

KY COUNCIL ON POSTSECONDARY EDUCATION FINANCE COMMITTEE



April 20, 2020 - 1:00 PM

ZOOM teleconferencing for Committee members

Livestream video for public: <https://youtu.be/iKRitLNR46Q>

- I. **Call to Order and Roll Call**
- II. **Approval of the Minutes**
- III. **2020-21 Tuition and Mandatory Fee Recommendation**
- IV. **Update on CARES Act Funding**
- V. **Other Business and Adjournment**

DRAFT MINUTES
Council on Postsecondary Education

Type: Finance Committee Meeting
Date: March 18, 2020
Time: 2:00 p.m. ET
Location: Virtual Meeting – Committee member by ZOOM teleconference. Public viewing at: <https://youtu.be/xs44R8if1lo>

CALL TO ORDER

The Finance Committee met Wednesday, March 18, 2020, at 2:00 p.m., ET. Pursuant to Executive Order 2020-243 and a memorandum issued by the Finance and Administration Cabinet dated March 16, 2020, and in an effort to prevent the spread of Novel Coronavirus (COVID-19), the CPE Finance Committee met utilizing a video teleconference. Members of the public were invited to view the meeting virtually on the CPE YouTube page: <https://youtu.be/xs44R8if1lo>. Chair Ben Brandstetter presided.

ATTENDANCE

Members in attendance: Ben Brandstetter, Kim Halbauer, Richard Nelson, Carol Wright, and Grant Minix. All attended by teleconference.

Did not attend: Sherrill Zimmerman

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

APPROVAL OF THE MINUTES

The minutes of the February 19, 2020 Finance Committee meeting were approved as presented.

UPDATE FROM THE PRESIDENT

CPE President Aaron Thompson provided an update on the campus's plans and actions thus far in relation to the COVID-19 pandemic. He also discussed how the pandemic is impacting the 2020 legislative session and the tuition and mandatory fee review process.

NONRESIDENT STUDENT TUITION MOUs

Presenter: Bill Payne, CPE's Vice President for Finance and Administration

Dr. Payne presented two Memorandum of Understandings (MOUs) between the Council and following universities regarding nonresident student tuition: Eastern Kentucky University (EKU) and Western Kentucky University (WKU). Staff reported that the goals and structures of each agreement were consistent with the Nonresident Student Tuition Policy approved at the October 31, 2019 meeting.

EKU's MOU targets students from 17 states (Alabama, Florida, Georgia, Illinois, Indiana, Missouri, Mississippi, Michigan, Maryland, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, West Virginia, and Wisconsin) and Washington, D.C., and may be expanded to other states at a later date. The MOU specifies that students from these states and the District of Columbia may receive a tuition scholarship and that no academically qualified Kentucky resident will be displaced as a result of the MOU.

WKU's MOU state's that the university shall have flexibility to set tuition for out-of-state students so long as rates exceed the resident rate and that students from other states will be eligible to compete for need- and merit-based scholarships offered by the university and affiliated foundations. It further reiterates that no academically qualified Kentucky resident will be displaced as a result of the MOU.

MOTION: Mr. Nelson moved that the Committee accept the two individual MOUs between the Council and Eastern Kentucky University and Western Kentucky University regarding nonresident student tuition, and recommend approval of each to the Council at its April 24, 2020 meeting. Dr. Staat seconded the motion.

VOTE: The motion passed.

INTERIM CAPITAL PROJECT REQUEST - WKU

Presenter: Shaun McKiernan, CPE's Director of Finance and Budget

Mr. McKiernan presented the interim capital project requested by the Western Kentucky University (WKU) to reconfigure three classrooms in the Medical Center/Health Sciences Complex to create two larger classrooms with a minimum of 140 seats. WKU's nursing program has continued to expand and classroom spaces are now ineffective with students participating by watching the lectures/classroom instruction via electronic media in an adjoining room. This has created a situation requiring additional staffing to meet accreditation requirements.

MOTION: Dr. Staat moved the Committee approve WKU's interim capital project and recommend final approval by the Council at its April 24, 2020 meeting. Mr. Minix seconded the motion.

VOTE: The motion passed.

2020-22 HOUSE BUDGET REVIEW (HB 352)

Presenter: Bill Payne, CPE's Vice President for Finance and Administration

Dr. Payne reviewed the 2020-22 budget as approved by the House on March 6, 2020, and how it compared with the budget originally proposed by Governor Beshear. He stated the Senate is expected to pass their budget proposal within the week.

PERFORMANCE FUNDING

Information was provided in the agenda materials, but it was not discussed at the meeting.

TUITION AND MANDATORY FEE SETTING UPDATE

Information was provided in the agenda materials, but it was not discussed at the meeting.

ONLINE TUITION CHARGE UPDATE

This discussion was deferred to a later committee meeting.

