

KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION FINANCE COMMITTEE



June 6, 2023 - 1:00 p.m. EDT

Virtual Meeting - <https://cpe-ky-gov.zoom.us/j/89129396618>

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MEETING MINUTES

Draft for Approval by the Finance Committee, June 6, 2023

Who: Kentucky Council on Postsecondary Education
Meeting Type: Finance Committee
Date: March 21, 2023
Time: 1:00 p.m. ET
Location: Virtual Meeting via ZOOM Webinar

CALL TO ORDER

The Finance Committee met Tuesday, March 21, 2023, at 1:00 p.m., ET. The meeting occurred virtually via ZOOM webinar. Committee Chair Eric Farris presided.

ATTENDANCE

Committee member attendance

- Attended: Jacob Brown, Kellie Ellis, Eric Farris, Garrison Reed, and Elaine Walker.
- Did not attend: Madison Silvert

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

APPROVAL OF THE MINUTES

The minutes of the January 24, 2023, Finance Committee meeting were approved as distributed.

TUITION POLICY AND TIMELINE

Dr. Bill Payne, Vice President of Finance and Administration, and Mr. Shaun McKiernan, Executive Director of Finance and Budget, presented the 2023-24 Tuition and Mandatory Fee Policy and the 2023 Tuition Setting Timeline.

CPE staff worked with campus officials to review the Tuition and Mandatory Fee Policy, and no changes were recommended for the 2023-24 academic year. Thus, staff asked the Committee to endorse the policy with no changes from the prior year. Once approved, the policy would provide a framework for establishing tuition and fee charges and evaluating campus tuition proposals.

Staff also worked with campus officials to develop a timeline that identifies target dates and planned activities for the upcoming year. A copy of that timeline is provided in the agenda materials, and no action was needed by the Committee to formalize it.

MOTION: Ms. Walker moved the Finance Committee approve the 2023-24 Tuition and Mandatory Fee Policy as proposed and recommend final approval by the Council at its March 31, 2023, meeting. Mr. Reed seconded the motion.

VOTE: The motion passed.

TUITION AND FEE RECOMMENDATION

Dr. Payne reviewed a number of key issues considered during the 2023-24 tuition setting-cycle including: state funding, pension subsidy, recent tuition increases, impact of inflation, trend in college spending, college-going rates, and enrollment trends.

CPE staff used a collaborative process to develop its tuition and mandatory fee recommendation for academic years 2023-24 and 2024-25. This included sharing information and engaging in discussions with campus presidents, chief budget officers, and Council members. Based on feedback from multiple stakeholders, there is general sentiment that increases in tuition this cycle should be moderate. The recommendation was also established to 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.

CPE staff proposed adopting a two-year ceiling to help facilitate strategic planning and budgeting at the postsecondary institutions and make college costs more predictable for students and families.

Staff recommended that the Finance Committee approve resident undergraduate tuition and fee ceilings for 2023-24 and 2024-25 that equate to:

- Maximum base rate increases of no more than 5.0 percent over two years, and no more than 3.0 percent in any one year, for public universities.
- Maximum base rate increases of no more than \$7.00 per credit hour over two years, and no more than \$4.00 per credit hour in any one year, for KCTCS.

It was further recommended that institutions be allowed to submit:

- Nonresident undergraduate tuition and fees that comply with the Council's 2023-24 Tuition and Mandatory Fees Policy, or an existing MOU between the Council and an institution.
- Market competitive tuition and fee rates for graduate and online courses.

MOTION: Ms. Walker moved the Finance Committee approve the resident undergraduate tuition and fee ceilings for 2023-24 and 2024-25 as proposed, as well as the recommendations regarding nonresident students, graduate and online courses, and recommend final approval by the Council at its March 31, 2023, meeting. Mr. Brown seconded the motion.

The Committee discussed the data presented and staff recommendation. Staff answered questions regarding tuition rates at surrounding states, how the tuition rate at Kentucky's community and technical colleges compare to those in other SREB states, how additional state funds will be needed in order to lower tuition rates, and the practice used to set graduate and online course tuition rates.

VOTE: The motion passed.

KCTCS INTERIM CAPITAL PROJECT – BLUEGRASS NEWTOWN CAMPUS

Mr. McKiernan presented the request from Bluegrass Community and Technical College for a \$5 million expansion of its Newtown Campus Administration Building. This would be funded by institutional funds and would be part of a \$9.7 million renovation being paid by asset preservation funds. The 12,490 square foot expansion will house student services and a 220-seat assembly space with an additional 80 seat pre-event and adjacent overflow space accessible via retractable walls. The design also includes storage for tables and chairs and catering space, and an elevator, stairs, and mechanical space.

Andy Casebier, KCTCS's Assistant Vice President for Facilities Support Services, attended the meeting to answer questions regarding the project.

MOTION: Mr. Brown moved the Finance Committee approve the proposed BCTC Newtown Campus Interim Capital Project request and recommend final approval by the Council at its March 31, 2023, meeting. Mr. Reed seconded the motion.

PERFORMANCE FUNDING MODEL REVIEW UPDATE

Dr. Payne provided the Committee with an update of the work being done by the Postsecondary Education Working Group. At its March 1, 2023, meeting, CPE staff shared trend data and analyses related to the university model for eight different student outcome metrics, University responses to a funding model survey conducted in September, and six performance distribution scenarios that were requested or implied. KCTCS officials shared trend data and analyses related to the two-year model as well as the community and technical college responses to a funding model survey.

OTHER BUSINESS

Mr. Farris inquired for additional information regarding SJR98. Staff stated this will be on the agenda for the March 31, 2023 Council meeting.

ADJOURNMENT

The Finance Committee adjourned at 2:25 p.m., ET.

DRAFT

TITLE: Campus Tuition and Fee Proposals for Academic Year 2023-24

RECOMMENDATION: Staff recommends that the Finance Committee approve the tuition and mandatory fee proposals for academic year 2023-24 from EKU, KSU, MuSU and WKU, and recommend final approval by the Council at its June 9, 2023, meeting.

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

EXECUTIVE SUMMARY

On March 31, 2023, the Council on Postsecondary Education approved tuition and mandatory fee ceilings for academic years 2023-24 and 2024-25. Included among the parameters adopted at that meeting is a requirement that base rate increases for resident undergraduate students not exceed 3.0% in any one year at the public universities, nor exceed \$4.00 per credit hour in any one year at KCTCS institutions.

Eastern Kentucky University, Kentucky State University, Murray State University, and Western Kentucky University have submitted undergraduate and graduate tuition and fee proposals for academic year 2023-24 to the Council.

Staff has reviewed each institution's proposed 2023-24 tuition and fee charges for every degree level, residency, and attendance status and determined that they comply with Council approved ceilings.

Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and mandatory fee charges for resident undergraduate and graduate students, nonresident undergraduate and graduate students, and on-line learners for academic year 2023-24 as proposed by the institutions and approved by their governing boards.

COUNCIL APPROVED TUITION AND FEE CEILINGS

On March 31, 2023, the Council adopted resident undergraduate tuition and mandatory fee ceilings that equate to:

- A maximum base rate increase of no more than 5.0 percent over two years, and a maximum increase of no more than 3.0 percent in any one year, for public research and comprehensive universities; and
- A maximum base rate increase of no more than \$7.00 per credit hour over two years, and a maximum increase of no more than \$4.00 per credit hour in any one year, for students attending KCTCS institutions.

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

- Nonresident undergraduate tuition and fee rates that comply with the Council's *Tuition and Mandatory 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.

During the tuition-setting process, Council staff and campus officials identified and discussed several key issues that were relevant during the development of staff's tuition and 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 impact of inflationary cost increases; (e) recent trends in college spending; (f) declining college going rates of Kentucky high school graduates; and (g) persistent decreases in student enrollment at nearly every public postsecondary institution. Staff believes the adopted ceilings achieved an appropriate balance between resource needs of the institutions and affordability for Kentucky students and families.

As a reminder, the resident undergraduate tuition and fee ceilings approved by the Council apply to each institution's base rate charge. Base rates are defined as total tuition and fee charges, minus any Special Use Fees and Asset Preservation Fees previously approved by the Council, and minus an agency bond fee at KCTCS (i.e., BuildSmart Investment for Kentucky Competitiveness Fee). Council staff deduct these fees from total tuition and fees before applying a percent increase parameter, which keeps the fees at a fixed amount each year until they expire. The paragraphs below contain proposed base rates for academic year 2023-24, current-year base rates, and calculated dollar and percent changes between those rates for each institution.

CAMPUS TUITION AND FEE PROPOSALS

Officials from ECU, KSU, MuSU, and WKU have submitted to the Council undergraduate and graduate tuition and fee proposals for academic year 2023-24, along with tuition and fee revenue estimates for fiscal years 2022-23 and 2023-24.

Staff has reviewed each institution’s proposed 2023-24 tuition and fee charges for every degree level, residency, and attendance status and determined that they comply with Council approved ceilings.

Eastern Kentucky University

On June 2, 2023, Eastern Kentucky University submitted a proposal to the Council, containing board-approved tuition and mandatory fee charges for academic year 2023-24. As can be seen in Table 1, between academic years 2022-23 and 2023-24, the university is proposing to increase its annual base-rate charge for resident undergraduate students by \$286.⁰⁰, or 3.0 percent. This increase complies with the Council’s approved ceiling for resident undergraduate tuition and mandatory fees, which stipulates that base rates cannot increase by more than 3.0 percent in any one year at public research and comprehensive universities. The university’s proposed tuition and fee charges for nonresident, graduate, and on-line students also adhere to Council parameters.

