCS.

### Kentucky Public Postsecondary Institution Maximum Base Rate Increase for Resident Undergraduates Academic Year 2026-27

Institution	Adopted 2024-25 Base Rates <sup>1</sup>	Maximum 2026-27 Base Rates	Two-Year Dollar Change	Two-Year Percent Change
UK	\$13,502	\$14,177	\$675	5.0%
UofL	12,940	13,615	675	5.2%
WKU	\$11,452	\$12,082	\$630	5.5%
NKU	10,704	11,334	630	5.9%
EKU	10,020	10,650	630	6.3%
MuSU	9,900	10,530	630	6.4%
MoSU	9,772	10,402	630	6.4%
KSU	9,087	9,717	630	6.9%
KCTCS (pch)	\$189.00	\$198.00	\$9.00	4.8%
KCTCS (pch x 30)	5,670	5,940	270	4.8%

<sup>1</sup> Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart fee at KCTCS.

# Supporting Rationale

- Between this year and next, recurring base funding for institutions will remain flat, but there will be a \$10 M increase in the Performance Fund
- HB 6 (24 RS) calls for a \$1.4 M reduction in pension subsidy, which will add to budgetary challenges caused by rising costs at ECU and MoSU
- State support for campus operations has increased in recent years, which is very much appreciated, but it remains sporadic
- Over the past six years, system average tuition and fee increases have been kept at historic lows (i.e., 1.7% CAGR) to encourage enrollment
- In recent years, higher education costs measured using the Higher Education Price Index (HEPI) have grown at an unprecedented pace

# Supporting Rationale (Cont'd)

- In 2022, the HEPI increased by 5.2%, the largest one-year increase in 20 years; this was followed by growth in costs of 4.0% in 2023 and 3.4% in 2024, also large increases by historical standards
- CPE staff estimates that a 5.0% increase in tuition would be required to cover expected cost increases in 2025-26 (using 3.4% inflation factor)
- Lack of sustained state support combined with modest tuition increases resulted in real declines in college spending between 2016 and 2022
- If left unchecked, this could lead to increased reliance on adjunct faculty, fewer sections of courses being taught, larger class sizes, and a diminished level of academic quality

## Supporting Rationale (Cont'd)

- Since 2021, enrollment has rebounded at most institutions, dispelling potential concerns about reaching a price tipping point
- Between 2009 and 2023, the net price of college attendance is only up \$246 at KCTCS and \$131 at comprehensive universities
- Over the past five years, average student loan debt and the percentage of students graduating with debt are down both at KCTCS and the public universities
- For these reasons, staff is recommending tuition ceilings at the upper end of the moderate range in 2025-26 and at the upper end of the low range in 2026-27



# Interim Capital Projects



# Interim Capital Projects

## *Background Information*

- All capital projects with a scope of \$1,000,000 or more require Council approval
- For most projects, approval happens during the Council's biennial budget development process, because:
  - each institution provides an extensive list of planned capital projects and project scopes in their submission, and
  - CPE staff includes those project lists in meeting materials for Council review and approval
- Interim approval is required for any capital project that was not included in an institution's original budget submission

# Interim Capital Projects

## *Approval Criteria*

- Per KRS 45.760, interim capital projects may be authorized if they:
  - are funded from sources other than state General Fund appropriations
  - do not jeopardize funding for existing programs
  - are reported to the Capital Projects and Bond Oversight Committee



# MuSU Interim Capital Project

# MuSU Interim Capital Project

## *Background Information*

- The Curris Center serves as a public-facing student center for the main campus
- MuSU is asking for interim approval to use agency restricted funds to replace the Curris Center roof (with project scope of \$1,510,000)
- MuSU's Board of Regents approved the project in December 2024
- The roof was last replaced in 1990, with a useful-life expectancy of 25 years
- The project includes 32,862 feet of flat built-up roofing; will not replace standing seam metal roof, which was replaced in 2012

# MuSU Interim Capital Project

## *Staff Recommendation*

- Staff recommends that the Finance Committee endorse for full Council approval a \$1.51 million interim capital project for Murray State University to replace the roof of the Curris Center