RESURGENCE FUND GUIDELINES (DRAFT)

Presenter: Shaun McKiernan, CPE's Director of Finance and Budget

Mr. McKiernan provided a quick review of the drafted resurgence fund guidelines should the legislature approve a budget that includes asset preservation funding for the universities.

ADJOURNMENT

The Finance Committee adjourned at 3:00 p.m., ET.

MINUTES REVIEWED AND APPROVED BY THE FINANCE COMMITTEE: _____

TITLE: 2020-21 Tuition and Mandatory Fee Recommendation

RECOMMENDATION:

It is recommended that the Council approve resident undergraduate tuition and mandatory fee ceilings for academic year 2020-21 that equate to maximum base rate increases of no more than 2.0 percent at the public research and comprehensive universities.

It is further recommended that the Council approve a tuition and fee ceiling for resident students attending KCTCS institutions that equates to a maximum increase of no more than \$5.00 per credit hour in total tuition and fee charges (i.e., a 2.7% increase).

Finally, it is recommended that the public institutions be allowed to submit, for Council review and approval, market competitive tuition and fee rates for graduate and online courses.

PRESENTER: Bill Payne, CPE's Vice President of Finance and Administration

BACKGROUND INFORMATION

The Council staff used a collaborative process to develop its 2020-21 tuition and mandatory fee ceiling recommendation, which included sharing information and engaging in discussions with campus presidents and chief budget officers, Council members, and the Governor's office. Based on feedback from multiple stakeholders and in recognition that many Kentucky students and families may be struggling financially due to disruptions caused by the COVID-19 pandemic, there is a general sentiment that increases in resident undergraduate tuition and fees should be low in academic year 2020-21 to support a necessary balance between the ability of students and families to pay for college and resources required for postsecondary institutions to address inflationary cost increases, avoid or minimize potential layoffs of faculty and staff, and support continuing progress toward attainment of HB1 and Strategic Agenda goals and objectives.

These recommendations are consistent with the primary 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.

STAFF RECOMMENDATION

For academic year 2020-21, staff recommends that the Council adopt resident undergraduate tuition and fee ceilings that equate to maximum base rate increases of no more than 2.0 percent at each public research and comprehensive university. Base rates are defined as total tuition and fee charges minus any Special Use Fees and Asset Preservation Fees previously approved by the Council, and minus an agency bond fee at KCTCS (i.e., BuildSmart Investment Fee). Council staff deduct these fees from total tuition and fees before applying percent increase parameters, which keeps the fees at a fixed amount each year until they expire.

Table 1 below shows the maximum allowable base rate, dollar change, and percent change for resident undergraduate students at each public university in academic year 2020-21, calculated using the recommended 2.0% increase parameter. See Attachment A for more detail regarding total tuition and fee charges for resident undergraduate students at the public universities.

Kentucky Public Research and Comprehensive Universities				Table 1	
Maximum Base Rate Increase for Resident Undergraduate Students					
Academic Year 2020-21					
<u>Institution</u>	<u>2019-20 Base Rates</u>	<u>2020-21 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	
UK	\$12,360	\$12,607	\$247	2.0%	
UofL	11,732	11,967	235	2.0%	
EKU	9,266	9,451	185	2.0%	
KSU	8,500	8,670	170	2.0%	
MoSU	9,038	9,219	181	2.0%	
MuSU (pre Summer 2016)	8,676	8,850	174	2.0%	
MuSU (Summer 2016 or After)	9,168	9,351	183	2.0%	
NKU	9,912	10,110	198	2.0%	
WKU	\$10,602	\$10,814	\$212	2.0%	

Note: Base rates do not include Special Use Fees and Asset Preservation Fees previously approved by the Council.

Furthermore, for academic year 2020-21, staff recommends that the Council approve a tuition and fee ceiling for resident students attending KCTCS institutions that equates to a maximum dollar increase of no more than \$5.00 per credit hour in total tuition and fee charges. Table 2 shows the maximum allowable total tuition and fees, dollar change, and percent change for resident students at KCTCS in academic year 2020-21, using this parameter.

Kentucky Community and Technical College System				Table 2	
Maximum Increase in Total Tuition and Fees for Resident Students					
Academic Year 2020-21					
<u>Institution</u>	<u>2019-20 Total Tuition & Fees</u>	<u>2020-21 Total Tuition & Fees</u>	<u>Dollar Change</u>	<u>Percent Change</u>	
KCTCS (pch)	\$182.00	\$187.00	\$5.00	2.7%	
KCTCS (pch x 30)	\$5,460	\$5,610	\$150	2.7%	

pch = per credit hour

Note: Includes an \$8.00 per credit hour Agency Bond Fee (i.e., BuildSmart Fee) at KCTCS.

Finally, staff recommends that the public postsecondary institutions be allowed to submit, for Council approval, market competitive tuition and mandatory fee rates for graduate and online courses, as approved by their respective boards.