The tuition and fee charges included in EKU’s proposal were approved by the university’s Board of Regents at their May 24, 2023 meeting. Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and fee rates as proposed by Eastern Kentucky University.

Eastern Kentucky University Proposed Tuition and Fee Base Rates Academic Year 2023-24				Table 1
<u>Rate Category</u>	<u>Current 2022-23 Base Rates</u>	<u>Proposed 2023-24 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$9,544	\$9,830	\$286	3.0%
Nonresident	\$19,922	\$20,520	\$598	3.0%
Graduate				
Resident	\$556.00 pch	\$572.00 pch	\$16.00	2.9%
Nonresident	\$758.00 pch	\$780.00 pch	\$22.00	2.9%
Base rates for EKU do not include a Special Use Fee of \$150.00 per semester, or \$300.00 per year, for full time students, nor do they include an Asset Preservation Fee of \$10.00 per credit hour, capped at 15 credit hours or \$150 per semester, or \$300.00 per year, for full-time students.				
pch = per credit hour				

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

Estimated Tuition Revenue

EKU officials estimate that proposed 2023-24 tuition and mandatory fee charges for all categories of students (i.e., every academic level, residency, and full-time or part-time status) will generate about \$152.7 million in gross tuition and fee revenue, which is \$8.3 million more than anticipated revenue for the current year (see Attachment B). The university's E&G fixed costs are projected to increase by \$7.2 million between fiscal years 2022-23 and 2023-24, which represents an increase of 2.4 percent over current-year costs.

Kentucky State University

On May 31, 2023, Kentucky State University submitted a proposal to the Council, containing planned tuition and mandatory fee charges for academic year 2023-24. As can be seen in Table 2, between academic years 2022-23 and 2023-24, the university is proposing to increase its annual base-rate charge for resident undergraduate students by \$234.⁰⁰, or 2.7 percent. This complies with the Council's approved ceiling for resident undergraduate tuition and mandatory fees, which stipulates that base rates cannot increase by more than 3.0 percent in any one year at public research and comprehensive universities. The university's proposed tuition and fee charges for nonresident, graduate, and on-line students also adhere to Council parameters.

The tuition and fee charges included in KSU's proposal were approved by the university's Board of Regents at their May 31, 2023 meeting. Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and fee rates as proposed by Kentucky State University.

Kentucky State University Proposed Tuition and Fee Base Rates Academic Year 2023-24				Table 2
<u>Rate Category</u>	<u>Current 2022-23 Base Rates</u>	<u>Proposed 2023-24 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$8,654	\$8,888	\$234	2.7%
Nonresident	\$12,582	\$12,582	\$0	0.0%
Graduate				
Resident	\$11,072	\$8,540	-\$2,532	-22.9%
Nonresident	\$16,232	\$12,716	-\$3,516	-21.7%
Base rates for KSU do not include Special Use Fees of \$150.00 per semester, or \$300.00 per year for full-time students.				

Attachment C contains additional categories of tuition and fee charges, including proposed per-credit-hour rates for part-time resident and nonresident undergraduate students, rates for part-time graduate students, and online rates. Staff recommends approval of these additional rates as proposed by the university. Please note that KSU displays mandatory fees separately in Attachment C, however, Council staff included these fees (e.g., Activities Fee; Technology Fee; Safety and Security Fee, Homecoming Fee) in the base rate table (i.e., Table 2).

KSU officials estimate that proposed 2023-24 tuition and mandatory fee charges for all categories of students (i.e., every academic level, residency, and full-time or part-time status) will generate about \$17.0 million in gross tuition and fee revenue, which is \$0.5 million more than anticipated revenue for the current year (see Attachment D). Kentucky State University officials are working to cut costs in the coming year to mitigate the financial challenges the university is facing and to move it toward a balanced budget.

Murray State University

On May 31, 2023, Murray State University submitted a proposal to the Council, containing planned tuition and mandatory fee charges for academic year 2023-24. As can be seen in Table 3, between academic years 2022-23 and 2023-24, the university is proposing to increase its annual base-rate charge for resident undergraduate students by \$276.⁰⁰, or 2.9 percent. The undergraduate base rates in Table 3 apply to students who enrolled at MuSU during summer term 2020 or after. See Attachment E for proposed base rates assessed to those who enrolled between summer term 2016 and spring 2020.

MuSU’s proposed base rate increase for resident undergraduate students complies with the Council’s approved ceiling for resident undergraduate tuition and mandatory fees, which stipulates that base rates cannot increase by more than 3.0 percent in any one year at public research and comprehensive universities. The university’s proposed tuition and fee charges for nonresident, graduate, and on-line students also adhere to Council parameters.

The tuition and fees included in MuSU’s proposal were approved by the university’s Board of Regents at their June 2, 2023 meeting. Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and fee rates as proposed by Murray State University and approved by the university’s governing board.

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

Murray State University Proposed Tuition and Fee Base Rates Academic Year 2023-24				Table 3	
<u>Rate Category</u>	<u>Current 2022-23 Base Rates</u>	<u>Proposed 2023-24 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	
Undergraduate					
Resident	\$9,432	\$9,708	\$276	2.9%	
Nonresident	\$18,888	\$19,452	\$564	3.0%	
Graduate					
Resident	\$559.50 pch	\$576.00 pch	\$16.50	2.9%	
Nonresident	\$559.50 pch	\$576.00 pch	\$16.50	2.9%	
Base rates for MuSU do not include Special Use Fees of \$10.00 per credit hour, capped at \$15.00 per semester. Or \$300.00 per year, for full-time comparison (fall and spring semesters only).					
pch = per credit hour					

Estimated Tuition Revenue

MuSU officials estimate that proposed 2023-24 tuition and mandatory fee charges for all categories of students (i.e., every academic level, residency, and full-time or part-time status) will generate about \$106.9 million in gross tuition and fee revenue, which is \$2.4 million more than anticipated revenue for the current year (see Attachment F). The university’s E&G fixed

costs are projected to increase by \$10.8 million between fiscal years 2022-23 and 2023-24, or about 6.1 percent over current-year costs.

Western Kentucky University

On May 30, 2023, Western Kentucky University submitted a proposal to the Council, containing planned tuition and mandatory fee charges for academic year 2023-24. As can be seen in Table 4, between academic years 2022-23 and 2023-24, the university is proposing to increase its annual base-rate charge for resident undergraduate students by \$324.⁰⁰, or 3.0 percent. This increase complies with the Council’s approved ceiling for resident undergraduate tuition and mandatory fees, which stipulates that base rates cannot increase by more than 3.0 percent in any one year at public research and comprehensive universities. The university’s proposed tuition and fee charges for nonresident, graduate, and on-line students also adhere to Council parameters.

The tuition and fees included in WKU’s proposal were approved by the university’s Board of Regents at their June 2, 2023 meeting. Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and fee rates as proposed by Western Kentucky University and approved by the university’s governing board.

Western Kentucky University Proposed Tuition and Fee Base Rates Academic Year 2023-24				Table 4	
<u>Rate Category</u>	<u>Current 2022-23 Base Rates</u>	<u>Proposed 2023-24 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	
Undergraduate					
Resident	\$10,912	\$11,236	\$324	3.0%	
Nonresident	\$26,800	\$26,800	\$0	0.0%	
Graduate					
Resident	\$597.00 pch	\$597.00 pch	\$0	0.0%	
Nonresident	\$907.00 pch	\$907.00 pch	\$0	0.0%	
Base rates for WKU do not include Special Use Fees of \$100.00 per semester, or \$200.00 per year for full-time students. Special Use fees are also assessed at \$10.00 per credit hour for graduate and part-time students.					
pch = per credit hour					

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

Estimated Tuition Revenue

WKU officials estimate that proposed 2023-24 tuition and mandatory fee charges for all categories of students (i.e., every academic level, residency, and full-time or part-time status) will generate about \$177.1 million in gross tuition and fee revenue, which is \$0.6 million more than anticipated revenue for the current year (see Attachment H). The university's E&G fixed costs are projected to increase by \$8.8 million between fiscal years 2022-23 and 2023-24, or about 4.1 percent over current-year costs.

STAFF RECOMMENDATION

Council staff has reviewed the tuition and mandatory fee proposals for academic year 2023-24 received from ECU, KSU, MuSU, and WKU and have determined that they comply with the resident undergraduate tuition and fee ceilings for research and comprehensive universities adopted by the Council at the March 31, 2023 meeting. Staff has determined that proposed prices for nonresident undergraduate students adhere to provisions of the Council's *2023-24 Tuition and Mandatory Fee Policy*, or a previously approved Memorandum of Understanding between the Council and an institution. Finally, proposed tuition and fee charges for graduate and on-line students adhere to Council parameters.

Staff recommends that the Finance Committee approve, and endorse to the full Council, all applicable tuition and mandatory fee charges for resident undergraduate and graduate students, nonresident undergraduate and graduate students, and on-line learners for academic year 2023-24 as proposed by ECU, KSU, MuSU and WKU.