# NKU Interim Capital Project

# NKU Interim Capital Project

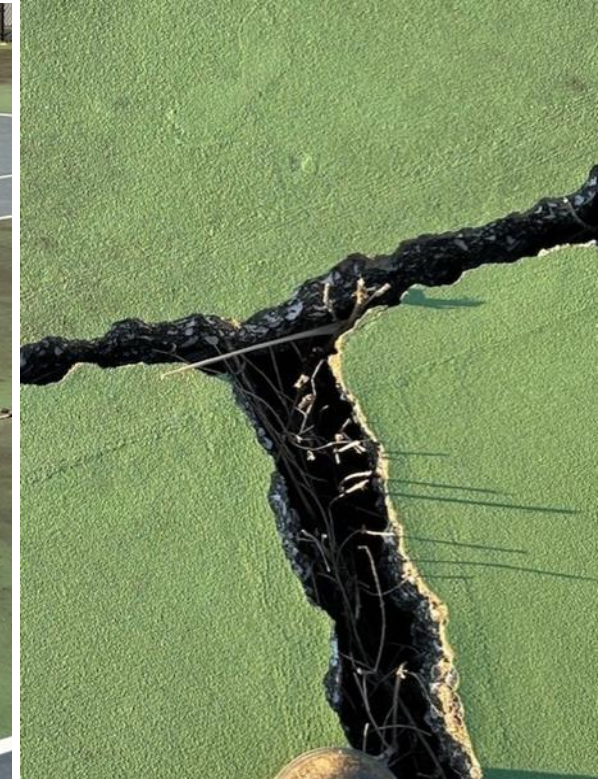
## *Background Information*

- NKU tennis courts provide recreational opportunities for students
- The project will be funded by a \$3.0 M gift from a private donor
- NKU's Board of Regents approved the project in January 2025
- Current courts have significant damage, making them unplayable
- If approved, the project will install six (6) new tennis courts on site
- If the final cost of the project is below the \$3.0 M scope, NKU may construct two (2) new pickleball courts, as well
  - The pickleball project is expected to be below the \$1.0 M threshold; additional approval may be sought otherwise

# NKU Interim Capital Project

## *Background Information (Cont'd)*

- Current condition of NKU tennis courts:





# NKU Interim Capital Project

## *Staff Recommendation*

- Staff recommends that the Finance Committee endorse for full Council approval a \$3.0 million interim capital project for Northern Kentucky University to replace their tennis courts



# Endowment Match Program Guideline Revisions

# Endowment Match Program Guideline Revisions

## *Background Information*

- The Bucks for Brains program (a.k.a., Endowment Match Program) matches public dollars with private donations on at least a dollar-for-dollar basis to encourage research at Kentucky public universities
- In the 2022-2024 Budget of the Commonwealth (22 RS, HB 1), the General Assembly authorized \$40.0 million in state bond funds for Bucks for Brains:
  - \$30.0 million to support UK and UofL
  - \$10.0 million to support the comprehensive universities
- At its June 14, 2022, meeting, the Finance Committee approved the *2022-24 Endowment Match Program Guidelines*
- CPE staff is recommending the following revision to the guidelines:
  - Strike language specifying DEI-related program activity and reporting requirements for the Endowment Match Program

# Endowment Match Program Guideline Revisions

## *Background Information (Cont'd)*

- The *Endowment Match Program* has several reporting requirements outlined in the guidelines:
  - **Annual FD report** – provides data from the two (2) most recent fiscal years including funds received and matched; market value of endowments; R&D expenditures generated; chairs or professorships filled; and intellectual property or business activity related to endowments established or expanded using Bucks for Brains program funds
  - **Comprehensive biennial report** – provides a more complete assessment of program impact for the institution; inclusive of FD report elements in addition to historic data and scholarship and fellowship information
- The Program Diversity section of the *Endowment Match Program Guidelines* specifies the reporting of gender and race explicitly tied to the program's statewide diversity initiative (CPE staff recommends the removal of this section)

# Endowment Match Program Guideline Revisions

## *Impetus for Change*

- The General Assembly passed legislation during the 2025 Regular Session (HB 4) that prohibits diversity, equity, and inclusion (DEI) initiatives by CPE and public postsecondary institutions
- A “diversity, equity, and inclusion initiative” is defined as a policy, practice, or procedure designed or implemented to promote or provide differential treatment or benefits to individuals on the basis of religion, race, sex, color, or national origin in such practices including, but not limited to, employee recruitment and hiring and student financial assistance and scholarship awards
- Pursuant to the directives outlined in HB 4, CPE staff seek to amend the language of the *2022-2024 Endowment Match Program Guidelines* to remove any DEI-related program activity and reporting requirements

# Endowment Match Program Guideline Revisions

## *Substantive Proposed Changes*

### Program Diversity Section

- The proposed change removes language from the guidelines that requires DEI-related program activity and reporting requirements
- Other reporting requirements related to the *Match Program* will be retained
  - Biennial comprehensive report and annual FD report collection
  - General demographic information may still be collected as part of comprehensive report
- Specifically, staff is recommending removal of the paragraph below from the guidelines

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“The Council on Postsecondary Education and participating universities are committed to ensuring the gender and ethnic diversity of Endowment Match Program faculty, professional staff, and financial aid recipients. The universities shall develop and implement plans to achieve reasonable diversity in the recruitment and retention of women, African Americans, and other underrepresented minorities for positions funded by the Endowment Match Program, including scholarship and fellowship recipients. In addition, the universities will report by November 1 every odd numbered year to the Council the race and gender of program faculty, professional staff, and financial aid recipients.”

# Endowment Match Program Guideline Revisions

## *Staff Recommendation*

- Staff recommends that the Finance Committee endorse for full Council approval revisions to the *2022-24 Endowment Match Program Guidelines* as shown in board materials (Attachment A)

# Questions?



Twitter: CPENews and CPEPres



Website: <http://cpe.ky.gov>



Facebook: KYCPE