KEY ISSUES

Over the past six months, Council staff identified and considered a number of key issues in developing its 2020-21 tuition and mandatory fee recommendation, including the level of state funding provided to postsecondary institutions in the enacted 2020-21 Budget of the Commonwealth, the decision on the part of state policymakers to maintain the current contribution rate for nonhazardous duty employees who participate in the Kentucky Employees Retirement System (KERS), the disruption to campus operations and impact on students and families of the COVID-19 pandemic, and fixed and unavoidable cost increases at Kentucky public postsecondary institutions. Each of these considerations is described in more detail below.

State Funding

On April 15, 2020, the Kentucky General Assembly passed a one-year budget (HB 352) that essentially provides the same level of state resources to the postsecondary

institutions in fiscal year 2020-21 that they had in fiscal 2019-20. After adjusting for changes in debt service and discounting additional appropriations for mandated public service and research programs, and barring any mid-year budget cuts, the postsecondary institutions in aggregate will have the same level of funding this coming year that they have this year, or about \$860.4 million (see Attachment B). This figure includes \$110.5 million in mandated program funds that were already included in the fiscal 2019-20 base. The enacted budget includes a statutorily required 2.0 percent carve out of each institution's adjusted net General Fund and appropriates those funds, or \$14,994,800 in total, to the Postsecondary Education Performance Fund pending distribution to the campuses (per KRS 164.092).

Although earlier versions of the budget (i.e., Executive, House, and Senate budgets) proposed modest increases in General Fund appropriations for postsecondary institution operations, Council staff and campus administrators understand the uncertainty surrounding, and the potential state budgetary impacts caused by, the COVID-19 pandemic and are very appreciative that the Governor and General Assembly are attempting to stem the tide of funding cuts to postsecondary education that have persisted for more than a decade and have adopted a budget that provides flat funding for postsecondary institution operations in this challenging budgetary environment.

KERS Contribution Rate

Beginning with the 2012-13 tuition setting cycle, and in every cycle since, Council staff has explicitly considered the impact of mandated increases in retirement system contributions on postsecondary institution operating budgets. In the 2018-20 Budget of the Commonwealth, the General Assembly set the employer contribution rate for nonhazardous duty employees in the Kentucky Employees Retirement System (KERS) who were employed by state supported universities and community colleges at 49.47 percent in fiscal 2018-19 (HB 265/EN, pages 209-210). In the recently enacted 2020-21 budget, the General Assembly set the employer contribution rate for nonhazardous duty employees at the comprehensive universities and KCTCS at 49.47 percent (HB 352/VO, page 161), or the same rate as the current year. Given that the enacted 2020-21 budget does not call for an increase in the nonhazardous duty employee contribution rate, the budgetary impact of pension cost increases on comprehensive universities and KCTCS institutions in the coming fiscal year is expected to be minimal.

COVID-19 Impact

The negative impacts of the COVID-19 pandemic on the postsecondary education community have been sudden and severe. As widely publicized in print media and news reports, public, private, and proprietary colleges and universities across the

nation transitioned to 100 percent online education midway through the spring 2020 semester, cancelled spring sports and other campus events, began offering refunds or credits for auxiliary services, such as housing and dining, and have experienced all manner of disruption to campus operations.

As many Council members know, the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, is providing billions of dollars in aid to postsecondary institutions and students. On April 9, 2020, US Department of Education senior officials participated in a COVID-19 briefing with higher education officials across the country and provided an overview of the first phase of the Department's implementation of the CARES Act, focusing on funding allocated to higher education institutions. As can be seen in Attachment C, Kentucky's public universities and community and technical colleges have been allocated a total of \$109.0 million in Higher Education Emergency Relief Fund (HEERF) dollars under Section 18004(a)(1) of the CARES Act. Of that amount, a minimum of 50% or \$54.5 million must be used to provide emergency financial aid grants to students.

CPE staff is in the process of working with campus officials to identify and catalogue all costs and forgone revenue associated with the COVID-19 emergency. Many of the cost and revenue impacts will not be known for many months, possibly extending beyond fall semester 2020. Early feedback received from campus CBOs indicates that the federal HEERF dollars allocated to the institutions, the portion not designated for student financial aid grants, will likely fall well short of the total costs and forgone revenue associated with campus responses to the Coronavirus pandemic.

The impact on students has been no less severe. Many students and families are coping with their own financial issues, whether related to the purchase of Internet access, course materials, or technology to facilitate distance learning, related to the purchase of food, housing, healthcare, or child care, or related to the loss of employment income. For this reason, from both a philosophical and policy perspective, CPE senior staff do not believe that students and families should have to shoulder the burden of COVID-19 related costs incurred by the postsecondary institutions by passing those costs along in the form of higher tuition and fees.