**Proposed 2023-24 Tuition and Mandatory Fee Charges
Eastern Kentucky University**

<i>Category</i>	Fall 2023	Spring 2024	Annual 2023-24	Summer 2024	Winter 2023
<i>Undergraduate</i>					
<i>Resident</i>					
Full-time (12 credit hours and above)	\$ 4,915	\$ 4,915	\$ 9,830		
Per Credit Hour	410	410		410	410
<i>Nonresident</i>					
Full-time (12 credit hours and above)	10,260	10,260	\$ 20,520		
Per Credit Hour	446	446		446	446
<i>Nonresident - Targeted Areas</i>					
Full-time					
Per Credit Hour					
Online (non-program) Per Credit Hour	434	434	434	434	434
<i>Online Programs</i>					
General Education	434	434	434	434	434
Child and Family Studies	434	434	434	434	434
Corrections and Juvenile Justice	434	434	434	434	434
Emergency Medical Care	434	434	434	434	434
Fire Arson Explosion Investigation	434	434	434	434	434
Fire Protection Administration Online	434	434	434	434	434
Fire Protection and Safety Engineering Technology	434	434	434	434	434
Homeland Security	434	434	434	434	434
Occupational Safety	434	434	434	434	434
Paralegal	434	434	434	434	434
Police Studies	434	434	434	434	434
Political Science	434	434	434	434	434
Psychology	434	434	434	434	434
RN to BSN	479	479	479	479	479
<i>Graduate - Master's</i>					
<i>Resident</i>					
Full-time					
Per Credit Hour	572	572	572	572	572
<i>Nonresident</i>					
Full-time					
Per Credit Hour	780	780	780	780	780
<i>College of Business</i>					
M.B.A.	636	636	636	636	636
<i>College of Education and Applied Human Sciences</i>					
M.A. in Clinical Mental Health Counseling	530	530	530	530	530
M.A. in Communication Disorders	530	530	530	530	530
<i>College of Health Sciences</i>					
M.S. in Athletic Training	572	572	572	572	572
<i>College of Letters, Arts and Social Sciences (CLASS)</i>					
M.F.A. in Creative Writing	572	572	572	572	572
<i>Online Programs (per credit hour)</i>					
<i>College of Letters, Arts and Social Sciences (CLASS)</i>					
M.S. in General Psychology - ABA Concentration	689	689	689	689	689
All other eCampus CLASS programs	636	636	636	636	636
<i>College of Science, Technology, Engineering and Mathematics</i>					
College of Education - MAT Traditional	530	530	530	530	530
College of Education - All Other Programs	411	411	411	411	411
<i>College of Business</i>					
M.B.A.	689	689	689	689	689
<i>College of Health Sciences</i>					
Master of Nursing	689	689	689	689	689
Master of Public Health	636	636	636	636	636
<i>College of Justice and Safety and Military Science</i>					
	636	636	636	636	636
<i>Graduate - Doctorate (per credit hour)</i>					
Doctorate in Education	598	598	598	598	598
Doctorate Nursing Practice	702	702	702	702	702
Doctorate in Occupational Therapy	702	702	702	702	702
Doctorate in Psychology	702	702	702	702	702
<i>EKU Now (High School)</i>					
Per Credit Hour - to be determined by KCTCS/CPE	TBD	TBD	TBD	TBD	TBD

ATTACHMENT B

**Estimated 2023-24 Gross Tuition and Mandatory Fee Revenue
Eastern Kentucky University**

<i>Category</i>	Estimated 2022-23	Estimated 2023-24
<i>Undergraduate</i>		
Resident		
Fall	\$ 35,404,000	\$ 38,900,000
Spring	\$ 30,304,000	\$ 33,665,204
Summer	\$ 2,941,000	\$ 3,856,508
Nonresident		
Fall	\$ 9,995,000	\$ 10,000,000
Spring	\$ 8,870,000	\$ 8,800,000
Summer	\$ 776,000	\$ 800,000
Online Courses		
Winter	\$ 1,123,000	\$ 1,499,500
Online Programs		
Fall	\$ 10,209,000	\$ 11,114,039
Spring	\$ 10,328,000	\$ 11,240,342
Summer	\$ 3,196,000	\$ 3,043,398
<i>Graduate - Master's</i>		
Resident		
Fall	\$ 2,921,000	\$ 2,682,400
Spring	\$ 2,862,000	\$ 2,390,500
Summer	\$ 1,319,000	\$ 1,089,100
Nonresident		
Fall	\$ 730,000	\$ 725,000
Spring	\$ 775,000	\$ 725,000
Summer	\$ 254,000	\$ 250,000
Online Courses		
Winter	\$ 66,000	\$ 40,000
Online Programs		
Fall	\$ 4,777,000	\$ 4,691,400
Spring	\$ 4,686,000	\$ 4,851,500
Summer	\$ 3,293,000	\$ 2,895,200
<i>Graduate - Doctorate</i>		
Resident		
Fall	\$ 423,000	\$ 631,000
Spring	\$ 421,000	\$ 574,200
Summer	\$ 241,000	\$ 375,700
Non residency		
Fall	\$ 106,000	\$ 100,000
Spring	\$ 114,000	\$ 100,000
Summer	\$ 47,000	\$ 45,000
Online Programs		
Fall	\$ 327,000	\$ 325,000
Spring	\$ 369,000	\$ 325,000
Summer	\$ 184,000	\$ 10,000
<i>Special Use Fee</i>	\$ 3,700,000	\$ 3,800,000
<i>Asset Preservation Fee</i>	\$ 3,700,000	\$ 3,200,000
	\$ 144,461,000	\$ 152,744,991

Proposed 2023-24 Tuition and Mandatory Fee Charges Kentucky State University

<i>Category</i>	Fall 2023	Spring 2024	Annual 2023-24	Summer 2024
<i>Undergraduate</i>				
Resident				
Full-time (15 credit hours)*	4,044	4,044	8,088	337
Per Credit Hour**	337	337		337
Nonresident				
Full-time (15 credit hours)*	6,067	6,067	12,134	505
Per Credit Hour**	505	505		505
Online Programs				
Per Credit Hour**	420	420		420
<i>Graduate</i>				
Resident				
Full-time*	3,870	3,870	7,740	430
Per Credit Hour**	430	430		430
Nonresident				
Full-time*	5,958	5,958	11,916	662
Per Credit Hour**	662	662		662
Undergraduate	420	420		420
Online Programs				
Per Credit Hour**				
Graduate				
Online Programs				
Per Credit Hour**	525	525		525

* Full-time undergraduate and graduate tuition rates do not include the following:
 \$170 per semester mandatory Activities Fee.
 \$155 per semester mandatory Technology Fee.
 \$50 per semester mandatory Safety & Security Fee.
 \$150 per semester mandatory Asset Preservation Fee.
 \$50 mandatory Fall semester homecoming fee

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

ATTACHMENT D

Estimated 2023-24 Gross Tuition and Mandatory Fee Revenue Kentucky State University

<i>Category</i>	Estimated 2022-23	Estimated 2023-24
<i>Undergraduate</i>		
Resident	\$ 4,158,936	\$ 4,283,704
Nonresident	8,231,274	8,478,212
Online	1,500,000	1,545,000
<i>Graduate</i>		
Resident	418,278	430,826
Nonresident	463,386	477,288
Online	864,937	890,885
<i>Summer</i>	864,063	889,985
Total	\$ 16,500,874	\$ 16,995,899

**Proposed 2023-24 Tuition and Mandatory Fee Charges
Murray State University**

Category	Students admitted Summer 2016 to Spring 2020				Students admitted Summer 2020 and after			
	Fall	Spring	Annual	Summer	Fall	Spring	Annual	Summer
	2023	2024	2023-24	2024	2023	2024	2023-24	2024
<i>Undergraduate</i>								
Resident								
Full-time (up to 15 hours)	4,854.00	4,854.00	9,708.00		4,854.00	4,854.00	9,708.00	
Per Credit Hour	404.50	404.50		404.50	404.50	404.50		404.50
(Online Courses Resident) Per Credit Hour	404.50	404.50		404.50	404.50	404.50		404.50
Nonresident*								
Full-time (up to 15 hours)	13,140.00	13,140.00	26,280.00					
Per Credit Hour	1,095.00	1,095.00		1,095.00				
(Online Courses Resident) Per Credit Hour	404.50	404.50		404.50				
Regional/Nonresident*								
Full-time (up to 15 hours)	9,726.00	9,726.00	19,452.00		9,726.00	9,726.00	19,452.00	
Per Credit Hour	810.50	810.50		810.50	810.50	810.50		810.50
(Online Courses Resident) Per Credit Hour	404.50	404.50		404.50	404.50	404.50		404.50
Programs that are 100% Online Per Credit Hour	404.50	404.50		404.50	404.50	404.50		404.50

*All nonresident students admitted Summer 2020 and after are charged the regional/nonresident rate.