Fixed Cost Increases

Every tuition cycle, CPE staff works with campus chief budget officers (CBOs) to develop estimated fixed and unavoidable cost increases for the upcoming fiscal year. These costs typically include growth in expenditures for maintenance and operation (M&O) of facilities, retirement and health insurance contributions and payments, contractual obligations, worker's compensation, and student financial aid. As can be

seen in Attachment D, the CBOs estimate that these categories of fixed and unavoidable costs will increase by a system total \$75.5 million between this year and next. By comparison, the estimated system total net tuition and fee revenue generated by a 2.0 percent base rate increase for the public universities and a \$5.⁰⁰ per credit hour increase in total tuition and fees at KCTCS is \$32.7 million. In other words, the net tuition and fee revenue raised using the proposed parameters will cover about 43 percent of the estimated budgetary need related to typical non-COVID-19 fixed cost increases alone.

INSTITUTIONAL RATE PROPOSALS

It is anticipated that the postsecondary institutions will submit their proposed 2020-21 tuition and fee rates for review and approval at the June Finance Committee and Council meetings. CPE staff will recommend approval of resident undergraduate rates that comply with approved ceilings and market competitive rates for graduate and online courses.

Kentucky Public Postsecondary Institution
 Calculated Maximum Base Rates for Resident Undergraduate Students
 Academic Year 2020-21

Attachment A
 April 20, 2020

Public Universities	(A - B)			D	C x (1 + D)		(E + F)	(G - A)	(G/A) - 1
	A	B	C		E	F	G	H	I
	Academic Year 2019-20				Academic Year 2020-21				
Institution	Tuition and Fee Charges	Special Fees	Current Base Rates	% Increase Parameters	Proposed Base Rates	Special Fees	Tuition and Fee Charges	Dollar Change	Percent Change
UK	\$12,360 ^(a)	\$0	\$12,360	2.0%	\$12,607	\$0	\$12,607	\$247	2.0%
UofL	11,928	196 ^(b)	11,732	2.0%	11,967	196	12,163	235	2.0%
EKU	9,866	600 ^(c)	9,266	2.0%	9,451	600	10,051	185	1.9%
KSU	8,800	300 ^(d)	8,500	2.0%	8,670	300	8,970	170	1.9%
MoSU	9,290	252 ^(e)	9,038	2.0%	9,219	252	9,471	181	1.9%
MuSU ^(Admitted Prior to Summer 2016)	8,844	168 ^(f)	8,676	2.0%	8,850	300 ^(j)	9,150	306	3.5%
MuSU ^(Admitted Summer 2016 or After)	9,336	168 ^(f)	9,168	2.0%	9,351	300 ^(j)	9,651	315	3.4%
NKU	10,296	384 ^(g)	9,912	2.0%	10,110	384	10,494	198	1.9%
WKU	10,802	200 ^(h)	10,602	2.0%	10,814	200	11,014	212	2.0%
Percent Increase Parameter:				2.0%					

KCTCS Institutions	(A - B)			D	(C + D)		(E + F)	(G - A)	(G/A) - 1
	A	B	C		E	F	G	H	I
	Academic Year 2019-20				Academic Year 2020-21				
Institution	Tuition and Fee Charges	Special Fees	Current Base Rates	\$ Increase Parameters	Proposed Base Rates	Special Fees	Tuition and Fee Charges	Dollar Change	Percent Change
KCTCS _{pch}	\$182.00 _{pch}	\$8.00 ⁽ⁱ⁾ _{pch}	\$174.00 _{pch}	\$5.00 _{pch}	\$179.00 _{pch}	\$8.00 _{pch}	\$187.00 _{pch}	\$5.00 _{pch}	2.7%
KCTCS _(pch x 30 hours)	5,460	240	5,220	150	5,370	240	5,610	150	2.7%
Dollar Increase Parameter:				\$5.00					

Footnotes:

- (a) Beginning in academic year 2019-20, UK discontinued the practice of charging differential tuition and fees rates between lower division and upper division students.
- (b) UofL's tuition and fee charges include a Special Use Fee of \$98.⁰⁰ per semester or \$196.⁰⁰ per year for full-time students.
- (c) EKU's tuition and fee charges include a Special Use Fee of \$150.⁰⁰ per semester or \$300.⁰⁰ per year for full-time students and an Asset Preservation Fee of \$10.⁰⁰ per credit hour for all students.
- (d) KSU's tuition and fee charges include an Asset Preservation Fee of \$150.⁰⁰ per semester or \$300.⁰⁰ per year for full-time students and \$10.⁰⁰ per credit hour for part-time students.
- (e) MoSU's tuition and fee charges include a Special Use Fee of \$66.⁰⁰ per semester or \$132.⁰⁰ per year for full-time undergraduate students, and an Asset Preservation Fee of \$60.⁰⁰ per semester or \$120.⁰⁰ per year for full-time undergraduate students. For part-time and graduate students, the aforementioned fees are \$5.⁰⁰ per credit hour for each fee.