Category	All Graduate Students			
	Fall	Spring	Annual	Summer
	2023	2024	2023-24	2024
<i>Graduate-All programs not defined below</i>				
PCH - Resident, Non-Resident, Regional, Online:	576.00	576.00		576.00
<i>Graduate-Education</i>				
Resident Per Credit Hour	397.00	397.00		397.00
Nonresident, Regional Per Credit Hour	576.00	576.00		576.00
Online Per Credit Hour, regardless of residency	576.00	576.00		576.00
<i>Graduate-below programs</i>				
Occupational Therapy				
Speech-Language Pathology				
Resident				
Per Credit Hour	636.00	636.00		636.00
Nonresident, Regional				
Per Credit Hour	636.00	636.00		636.00
Online Per Credit Hour, regardless of residency	576.00	576.00		576.00
<i>Graduate-below programs</i>				
Master of Business Administration				
Master of Science Cybersecurity Management				
Master of Science Mass communications with a Concentration in Public Relations				
Master of Science in Information Systems with a Concentration in Business Analytics				
Oncampus and Online Per Credit Hour, regardless of residency	564.50	564.50		564.50
<i>Graduate-below programs</i>				
Master of Public Administration				
Oncampus and Online Per Credit Hour, regardless of residency	439.50	439.50		439.50
<i>Doctor of Education</i>				
Per Credit Hour, regardless of residency	625.00	625.00		625.00
Online Per Credit Hour, regardless of residency	576.00	576.00		576.00
<i>Doctor of English</i>				
Per Credit Hour, regardless of residency	625.00	625.00		625.00
Online Per Credit Hour, regardless of residency	576.00	576.00		576.00
<i>Doctor of Nursing Practice - Nursing</i>				
Per Credit Hour, regardless of residency	625.00	625.00		625.00
Online Per Credit Hour, regardless of residency	576.00	576.00		576.00
<i>Doctor of Nursing Practice - Family Nurse Practitioner</i>				
Per Credit Hour, regardless of residency	625.00	625.00		625.00
Online Per Credit Hour, regardless of residency	576.00	576.00		576.00
<i>Doctor of Nursing Practice - Nurse Anesthetist</i>				
Per Credit Hour, regardless of residency	742.00	742.00		742.00
Online Per Credit Hour, regardless of residency	576.00	576.00		576.00

Notes:

- (a) Students enrolled in full online programs will not have their courses capped and will be billed for each credit hour enrolled.
 (b) All undergraduate rates are capped at fixed-flat full-time for 12-15 credit hours. Hours above 15 assessed at the appropriate resident, regional or non-resident

ATTACHMENT F

**Estimated 2023-24 Gross Tuition and Mandatory Fee Revenue
Murray State University**

<u>Category</u>	<u>Estimated 2022-23</u>	<u>Estimated 2023-24</u>
<i>Undergraduate</i>		
Resident	\$ 42,318,849	\$ 43,076,004
Nonresident	45,161,172	46,497,536
Online	(a) 1,041,746	1,059,545
<i>Graduate</i>		
Resident	2,852,900	2,901,152
Nonresident	3,810,164	3,846,495
Online	6,608,896	6,746,443
<i>Doctoral</i>		
Resident	573,880	582,311
Nonresident	448,149	460,991
Online	1,688,859	1,718,196
Total	<u>\$ 104,504,615</u>	<u>\$ 106,888,673</u>

(a) Revenues from online courses, unless the programs are fully online, are not tracked by MuSU since online courses are available as part of the full-time 15 hour cap. Online courses that are not specific to fully online programs are included in the Resident and Nonresident amounts.

ATTACHMENT G

Proposed 2023-24 Tuition and Mandatory Fee Charges Western Kentucky University

<u>Category</u>	<u>Fall 2023</u>	<u>Spring 2024</u>	<u>Annual 2023-24</u>	<u>Winter & Summer 2024</u>
<i>Undergraduate</i>				
Resident				
Full-time (12-18 credit hours)	5,718	5,718	11,436	476.50
Military at Resident Rate	5,718	5,718	11,436	476.50
Part-time (Per Credit Hour)	476.50	476.50		476.50
Dual Credit (Per Credit Hour)	91	91		
Nonresident				
Full-time (12-18 credit hours)	13,500	13,500	27,000	1,125
Full-time - Tuition Incentive Program (12-18 credit hours)	7,068	7,068	14,136	589
Part-time (Per Credit Hour)	1,125	1,125		1,125
Part-time - Tuition Incentive Program (Per Credit Hour)	589	589		589
Part-time - Distance Learning (Online Courses)	551	551		551
International				
Full-time (12-18 credit hours)	13,824	13,824	27,648	1,152
Part-time (Per Credit Hour)	1,152	1,152		1,152
<i>Graduate</i>				
Resident				
Per Credit Hour	607	607	607	607
Military at Resident Rate	607	607	607	607
Kentucky P-12 Educator	350	350	350	350
Nonresident				
Domestic Per Credit Hour	917	917	917	917
International Per Credit Hour	953	953	953	953
Distance Learning (Online Courses)	707	707	707	707
Doctorate, Nurse Practitioner				
Resident (Per Credit Hour)	663	663	663	663
Nonresident (Per Credit Hour)	858	858	858	858
Doctorate, Physical Therapy				
Resident (Per Credit Hour)	643	643	643	643
Nonresident (Per Credit Hour)	909	909	909	909
Active Military (Per Credit Hour)	250	250	250	250
Included in the above:				
Special Use Fee (FT)	100	100	200	
Special Use Fee (PT) pro-rated by credit hour	10	10	10	10

ATTACHMENT H

Estimated 2023-24 Gross Tuition and Mandatory Fee Revenue Western Kentucky University

<i>Category</i>	Estimated 2022-23	Estimated 2023-24
<i>Undergraduate</i>		
Resident	\$ 87,443,800	\$ 88,180,200
Nonresident	42,500,000	43,487,500
Online	17,266,170	16,013,100
<i>Graduate (incl practice based doctoral)</i>		
Resident	8,200,000	8,350,500
Nonresident	6,600,000	6,850,800
Online	6,035,830	5,779,900
<i>Student Athletics Fee</i>	5,000,000	4,973,000
<i>Centers Fee (Auxiliary Enterprises)</i>	1,351,900	1,346,000
<i>Special Use Fees</i>	2,150,000	2,139,000
<i>Total</i>	<u>\$ 176,547,700</u>	<u>\$ 177,120,000</u>

TITLE: Delegation of Authority to Approve Tuition Proposals

DESCRIPTION: CPE staff recommends that the Finance Committee request authority from the full Council at its June 9, 2023, meeting to review and approve tuition and fee proposals of the following institutions due to the timing of their board meetings: UK, UofL, MoSU, NKU, and KCTCS.

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

SUPPORTING INFORMATION

About six years ago, the Council adopted an approach which required institutions to secure approval of proposed tuition and fee rates from their respective governing boards, before bringing those proposals to the full Council for approval. More recently, the Council has also employed a practice of requiring institutions to first have their rate proposals reviewed by the Finance Committee, before bringing them to the full Council for approval.

This year, five institutions, including UK, UofL, MoSU, NKU, and KCTCS, have board meetings that take place after the Council's June 9 business meeting, making it impossible for the Council to approve tuition and fee rates that have been approved by the governing boards of these institutions at the June Council meeting. The institutions have requested that their proposed rates be approved prior to the Council's September 19, 2023 meeting.

To accommodate this request, staff recommends that the Council delegate authority to the Finance Committee to review and approve tuition and fee proposals from these institutions and that a meeting of the Finance Committee be scheduled in late June to facilitate this action. If approved, this will allow tuition and fee rates at UK, UofL, MoSU, NKU, and KCTCS to be approved much earlier than the regularly scheduled meeting of the full Council in September.

TITLE: Interim Capital Project – UofL Ekstrom Library Expansion

RECOMMENDATION: Staff recommends that the Finance Committee approve an \$8,000,000 privately funded interim project at the University of Louisville to expand the Ekstrom Library and recommend the Council provided final approval at its June 9, 2023, meeting.

PRESENTERS: Shaun McKiernan, Executive Director of Finance and Budget, CPE

SUPPORTING INFORMATION

University of Louisville officials requested CPE approval for an interim capital project to expand the Ekstrom Library (currently, about 324,600 total square feet) using \$8,000,000 in private donations. The project will add 1,800 square feet to three floors (basement, first and second) on the south side of the building, and will provide additional space for study and collaboration, offices, and university archives. It will also allow existing space to be repurposed to better meet the needs of the university.

The UofL Board of Trustees approved this project on April 20, 2023. If approved, UofL officials anticipate construction to start November 2023 and to be completed July 2025. State general fund appropriations will not be used for this project, and no funds appropriated for another purpose will be used to complete this project.

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

- (15) Notwithstanding KRS 45.760, the governing board may authorize a capital construction project or a major item of equipment even though it is not specifically listed in any branch budget bill, subject to the following conditions and procedures:
 - (a) The full cost shall be funded solely by non-general fund appropriations;

- (b) Moneys specifically budgeted and appropriated by the General Assembly for another purpose shall not be allotted or re-allotted for expenditure on the project or major item of equipment. Moneys utilized shall not jeopardize any existing program and shall not require the use of any current general funds specifically dedicated to existing programs; and
- (c) The institution's president, or designee, shall submit the project or major item of equipment to the Capital Projects and Bond Oversight Committee for review as provided by KRS 45.800.

The approval process for a capital project that exceeds \$1,000,000 is as follows:

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

Because this project was not previously approved by the Council and it was not authorized in the enacted 2022-24 budget, Council approval is now required to authorize this project.

NEXT STEPS

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

RECOMMENDATION TO THE
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES
REGARDING AN EXPANSION OF EKSTROM LIBRARY

Board of Trustees – April 20, 2023

RECOMMENDATION:

The President recommends that the Board of Trustees approve a capital project to expand the Ekstrom Library, pursuant to the board’s Financial Transactions Policy, Section II(b), regarding capital projects estimated at \$500,000 or more.