Kentucky Public Postsecondary Institution
Calculated Maximum Base Rates for Resident Undergraduate Students
Academic Year 2020-21

Attachment A
April 20, 2020

Footnotes (Cont'd):

- (f) MuSU's tuition and fee charges include an Asset Preservation Fee of \$84.⁰⁰ per semester or \$168.⁰⁰ per year for full-time students and \$7.⁰⁰ per credit hour for part-time students. The university charges differential tuition and fee rates to students who were admitted prior to summer 2016 and those admitted summer 2016 or after.
- (g) NKU's tuition and fee charges include a Special Use Fee of \$192.⁰⁰ per semester or \$384.⁰⁰ per year for full-time students and \$16.⁰⁰ per credit hour for part-time students.
- (h) WKU's tuition and fee charges include a Special Use Fee of \$100.⁰⁰ per semester or \$200.⁰⁰ per year for full-time undergraduate students and \$10.⁰⁰ per credit hour for graduate and part-time students.
- (i) Beginning in academic year 2014-15, KCTCS tuition and fee charges include an \$8.00 per credit hour Agency Bond Fee (i.e., also known as the BuildSmart Fee).
- (j) In April 2019, MuSU requested and the Council approved an Asset Preservation Fee exception that would be phased in over two years. In the current academic year, the fee was implemented at \$7.⁰⁰ per credit hour capped at 12 credit hours per semester (i.e., 24 credit hours or \$168.⁰⁰ for fall and spring combined) and for academic year 2020-21, the fee will increase to \$10.⁰⁰ per credit hour capped at 15 credit hours per semester (i.e., 30 credit hours or \$300.⁰⁰ for fall and spring combined).

Definitions:

- Tuition and fee charges are annual full-time comparison rates, assuming a student takes 15 credit hours per semester for two semesters (i.e., fall and spring) for a total of 30 credit hours taken during the academic year.
- A Special Use Fee is a mandatory fee that has been requested by students and approved by an institution's governing board and the Council on Postsecondary Education, the revenue from which is used to pay debt service and operations and maintenance expenses on facilities that support student activities and services.
- An Asset Preservation Fee is a mandatory fee that has been approved by an institution's governing board and the Council on Postsecondary Education, the revenue from which is used either to pay for directly or to finance asset preservation and renovation of postsecondary institution Education and General facilities.
- Base rates are defined as total tuition and fee charges minus Special Use Fees or Asset preservation Fees at seven universities and minus Agency Bond fees at KCTCS.

pch = per credit hour

Kentucky Public Postsecondary Institutions
Change in Net General Fund for Postsecondary Institution Operations
Between Fiscal Years 2019-20 and 2020-21

Attachment B
April 20, 2020

In Nominal Dollars

Institution	2019-20 Net General Fund ¹	2020-21 Net General Fund ³	New Mandated Program Funds Adjustment ⁴	Modified General Fund	Dollar Change	Percent Change
University of Kentucky	\$261,056,400	\$258,609,200	(\$1,186,300)	\$257,422,900	(\$3,633,500)	-1.4%
University of Louisville	126,633,700	124,117,900	0	124,117,900	(2,515,800)	-2.0%
Eastern Kentucky University	63,753,600	65,020,000	(2,500,000)	62,520,000	(1,233,600)	-1.9%
Kentucky State University	25,259,100	25,384,300	(497,400)	24,886,900	(372,200)	-1.5%
Morehead State University	38,466,800	38,332,900	(579,000)	37,753,900	(712,900)	-1.9%
Murray State University	44,581,400	43,753,800	0	43,753,800	(827,600)	-1.9%
Northern Kentucky University	52,300,000	51,280,500	0	51,280,500	(1,019,500)	-1.9%
Western Kentucky University	73,723,300	72,596,200	(237,400)	72,358,800	(1,364,500)	-1.9%
KCTCS	174,581,000	171,265,800	0	171,265,800	(3,315,200)	-1.9%
Performance Fund	0 ²	14,994,800	NA	14,994,800	14,994,800	NA
Total	\$860,355,300	\$865,355,400	(\$5,000,100)	\$860,355,300	\$0 ⁵	0.0%

¹ Sum of each institution's fiscal year 2019-20 regular General Fund appropriation as enacted (HB 200) and its earned share of \$38.7 million from the Postsecondary Education Performance Fund (PEPF) based on funding model calculations. Does not include \$2,545,500 in debt service for a HealthCare Disparities Initiative capital project at the University of Kentucky.

² The enacted 2018-20 budget (HB 200) included a \$38.7 million appropriation for the PEPF. Those funds were distributed using the funding model and are included in each institution's 2019-20 net General Fund number.

³ Regular General Fund appropriations for postsecondary institution operations as enacted (HB 352), minus \$317,000 in debt service for aviation related capital projects at Eastern Kentucky University.

⁴ Additional appropriations totaling just over \$5.0 million in fiscal 2020-21 for mandated research and public service programs at UK \$1,186,300, ECU \$2,500,000, KSU \$497,400, MoSU \$579,000, and WKU \$237,400 are deducted from fiscal 2020-21 net General Fund to calculate the modified General Fund.

⁵ The statutorily required 2.0% stop loss in fiscal 2020-21 results in a 2.0% carve out of each institution's formula base and a corresponding appropriation to the PEPF that net to zero for the system.

Council on Postsecondary Education
CARES Act: Higher Education Emergency Relief Fund
Allocations for Kentucky Public Postsecondary Institutions Under Section 18004(a)(1)

Postsecondary Institution	Total Allocation	Minimum Allocation to be Awarded for Emergency Financial Aid Grants to Students
University of Kentucky	\$17,811,058	\$8,905,529
University of Louisville	12,478,790	6,239,395
Eastern Kentucky University	10,542,767	5,271,384
Kentucky State University	1,372,077	686,039
Morehead State University	6,016,440	3,008,220
Murray State University	6,270,769	3,135,385
Northern Kentucky University	7,998,963	3,999,482
Western Kentucky University	10,636,493	5,318,247
Public University Total	\$73,127,357	\$36,563,681
Ashland Community and Technical College	\$1,897,125	\$948,563
Big Sandy Community and Technical College	1,809,773	904,887
Bluegrass Community and Technical College	4,961,119	2,480,560
Elizabethtown Community and Technical College	2,426,734	1,213,367
Gateway Community and Technical College	1,797,783	898,892
Hazard Community and Technical College	1,248,333	624,167
Henderson Community College	806,658	403,329
Hopkinsville Community College	1,399,325	699,663
Jefferson Community and Technical College	5,179,693	2,589,847
Madisonville Community College	1,069,051	534,526
Maysville Community and Technical College	1,992,396	996,198
Owensboro Community and Technical College	1,789,723	894,862
Somerset Community College	3,029,445	1,514,723
Southcentral Kentucky Community and Technical College	2,424,487	1,212,244
Southeast Kentucky Community and Technical College	1,616,993	808,497
West Kentucky Community and Technical College	2,444,514	1,222,257
KCTCS Institution Total	\$35,893,152	\$17,946,582
Public Institution Total	\$109,020,509	\$54,510,263

Note: Figures reported above do not include CARES Act allocations to Kentucky private or proprietary institutions.

Source: USDOE, Office of Postsecondary Education, CARES Act: Higher Education Emergency Relief Fund.

Kentucky Public Postsecondary Institutions
 Estimated Fixed and Unavoidable Cost Increases
 Fiscal Year 2020-21

Attachment D
 April 20, 2020

Institution	2019-20 E&G Expenditures	Fixed Cost Increases				Total Fixed Cost Increases	Percent of E&G
		Personnel Cost Increases	Maintenance & Operations	Student Financial Aid	Other Cost Increases		
UK	\$1,487,005,501	\$6,378,218	\$1,743,235	\$8,791,788	\$0	\$16,913,240	1.1%
UofL	515,325,331	2,846,664	3,069,197	5,601,377	0	11,517,238	2.2%
EKU	230,600,000	3,850,000	0	550,000	750,000	5,150,000	2.2%
KSU	32,370,969	(243,410)	283,138	50,000	0	89,728	0.3%
MoSU	104,630,622	154,844	487,256	1,153,702	235,784	2,031,586	1.9%
MuSU	164,328,001	(470,864)	1,980,808	450,000	433,000	2,392,944	1.5%
NKU	189,153,180	5,689,654	191,170	1,313,001	6,894,676	14,088,501	7.4%
WKU	289,750,092	400,000	1,599,020	487,993	0	2,487,013	0.9%
KCTCS	633,998,400	9,547,300	2,522,100	8,782,600	0	20,852,000	3.3%
	\$3,647,162,095	\$28,152,406	\$11,875,924	\$27,180,461	\$8,313,460	\$75,522,250	2.1%

Note: Other Cost Increases include maintenance vehicles, service contracts, leases, and equipment at EKU; IT contractual obligations, leases, insurance, memberships, service contracts, merchant fees, library books, professional services, and debt service at MoSU; property and liability insurance, and faculty rank promotions at MuSU; and accelerated online revenue share payments and debt service at NKU.

TITLE: Update on CARES Act Funding – Highlights of Key Provisions

DESCRIPTION: Staff will provide an update on the funding coming from the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

PRESENTER: Lee Nimocks, CPE’s Vice President and Chief of Staff

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed by Congress in late March, provides several streams of funding that will impact Kentucky’s colleges and universities and the students they serve.

Higher Education Emergency Relief Fund

The CARES Act includes more than \$30 billion for education, with at least \$13.5 billion for the nation’s K-12 schools and more than \$14 billion for higher education. Funding for colleges and universities will run through the Higher Education Emergency Relief Fund.