BACKGROUND:

The Ekstrom Library was constructed in 1981 on the Belknap Campus and has an exterior footprint of 324,614 square feet. The last expansion on the west side of the building started in 2005 and opened in 2007. Several small interior renovations were completed in the last several years in an effort to make the space more accommodating for students, faculty and staff.

The budget for the Ekstrom Library Expansion project is projected at \$8,000,000 with funding being provided by private donations. These donations will be recognized over a three-year period and management plans to finance a portion of this cost to better align cash in/out flows. Approval for that financing will be requested at a future meeting.

This proposed expansion will provide additional space for students to study and collaborate, office space, and increase the archive space to preserve the history of the university and Commonwealth of Kentucky. The expansion will also provide the opportunity to realign and repurpose spaces so the library meets the needs of the university community.

The expansion will take place on the south side of the building, and includes expanding the first, second, and basement floors to extend out to the edge of the original footprint of the building. Expanded space will provide approximately 1,800 square feet to each of the three floors.

Projected Planning and Design Start Date: By or before October 2023
Projected Construction Start Date: November 2023
Projected Construction Completion Date: July 2025

BOARD ACTION:

Passed X
Did Not Pass _____
Other _____



Assistant Secretary

May 9, 2023

Bill Payne, VP Finance and Administration
Council on Post-Secondary Education
1024 Capital Center Drive
Frankfort, KY 40601

RE: Authorization Request – Ekstrom Library Addition

Dear Mr. Payne,

In accordance with provisions of KRS 45.760(7), I am writing to request interim authorization build an addition onto the Ekstrom Library on the University of Louisville Belknap Campus. The budget for the project is \$8,000,000.

This expansion will provide additional space for students to study and collaborate, office spaces, and increase the archive space to preserve the history of the university and Commonwealth of Kentucky. The expansion will also provide the opportunity to realign and repurpose spaces, so the library meets the needs of the university community.

The University of Louisville Board of Trustees approved the increase on April 20, 2023. Funding to be provided by private donations. This project will not use any general funds, or any funds appropriated for another purpose.

We appreciate your support and time. If there are questions, contact Kim Noltemeyer at 852-5699.

Sincerely,



Meg Campbell
Asst. Vice President
University of Louisville

cc: Dan Durbin, CFO
Shaun McKiernan (CPE)
Carla Wright (OSBD)

TITLE: Delegation of Authority to Approve Insurance Claim Projects

RECOMMENDATION: Staff recommends that the Finance Committee approve a new policy that will allow the Council president to approve insurance claim projects on their behalf and recommended final approval by the Council at its June 9, 2023, meeting.

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

BACKGROUND INFORMATION

The Council's powers and duties are set forth in KRS 164.020. Part 11 of the statute outlines a requirement for the Council to approve capital projects (see below).

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

KRS 45.750(1)(f)1. defines "capital projects" as:

Any capital construction item, or any combination of capital construction items necessary to make a building or utility installation complete, estimated to cost one million dollars (\$1,000,000) or more in cash or other consideration.

Over the past year, campus officials brought two capital project requests to the Council that came about as the result of damage caused by emergency weather conditions. Both projects were KCTCS facilities in Eastern Kentucky that had sustained significant flood damage, and both projects resulted in insurance claims that financed 100% of the project costs. These projects were approved at a previously scheduled special meeting of the Council on October 31, 2022.

At this time, Northern Kentucky University has a project underway to repair damage to dormitories caused by extreme cold and freezing this past winter, but it is unclear whether the project will exceed the \$1,000,000 threshold requiring capital project

approval. Campus officials anticipate that the cost to restore the dormitories to their previous condition will be financed 100% with insurance proceeds.

After consulting with campus officials and CPE's Vice President and General Counsel, staff believes the best way to approve capital projects that will be financed completely with funds derived from insurance claims is to delegate authority for that approval to the Council president. Projects like those involving flood damage at KCTCS facilities are often of an emergency nature and should be addressed as expeditiously as possible. The requested delegation of approval authority for this narrowly tailored subset of insurance-claim capital projects will allow institutions to proceed in a timely manner to undertake such projects without requiring a specially called meeting of the Council.

RECOMMENDATION

Staff recommends that the Finance Committee endorse for full Council approval the requested delegation of authority to the Council president to approve capital projects funded entirely (100%) with insurance proceeds that are designed to restore university or KCTCS-owned facilities to their previous condition.

Since many of the projects approved using this policy will be the result of emergency situations, it is important for institutions to address the projects in a timely manner. The requested delegation of authority will facilitate and expedite the approval process. If this request is authorized, staff will report to the Council any and all insurance claim projects approved by the Council president at the next regularly scheduled Council meeting.

TITLE: Ohio and West Virginia Tuition Reciprocity Agreements

RECOMMENDATION: Staff recommends that the Finance Committee approve, and endorse to the full Council at its June 9, 2023 meeting, the tuition reciprocity agreements with Ohio and West Virginia for the time period July 1, 2023 through June 30, 2025

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

SUPPORTING INFORMATION

Tuition reciprocity agreements are arrangements between two or more states where the residents of a defined region in one state can enroll at identified institutions (or in selected programs) in another state (and vice versa) for a reduced tuition charge. Under such agreements, eligible residents may also receive special treatment for admission purposes.

In general, advantages of reciprocity agreements include:

- Broader educational access and opportunity for residents of a region;
- Reduction in unnecessary duplication of academic programs; and
- Cost savings to a home state by utilizing academic programs in other states.

Currently, Kentucky has tuition reciprocity agreements with Indiana (IN), Ohio (OH), and West Virginia (WV). The Indiana agreement is in effect through June 30, 2025. The agreements with Ohio and West Virginia expire on June 30, 2023. Staff has worked with officials from these states and participating Kentucky institutions to renegotiate the agreements in compliance with policies adopted by the Council. The updated agreements have no substantive changes.

Kentucky/Ohio Agreement

Pursuant to Ohio law, the Ohio agreements have two-year terms. The current agreements with Ohio are scheduled to expire on June 30, 2023. The agreements

contain provisions for making changes while the agreements are in place, provided that all parties are amenable.

Kentucky stakeholders initially requested that the agreement's exclusion of nursing programs at Gateway be removed. Ohio officials requested that no changes be made to the agreement and stated that they would consider this change prior to the next renewal. KCTCS officials accepted this response and agreed to proceed with no changes to the agreement.

Council staff recommends renewal of the Kentucky/Ohio Reciprocity Agreements for the period of July 1, 2023 through June 30, 2025. Officials at participating Kentucky institutions support the proposed agreement.

Additional necessary corrections and updates to agreement language are shown in the attached proposed agreements. Kentucky and Ohio have three separate agreements. The list below shows participating institutions and eligible counties.

Agreement 1:

KY Institutions & Eligible OH Counties

Northern Kentucky University
Gateway Community & Technical College

Adams County	Brown County
Butler County	Clermont County
Clinton County	Fayette County
Hamilton County	Highland County
Warren County	

OH Institutions & Eligible KY Counties

Cincinnati State Technical & Community College
Clark State Community College
Southern State Community College
University of Cincinnati

Bracken County	Boone County
Campbell County	Carroll County
Gallatin County	Grant County
Kenton County	Pendleton County

Agreement 2:

KY Institutions & Eligible OH Counties

Ashland Community & Technical College
Morehead State University – Morehead
Morehead State University – Ashland

Adams County	Athens County
Brown County	Gallia County
Jackson County	Lawrence County
Meigs County	Pike County
Scioto County	Vinton County

OH Institutions & Eligible KY Counties

Ohio University – Athens
Ohio University – Southern
Rio Grande Community College
Shawnee State University

Southern State Community College

Boyd County	Carter County
Elliot County	Fleming County
Greenup County	Lawrence County
Lewis County	Mason County
Rowan County	

Agreement 3:

KY Institutions & Eligible OH Counties
Maysville Community & Tech. College
 Adams County Brown County
 Clermont County

OH Institutions & Eligible KY Counties
Miami University Hamilton Campus
Miami University Middletown Campus
University of Cincinnati – Clermont College
 Bracken County Lewis County
 Mason County Robertson County

The following table provides a comparison of Kentucky and Ohio reciprocity student headcount, FTE students, and attempted student credit hours.

Ohio and Kentucky 2021-22 Reciprocity Students	KY Residents at OH Institutions	OH Residents at KY Institutions
Student Headcount	1,532	1,090
Full-time Equivalent Students	958	552
Credit Hours	28,737	16,562

The ratio of Ohio reciprocity full-time equivalent (FTE) students in Kentucky to Kentucky reciprocity FTE students in Ohio in 2021-22 was 1.0 to 1.74 (i.e., for every one FTE Ohio resident at Kentucky institutions there are 1.74 FTE Kentucky residents at Ohio institutions).

Kentucky/West Virginia Agreement

The current agreement with West Virginia has a two-year term and will expire on June 30, 2023. It contains provisions to make changes before the agreement’s expiration with the consent of all parties.

Kentucky and West Virginia stakeholders requested no changes to the current agreement. Council staff recommends renewal of the Kentucky/West Virginia Reciprocity Agreement for the period of July 1, 2023, through June 30, 2025. Officials at participating Kentucky institutions support the proposed agreement.

KY Institutions & Eligible WV Counties
Ashland Community & Technical College
Big Sandy Community & Technical College
 Cabell County McDowell County
 Mingo County Wayne County

WV Institutions & Eligible KY Counties
Mounthwest Community & Technical College
Southern West Virginia Community & Technical College
 Boyd County Lawrence County
 Martin County Pike County

The table below provides a comparison of Kentucky and West Virginia student headcount, FTE students, and attempted student credit hours.

West Virginia and Kentucky 2021-22 Reciprocity Students	KY Residents at WV Institutions	WV Residents at KY Institutions
Student Headcount	196	169
Full-time Equivalent Students	77	64
Credit Hours	2,290	1,926

The ratio of West Virginia reciprocity full-time equivalent (FTE) students in Kentucky to Kentucky FTE students in West Virginia in 2021-22 was 1.0 to 1.20 (i.e., for every one FTE West Virginia resident at Kentucky institutions there are 1.20 FTE Kentucky residents at West Virginia institutions).

UNDERGRADUATE TUITION RECIPROCITY AGREEMENT

Northern Kentucky University
Gateway Community and Technical College
And
Cincinnati State Technical and Community College
Clark State Community College
Miami University Hamilton
Miami University Middletown
Southern State Community College
University of Cincinnati

This tuition reciprocity agreement is entered into between the Kentucky Council on Postsecondary Education and the chancellor of the Ohio Department of Higher Education, Cincinnati State Technical and Community College, Clark State Community College, Gateway Community and Technical College, the Kentucky Community and Technical College System, Miami University Hamilton, Miami University Middletown Northern Kentucky University, Southern State Community College, and the University of Cincinnati, pursuant to the provisions of Section 3333.17 of the Ohio Revised Code and in compliance with rules and procedures of the aforementioned parties.

I. Purpose

The general purpose of this tuition reciprocity agreement is to expand postsecondary educational opportunities in the greater Cincinnati area while limiting the cost of such expansion to the taxpayers of Ohio and Kentucky through collaboration among public institutions of higher education. The intended outcomes of this collaboration are to increase the availability of programs to residents of the greater Cincinnati area without needless duplication of educational effort and to promote efficient use of existing educational facilities and resources.

II. Terms

1. Duration and Termination

The agreement shall be effective beginning July 1, ~~2024~~ 2023, through June 30, ~~2023~~ 2025, and may be renewed prior to June 30, ~~2023-2025~~, by mutual consent of all of the parties for a period of two years. As the agreement must coincide with the biennial budgets of the State of Ohio, the next renewal shall be for July 1, 2023, to June 30, 2025.

The agreement may be amended through mutual consent of all parties, providing the amendment is in writing and signed by all parties to the agreement prior to the effective date of the amendment.

- a. The parties may amend the agreement in the following manner. Amendments must be presented to each of the parties of this agreement for their consideration. Each party of this agreement will then have sixty (60) days to respond in writing with a decision as to whether they approve/disapprove of the proposed amendment to the agreement. The responses will be sent to all parties in the agreement. After sixty (60) days, if all parties approve of the proposed amendment, the agreement will be amended. If all parties do not approve, the agreement will not be amended.

A review of this agreement may occur from time to time at the request of any party hereto, provided all parties to this agreement are served with written notice of such request at least ninety (90) days prior to said review.

This agreement may be terminated by any of the participating institutions, the chancellor of the Ohio Department of Higher Education, or the President of the Kentucky Council on Postsecondary Education on June 30 of any year, with at least ninety (90) days prior written notice to each of the parties to this agreement

2. Kentucky Residents' Eligibility for Ohio Programs

The participating Ohio institutions agree to accept at Ohio resident tuition rates any resident of Bracken, Boone, Campbell, Carroll, Gallatin, Grant, Kenton, and Pendleton Counties of Kentucky who enrolls and who satisfies all regular admission requirements (including those requirements of the specific program in which admission is sought) at the University of Cincinnati's two-year colleges (Clermont College, College of Applied Science, and ~~Raymond-Walters~~ Blue Ash College) or at Cincinnati State Technical and Community College or at Clark State Community College, or at Miami University's Hamilton Campus, or at Miami University's Middletown Campus, or at Southern State Community College in the associate degree or applied bachelor's degree programs not specifically excluded from this agreement.

In this section, the word "program" only means an associate degree program or applied bachelor's degree program and the word "resident" means resident for the purpose of tuition determination as defined by the respective institution.

Majors and/or programs at the University of Cincinnati two-year colleges, Cincinnati State Technical and Community College, and Southern State Community College which are excluded from this agreement are the following associate degree and applied bachelor's degree programs otherwise offered at Northern Kentucky University:

- (1) Clermont College: No exclusions
- (2) Blue Ash College: No exclusions
- (3) Cincinnati State Technical and Community College: no exclusions
- (4) Southern State Community College: no exclusions

Any program listed above as excluded may, by the joint written consent of the presidents of all four institutions, be included in this agreement.

The University of Cincinnati agrees to accept at Ohio resident tuition rates any resident of Boone, Bracken, Campbell, Carroll, Gallatin, Grant, Kenton, and Pendleton Counties of Kentucky who enrolls and who satisfies all regular baccalaureate admissions requirements (including those requirements of the specific program in which admission is being sought) at the University of Cincinnati in the programs specifically included in this Agreement.

The following baccalaureate degree programs at the University of Cincinnati which are included in this Agreement are the following: Architecture, Engineering, Honors PLUS (see provision below), Horticulture, Radiation Science, Interior Design, Industrial Design, Fashion Design, and Urban Planning.

In conformance with the limitations set forth in the bulleted item below, admission to the Honors PLUS baccalaureate degree program in the College of Business, University of Cincinnati, is subject to the following provision:

- a. Reciprocity for the Honors PLUS program at the University of Cincinnati is limited to residents of the eligible Kentucky counties with a cap of fifty (50) students enrolled in courses at any one time.

Miami University Hamilton and Miami University Middletown agree to accept at Ohio resident tuition rates any resident of Boone, Bracken, Campbell, Carroll, Gallatin, Grant, Kenton, and Pendleton Counties of Kentucky who enrolls and who satisfies all regular baccalaureate admissions requirements (including those requirements of the specific program in which admission is being sought) for all bachelor programs at Miami University Hamilton and Miami University Middletown.

In this section, the word "program" only means a baccalaureate degree program and the word "resident" means resident for the purpose of tuition determination as defined by the respective institution.

3. Ohio Residents' Eligibility for Kentucky Baccalaureate Degree Programs

Northern Kentucky University agrees to accept at Kentucky resident tuition rates any resident of Adams, Brown, Butler, Clermont, Clinton, Fayette, Hamilton, Highland, and Warren Counties of Ohio with an associate degree or applied bachelor's degree from the University of Cincinnati, Cincinnati State Technical and Community College, Clark State Community College, or Southern State Community College, or any student participating in an approved Degree Pathway Program at Cincinnati State Technical and Community College, who enrolls and who satisfies all regular transfer admissions requirements (including those requirements of the specific program in which admission is sought) in Northern Kentucky University baccalaureate degree programs not specifically excluded from this agreement.

In this section, the word "program" only means a baccalaureate degree program and the word "resident" means resident for the purpose of tuition determination as defined by the respective institution.

The majors and/or programs at Northern Kentucky University excluded from this agreement are:

- a. Early Childhood Education
- b. Nursing

Any major/program listed above as excluded may, by the joint written consent of the presidents of all four institutions, be included in this agreement.

4. Ohio Residents' Eligibility for Kentucky Associate Degree Programs

Gateway Community and Technical College agrees to accept at Kentucky resident tuition rates any resident of Adams, Brown, Butler, Clermont, Clinton, Hamilton, Highland, and Warren Counties of Ohio who enrolls and who satisfies all regular admission requirements (including those requirements of the specific program in which admission is sought) at Gateway Community and Technical College.

All programs, excluding nursing, at Gateway Community and Technical College are included in the agreement.

5. Ohio Residents' Eligibility/Enrollment Limitations for Kentucky Programs

In conformance with the limitations set forth in the bulleted item below, admission to the Business Management baccalaureate degree program in the College of Business, Northern Kentucky University, is subject to the following provision:

- a. Reciprocity for the College of Business, Business Management program at Northern Kentucky University is limited to residents of the eligible Ohio counties with a cap of fifty (50) students enrolled in courses at any one time.

In this section, the word "program" only means a specific baccalaureate degree program and the word "resident" means resident for the purpose of tuition determination as defined by the respective institution.

6. New Program Eligibility

Any new program may be included in this agreement upon successful completion of the agreements' amendment process, as listed above.

In this section, the word "program" may mean a workshop, a certificate program, an associate degree program, or a baccalaureate degree program.

7. Resident Status

- a. During the period of this agreement, the chancellor of the Department of Higher Education will consider residents of Bracken, Boone, Campbell, Carroll, Gallatin, Grant, Kenton, and Pendleton Counties who attend the University of

Cincinnati, Cincinnati State Technical and Community College, Clark State Community College, Miami University Hamilton, Miami University Middletown, or Southern State Community College under this agreement as qualifying for Ohio resident tuition rates, and as Ohio residents for the purpose of allocating funds to the University of Cincinnati, Cincinnati State Technical and Community College, Clark State Community College, Miami University Hamilton, Miami University Middletown, and Southern State Community College.