Kentucky colleges and universities that are Title IV eligible will receive a share of \$156 million based on formula established by the U.S. Department of Education (USDOE).

Seventy-five percent (75%) of the funding is based on a relative share of full-time equivalent enrollment of Pell students and twenty-five percent (25%) is based on relative share of full-time equivalent enrollment of non-Pell students. The formula excludes online enrollment. Please see *Attachment A* for a breakdown of funding going to each Kentucky campus.

Ninety percent (90%) of the Higher Education Emergency Relief Fund flow to campuses in two equal distributions: Emergency Cash Grants for Students and grants to help campuses respond to costs incurred due to the pandemic. Ten percent (10%) of the Higher Education Emergency Relief Fund will be directed to minority serving campuses and campuses with significant unmet need after receiving funds from other pools.

- **Emergency Cash Grants to Students:** These funds, which comprise fifty percent (50%) of the ninety percent (90%) going to all campuses, have been released by USDOE. Contingent on a signed Letter of Agreement from each campus, funding will begin to flow to institutions this week. Campuses are required to provide reports on the use of funds first 30 days of receipt, and every 45 days thereafter.

The campuses will distribute these funds directly to their students to help them respond to emergency needs resulting from the pandemic: food and housing insecurity, healthcare, childcare, course materials and technology. Colleges and universities have been given significant flexibility on how they will distribute the student funding. However, based on conversations with Kentucky's presidents, CPE staff developed broad distribution guidelines (still in draft form) that encourage campuses to prioritize student retention and academic progression to ensure students are able to complete the current academic term and be well positioned to continue their studies in the summer and fall of 2020 (see *Attachment B*).

Per USDOE, campuses cannot use these funds to reimburse themselves for refunds or financial aid previously provided to students due to the pandemic. Institutions have the option of awarding some aid to all of their students, award aid only to those who have demonstrated need, or a combination. Finally, institutions should prioritize students with the greatest need and factor in student socioeconomic status.

- **Grants Supporting Campuses:** The other fifty percent (50%) of the ninety percent (90%) of funding in the Higher Education Emergency Relief Fund that goes to all campuses is to be used to help colleges and universities respond to costs associated with the pandemic like transitioning students to online programs, needed technology infrastructure, and other COVID-19 costs. We anticipate more information from USDOE next week and the release of those funds soon after.
- **Grants for Minority Serving Campuses and Campuses with Unmet Need:** Ten percent (10%) of the Higher Education Emergency Relief Fund, or approximately \$1.4 billion, is reserved for minority serving colleges, tribal colleges, historically black colleges and universities, and campuses with significant unmet need after receiving funds from other pools. The funds for minority serving campuses will be distributed based on relative share of existing Title III, V, and VII appropriations. Campuses with significant unmet need will be determined through the Fund for Improvement of Postsecondary Education (FIPSE) competitive grant process.

Governor's Emergency Education Relief Fund (GEERF)

GEERF provides \$3 billion in flexible emergency block grants to governors to help them meet the needs of students, schools, postsecondary institutions, and other education-related organizations. The funding will be distributed to states on a formula basis: 60% based on relative share of population ages 5-24 and 40% based on relative share of population counted under Elementary and Secondary Education Act. **Kentucky is slated to receive about \$44 million of the \$3 billion total.**

Receipt of GEERF grants requires that states maintain their education funding levels during the next three fiscal years at the average level of the past three fiscal years. However, states can request waivers. Funding will be distributed at governor's discretion to public and private campuses, K-12 institutions and school districts. **USDOE released GEERF funding last week, and states are in the process of filling out required application materials.**

While USDOE is providing a great deal of flexibility in the use of funds, there is an expectation that funding will support high need institutions (those most effected by COVID-19, and those needing additional support in providing access to online instruction). States have one year to spend the GEERF grants but are encouraged to so as quickly as possible. CPE staff are working closely with the Governor's office and Kentucky campuses to determine funding distribution criteria for these grant dollars and in what areas the aid would be most beneficial. According to USDOE, states and education institutions receiving aid from GEERF or the Higher Education Emergency Relief Fund are to make every effort not to layoff staff. However, this is not a binding mandate.

Student Aid, Borrowing and Repayment

- The CARES Act provides temporary student loan relief for students who have Direct Loans (federally owned). All loan and interest payments on these loans are deferred through September 30, 2020 without penalty to the borrower. The Act also suspends garnishment of wages. However, these provisions do not impact the many thousands of citizens with commercially held loans or federally guaranteed through the Federal Family Education Program (the precursor to the Direct Loan program).
- The CARES Act allows employers to provide up to \$5,250 in tax-free student loan repayment benefits which allows employers to contribute to employees' loan payments without the requirement that employees include that money as income when they file their taxes.
- The Act provides a waiver of requirements for higher education institutions to match federal funds for Federal Supplemental Educational Opportunity Grants and Federal Work-Study Programs for the 2019-2020 and 2020-2021 academic years.
- The CARES Act allows colleges and universities to turn unused work-study funds into supplemental grants and to continue paying work-study wages while in person courses and campus activities are suspended.
- The Act suspends a student's obligation to return Title IV aid they have received if they withdraw during a payment period due to a COVID-19-related emergency.