- b. During the period of this agreement, the Kentucky Council on Postsecondary Education will consider residents of Adams, Brown, Butler, Clermont, Clinton, Fayette, Hamilton, Highland, and Warren Counties who attend Northern Kentucky University or Gateway Community and Technical College under this agreement as qualifying for Kentucky resident tuition rates, and as reciprocity students for the purpose of allocating funds to Northern Kentucky University and Gateway Community and Technical College. The Kentucky Council on Postsecondary Education will also consider students attending Northern Kentucky University who are participating in an approved Degree Pathway Program with an associate degree from the University of Cincinnati, Cincinnati State Technical and Community College, Clark State Community College, or Southern State Community College as reciprocity students for the purpose of allocating funds to Northern Kentucky University.

8. Continued Eligibility

Once enrolled as a reciprocity student, each student demonstrating satisfactory academic performance under already existing standards and criteria of his/her institution will continue to receive reciprocity benefits under this agreement through graduation for the degree in which enrolled, as long as a reciprocity agreement exists. Student participation is subject to the terms and conditions of the reciprocity agreement in effect at the time of initial enrollment, and, in the event of termination, each student will be informed by the enrolling institution of his/her future status. If the agreement is terminated, participating institutions may agree at that time to continue tuition reciprocity for students appropriately enrolled in eligible programs at the time of termination until the completion of their programs of study, subject to the biennial limitations as described in paragraph 11.1.

9. Notice, Application, and Waiver

The availability of reciprocity tuition rates under this agreement shall be advertised to applicants and/or to student of Cincinnati state Technical and Community College, Clark State Community College, Gateway Community and Technical College, Miami University Hamilton, Miami University Middletown, Southern State Community College, Northern Kentucky University and the University of Cincinnati by any means deemed appropriate by the respective institutions.

All students who want to receive reciprocity tuition rates under this agreement must apply for such rates at the institution where they plan to enroll.

Failure to so apply in the manner required by each institution and in advance of enrollment will constitute a waiver of all rights under the terms of this agreement for the quarter or semester of enrollment and any preceding quarter or semester of enrollment for which no application was made. Each institution will develop a process for applicants to use in order to apply for reciprocity tuition rates under this agreement.

These processes will be written and shared with each institution as well as with the chancellor of the Department of Higher Education and the Kentucky Council on Postsecondary Education. The process will also be made available to all potential applicants upon request.

In this section, the word "resident" means resident for the purpose of tuition determination as defined by the respective institution.

10. Annual Report

By June 30 of each year, Cincinnati State Technical and Community College, Clark State Community College, Gateway Community and Technical College, Northern Kentucky University, Southern State Community College, Miami University, and the University of Cincinnati agree to provide annual reports on the enrollment and fiscal implications of the agreement to the other respective institutions, the Kentucky Council on Postsecondary Education, and the chancellor of the Department of Higher Education. Specific forms for the annual report may be prescribed by the state agencies.

III. Approval

This agreement is not effective unless and until approved by the chancellor of the Ohio Department of Higher Education pursuant to Section 3333.17 of the Ohio Revised Code and the Kentucky Council on Postsecondary Education.

IV. Counterparts

This agreement may be executed in counterparts, each counterpart agreement shall be deemed an original, and all of which together shall constitute one in the same instrument.

**TUITION RECIPROCITY AGREEMENT
SIGNATURE PAGE**

STATE AGENCIES

Dr. Aaron Thompson, President
Kentucky Council on Postsecondary Education

Signed: _____ Date: _____

Randy Gardner, Chancellor
Ohio Department of Higher Education

Signed: _____ Date: _____

~~Dr. Paul Czarapata~~ Dr. Larry Ferguson, Acting President
Kentucky Community & Technical College System

Signed: _____ Date: _____

INSTITUTIONS

~~Dr. Ashish Vaidya~~ Bonita J. Brown,
JD, Interim President Northern
Kentucky University

Signed: _____ Date: _____

Dr. Fernando Figueroa, President
Gateway Community and Technical College

Signed: _____ Date: _____

Dr. Neville Pinto, President
University of Cincinnati

Signed: _____ Date: _____

Dr. Monica Posey, President
Cincinnati State Technical and Community College

Signed: _____ Date: _____

Dr. Jo Alice Blondin, President
Clark State Community College

Signed: _____ Date: _____

Dr. Gregory P. Crawford, President
Miami University

Signed: _____ Date: _____

Dr. Kevin Boys, President
Southern State Community College

Signed: _____ Date: _____

TUITION RECIPROCITY AGREEMENT

Ashland Community and Technical College
Maysville Community and Technical College
Morehead State University-Morehead
Morehead State University-Ashland
And
Ohio University-Athens
Ohio University-Southern
Rio Grande Community College
Shawnee State University
Southern State Community College

In an effort to increase the college going rate and postsecondary opportunities in an underserved Appalachian region, this tuition reciprocity agreement is entered into between the Kentucky Council on Postsecondary Education, the Kentucky Community and Technical College System, the Chancellor of the Ohio Department of Higher Education, Ashland Community and Technical College, Maysville Community and Technical College, Morehead State University-Morehead, Morehead State University-Ashland, Ohio University-Athens, Ohio University-Southern, Rio Grande Community College, Shawnee State University, and Southern State Community College pursuant to the provisions of Section 3333.17 of the Ohio Revised Code and in compliance with rules and procedures of the aforementioned parties.

I. Purpose

The general purpose of this tuition reciprocity agreement is to expand postsecondary educational opportunities in the region while limiting the cost of such expansion to the taxpayers of Ohio and Kentucky through collaboration among public institutions of higher education. The intended outcomes of this collaboration are to increase the availability of programs to residents of the region without needless duplication of educational effort and to promote efficient use of existing educational facilities and resources.

II. Terms

1. Duration and Termination

The agreement shall be effective beginning July 1, ~~2021~~ 2023 through June 30, ~~2023~~-2025 and may be renewed prior to June 30, ~~2023~~ 2025 by mutual consent of all of the parties for a period of two years. As the agreement must coincide with the biennial budgets of the State of Ohio, the next renewal shall be for the term of July 1, 2023 to June 30, 2025.

The agreement may be amended through mutual consent of all parties, providing the amendment is in writing and signed by all parties to the agreement prior to the effective date of the amendment.

- a. The parties may amend the agreement in the following manner. Amendments must be presented to each of the parties of this agreement for their consideration. Each Party of this agreement will then have sixty (60) days to respond in writing with a decision as to whether they approve/disapprove the proposed amendment to the Agreement. The responses will be sent to all parties in the agreement. After sixty (60) days, if all parties approve of the proposed amendment, the agreement will be amended. If all parties do not approve, the agreement will not be amended.

A review of this agreement may occur from time to time at the request of any Party hereto, provided all parties to this agreement are served with written notice of such request at least ninety (90) days prior to said review.

This agreement may be terminated by any of the participating institutions, the chancellor of the Ohio Department of Higher Education, the Kentucky Community and Technical College System, or the Kentucky Council on Postsecondary Education on June 30 of any year, with at least ninety (90) days prior written notice to each of the parties to this agreement.

2. Kentucky Residents Eligibility/Ohio Programs

Ohio University-Athens, Ohio University-Southern, Rio Grande Community College, Shawnee State University, and Southern State Community College agree to accept at Ohio resident tuition rates any resident of Boyd, Carter, Elliott, Fleming, Greenup, Lawrence, Lewis, Mason, and Rowan counties of Kentucky who enrolls and who satisfies all regular admissions requirements (including those requirements of the specific program in which admission is being sought) in the programs specifically included in this agreement. In this context, the word “program” may mean a workshop, a certificate program, an associate degree program, an applied bachelor’s degree program, a baccalaureate degree program, or a graduate degree program.

All programs offered at Ohio University-Athens, Ohio University-Southern, Rio Grande Community college, and Shawnee State University are included in this Agreement.

The following program from Southern State Community College is included in the agreement: Medical Assisting Program offered at Shawnee State University.

3. Ohio Residents Eligibility/Kentucky Programs

Ashland Community and Technical College, Maysville Community and Technical College, Morehead State University-Morehead, and Morehead State University-Ashland agree to accept at Kentucky resident tuition rates any resident of Adams, Athens, Brown, Gallia, Jackson, Lawrence, Meigs, Pike, Scioto, and Vinton counties of Ohio who enrolls and who satisfies all regular admissions requirements (including those requirements of the specific program in which admission is being sought) in the programs not specifically excluded in this Agreement. In this context, the word “program” may mean a workshop, a certificate program, an associate degree program, a baccalaureate degree program, or a graduate degree program.

No programs have been excluded at Ashland Community and Technical College or Maysville Community and Technical College in this Agreement.

4. Resident Status

- a. During the period of this agreement, the chancellor of the Ohio Board of Regents will consider residents of Boyd, Carter, Elliott, Fleming, Greenup, Lawrence, Lewis, Mason and Rowan counties who attend Ohio University-Athens, Ohio University-Southern, Rio Grande Community College, Shawnee State University, and Southern State Community College under this agreement as qualifying for resident Ohio tuition and as Ohio residents for the purpose of allocating funds to Ohio University-Athens, Ohio University-Southern, Rio Grande Community College, Shawnee State University, and Southern State Community College.
- b. During the period of this agreement, the Kentucky Community and Technical College System and the Kentucky Council on Postsecondary Education will consider residents of Adams, Athens, Brown, Gallia, Jackson, Lawrence, Meigs, Pike, Scioto, and Vinton counties who attend Ashland Community and Technical College, Maysville Community and Technical College, Morehead State University-Morehead, and Morehead State University-Ashland under this agreement as qualifying for resident Kentucky tuition and as Kentucky residents for the purpose of allocating funds to Ashland Community and Technical College, Morehead State University-Morehead, and Morehead State University-Ashland.