- TEACH Grants/Teacher Loan Forgiveness: For teachers who could not finish their year of teaching service as a result of COVID-19, their partial year of service shall be counted as a full year of service toward TEACH grant obligations or Teacher Loan Forgiveness. The CARES Act waives a requirement that teachers must serve consecutive years of teaching service for Teacher Loan Forgiveness eligibility, if a teacher's service is not consecutive as a result of COVID-19.
- The CARES Act includes \$40 million for administrative expenses to support changes (both those carried in the bill and those made administratively) to student aid programs to help students and borrowers.

Medical and Scientific Research and Healthcare Programs

There are a number of sections in the Act that identify funding streams supporting scientific and health-related research, and healthcare programs. We are working with UK and UofL and anticipate they will seek funds from a number of these agencies to support and expand current and future research. Our comprehensive universities may also seek funding to support research and health-related programs on their campuses. The CARES Act identifies the following:

- National Science Foundation: \$75 million to respond to COVID-19
- NASA: \$60 million to respond to COVID-19
- Department of Energy Office of Science: \$99.5 million to respond to COVID-19 and provide "support and access to scientific user facilities."
- National Institutes of Health (scattered among various institutes within NIH): \$945 million
- Supplemental awards for health centers for programs of the Public Health Service Act, potentially including institutions of higher education operating a health center that serves "a population that is medically underserved..." or a nurse managed health clinic, defined as a program that "provides primary care or wellness services to underserved or vulnerable populations and that is associated with a school, college, university or department of nursing, federally qualified health center, or independent nonprofit health or social services agency as defined by the Public Health Service Act."
- Education and Training Relating to Geriatrics: Creates a \$40 million annual pool of money for fiscal years 2021-2025 for, among others, community college and college/university nursing programs to train individuals in geriatric medicine.

- **Nursing Workforce Development:** Revives federal funding for a program under the Public Health Service Act to promote educational programs for persons entering the nurse workforce - \$117 million annual pool available for grants.

Support for NEA and NEH

There also are grant opportunities provided in the CARES Act to support cultural agencies and activities, including those sponsored by higher education institutions:

- National Endowment for the Arts: \$75 million
- National Endowment for the Humanities: \$75 million
- Institute of Museum and Library Services: \$50 million

Safe Schools and Citizenship Education

The CARES Act separately allocates \$100 million in funds to schools for Safe Schools and Citizenship Education initiatives through Project SERV, which provides education-related services, including counseling and referrals for mental health services, disinfecting affected schools, and distance learning to local educational agencies and higher education institutions. These funds are available through September 30, 2021.

Council on Postsecondary Education
 CARES Act: Higher Education Emergency Relief Fund
 Allocations for Kentucky Public Postsecondary Institutions Under Section 18004(a)(1)

Postsecondary Institution	Total Allocation	Minimum Allocation to be Awarded for Emergency Financial Aid Grants to Students
University of Kentucky	\$17,811,058	\$8,905,529
University of Louisville	12,478,790	6,239,395
Eastern Kentucky University	10,542,767	5,271,384
Kentucky State University	1,372,077	686,039
Morehead State University	6,016,440	3,008,220
Murray State University	6,270,769	3,135,385
Northern Kentucky University	7,998,963	3,999,482
Western Kentucky University	10,636,493	5,318,247
Public University Total	\$73,127,357	\$36,563,681
Ashland Community and Technical College	\$1,897,125	\$948,563
Big Sandy Community and Technical College	1,809,773	904,887
Bluegrass Community and Technical College	4,961,119	2,480,560
Elizabethtown Community and Technical College	2,426,734	1,213,367
Gateway Community and Technical College	1,797,783	898,892
Hazard Community and Technical College	1,248,333	624,167
Henderson Community College	806,658	403,329
Hopkinsville Community College	1,399,325	699,663
Jefferson Community and Technical College	5,179,693	2,589,847
Madisonville Community College	1,069,051	534,526
Maysville Community and Technical College	1,992,396	996,198
Owensboro Community and Technical College	1,789,723	894,862
Somerset Community College	3,029,445	1,514,723
Southcentral Kentucky Community and Technical College	2,424,487	1,212,244
Southeast Kentucky Community and Technical College	1,616,993	808,497
West Kentucky Community and Technical College	2,444,514	1,222,257
KCTCS Institution Total	\$35,893,152	\$17,946,582
Public Institution Total	\$109,020,509	\$54,510,263

Note: Figures reported above do not include CARES Act allocations to Kentucky private or proprietary institutions.

Source: USDOE, Office of Postsecondary Education, CARES Act: Higher Education Emergency Relief Fund.