5. Continued Eligibility

Once enrolled as a reciprocity student, each student demonstrating satisfactory academic performance under already existing academic standards and criteria of their institution will continue to receive reciprocity benefits under this agreement through graduation for the degree in which enrolled, as long as a reciprocity agreement exists. Student participation is subject to the terms and conditions of the reciprocity agreement in effect at the time of initial enrollment, and, in the event of termination, each student will be informed by the enrolling institution of his/her future status. If the agreement is terminated, participating institutions may agree at that time to continue tuition reciprocity for students appropriately enrolled in eligible programs at the time of termination until the completion of their programs of study, subject to the biennial limitations as described in paragraph II.1.

6. Notice, Application, and Waiver

The availability of resident tuition rates under this agreement shall be advertised to applicants and/or to students of Ashland Community and Technical College, Maysville Community and Technical College, Morehead State University-Morehead, Morehead State University-Ashland, Ohio University-Athens, Ohio University-Southern, Rio Grande Community College, Shawnee State University, and Southern State Community College by any means deemed appropriate by those institutions.

All eligible students who want to receive resident tuition rates under this agreement

must apply for such rates at the institution where they plan to enroll. Failure to apply in the manner required by each institution and in advance of enrollment will constitute a waiver of all rights under the terms of this agreement for that quarter or semester of enrollment and any preceding quarter or semester of enrollment for which no application was made. Each institution will develop a process for applicants to use in order to apply for resident tuition rates under this agreement.

7. Annual Report

By June 30 of each year, Ashland Community and Technical College, Maysville Community and Technical College, Morehead State University-Morehead, Morehead State University-Ashland, Ohio University-Athens, Ohio University-Southern, Rio Grande Community College, Shawnee State University, and Southern State Community College agree to provide annual reports on the enrollment and fiscal implications of the agreement to the other respective institutions, the Kentucky Council on Postsecondary Education, and the chancellor of the Ohio Department of Higher Education. Specific forms for the annual report may be prescribed by the state agencies.

III. Approval

This agreement is not effective unless and until approved by the chancellor of the Ohio Department of Higher Education pursuant to Section 3333.17 of the Ohio Revised Code and the Kentucky Council on Postsecondary Education.

IV. Counterparts

This agreement may be executed in counterparts, each counterpart agreement shall be deemed an original and all of which together shall constitute one in the same instrument.

**TUITION RECIPROCITY AGREEMENT
SIGNATURE PAGES**

STATE AGENCIES

Dr. Aaron Thompson, President
Kentucky Council on Postsecondary Education

Signed: _____ Date: _____

Randy Gardner, Chancellor
Ohio Department of Higher Education

Signed: _____ Date: _____

~~Dr. Paul Czarapata~~ Dr. Larry Ferguson, Acting President
Kentucky Community & Technical College System

Signed: _____ Date: _____

INSTITUTIONS

Dr. Larry Ferguson, President
Ashland Community and Technical College

Signed: _____ Date: _____

~~Russ Ward~~ Dr. Laura McCullough, President
Maysville Community and Technical College

Signed: _____ Date: _____

Dr. Joseph A. Morgan, President
Morehead State University

Signed: _____ Date: _____

~~Dr. Dwayne Nellis~~ Dr. Lori Stewart Gonzalez,
President Ohio University

Signed: _____ Date: _____

~~Cherokee Ruby Kent Haley~~, Treasurer/Chief Financial Officer
Rio Grande Community College

Signed: _____ Date: _____

Dr. Jeff Bauer, Interim President
Shawnee State University

Signed: _____ Date: _____

~~Dr. Kevin Boys~~ Dr. Nicole Rhodes,
President Southern State Community
College

Signed: _____ Date: _____

TUITION RECIPROCITY AGREEMENT

Maysville Community and Technical College
and
University of Cincinnati - Clermont College
Miami University Hamilton
Miami University Middletown

This tuition reciprocity agreement is entered into between the Kentucky Council on Postsecondary Education and the chancellor of the Ohio Department of Higher Education, the Kentucky Community and Technical College System, Maysville Community and Technical College, Miami University Hamilton Campus, Miami University Middletown Campus, and the University of Cincinnati-Clermont College pursuant to the provisions of Section 3333.17 of the Ohio Revised Code and in compliance with rules and procedures of the aforementioned parties.

I. Purpose

The general purpose of this tuition reciprocity agreement is to expand postsecondary educational opportunities in the northern Kentucky and southern Ohio area while limiting the cost of such expansion to the taxpayers of Ohio and Kentucky through collaboration among public institutions of higher education. The intended outcomes of this collaboration are to increase the availability of programs to residents of Clermont, Adams, and Brown Counties in Ohio and Mason, Bracken, Lewis, and Robertson Counties in Kentucky without needless duplication of educational effort and to promote efficient use of existing educational facilities and resources.

II. Terms

1. Duration and Termination

The agreement shall be effective beginning July 1, ~~2021-2023~~, through June 30, ~~2023-~~ ~~2025~~, and may be renewed prior to June 30, ~~2023~~ ~~2025~~, by mutual consent of all of the parties for a period of two years. As the agreement must coincide with the biennial budgets of the State of Ohio, the next renewal shall be for the term of July 1, 2023, to June 30, 2025.

The agreement may be amended through mutual consent of all parties, providing the amendment is in writing and signed by all parties to the agreement prior to the effective date of the amendment.

- a. The parties may amend the agreement in the following manner. Amendments must be presented to each of the parties of this agreement for their consideration. Each party of this agreement will then have sixty (60) days to respond in writing with a decision as to whether they approve/disapprove of the proposed amendment to the agreement. The responses will be sent to all parties in the agreement. After sixty (60) days, if all parties approve of the proposed amendment, the agreement will be amended. If all parties do not approve, the agreement will not be amended.

A review of this agreement may occur from time to time at the request of any party hereto, provided all parties to this agreement are served with written notice of such request at least ninety (90) days prior to said review.

This agreement may be terminated by any of the participating institutions, the chancellor of the Ohio Department of Higher Education, the Kentucky Community and Technical College System, or the Kentucky Council on Postsecondary Education on June 30 of any year, with at least ninety (90) days prior written notice to each of the parties to this agreement.

2. Kentucky Residents' Eligibility for Ohio Programs

Miami University Hamilton Campus, Miami University Middletown Campus, and the University of Cincinnati-Clermont College agrees to accept at Ohio resident tuition rates any resident of Bracken, Lewis, Mason, or Robertson Counties of Kentucky who enrolls and who satisfies all regular admission requirements (including those requirements of the specific program in which admission is sought) at the Miami University Hamilton Campus, Miami University Middletown Campus, and the University of Cincinnati-Clermont College in the programs not specifically excluded from this agreement. In this context, the word "program" may mean a workshop, a certificate program, associate degree program, or applied bachelor's degree program.

3. Ohio Residents' Eligibility for Kentucky Programs

Maysville Community and Technical College agrees to accept at Kentucky resident tuition rates any resident of Adams, Brown, and Clermont Counties of Ohio who enrolls and who satisfies all regular admission requirements (including those requirements of the specific program in which admission is sought) at Maysville Community and Technical College in the programs not specifically excluded from this agreement. In this context, the word "program" may mean a workshop, a certificate program, and/or associate degree program.

4. New Program Eligibility

Any new program may be included in this agreement upon successful completion of the agreement's amendment process, as listed above. In this context, the word "program" may mean a workshop, a certificate program, and/or associate degree program.

5. Resident Status

a. During the period of the agreement, the chancellor of the Ohio Department of Higher Education will consider residents of Bracken, Lewis, Mason, and Robertson Counties who attend the Miami University Hamilton Campus, Miami University Middletown Campus, and University of Cincinnati-Clermont College, under this agreement as qualifying for Ohio resident tuition rates and as Ohio residents for the purpose of allocating funds to Miami University Hamilton Campus, Miami University Middletown Campus, and University of Cincinnati-Clermont College.

- b. During the period of this agreement, the Kentucky Community and Technical College System and the Kentucky Council on Postsecondary Education will consider residents of Adams, Brown, and Clermont Counties who attend Maysville Community and Technical College under this agreement as qualifying for Kentucky resident tuition rates and as Kentucky residents for the purpose of allocating funds to Maysville Community and Technical College.

6. Continued Eligibility

Once enrolled as a reciprocity student, each student demonstrating satisfactory academic performance under already existing standards and criteria of his/her institution will continue to receive reciprocity benefits under this agreement through graduation for the degree in which enrolled, as long as a reciprocity agreement exists. Student participation is subject to the terms and conditions of the reciprocity agreement in effect at the time of initial enrollment, and, in the event of termination, each student will be informed by the enrolling institution of his/her future status. If the agreement is terminated, participating institutions may agree at that time to continue tuition reciprocity for students appropriately enrolled in eligible programs at the time of termination until completion of their programs of study, subject to the biennial limitations as described in paragraph 11.1.

7. Notice, Application, and Waiver

The availability of resident tuition rates under this agreement shall be advertised to applicants and/or to students of Maysville Community and Technical College, Miami University Hamilton Campus, Miami University Middletown Campus, and University of Cincinnati-Clermont College, by any means deemed appropriate by those institutions.

All eligible students who want to receive resident tuition rates under this agreement must apply for such rates at the institution where they plan to enroll. Failure to apply in the manner required by each institution and in advance of enrollment will constitute a waiver of all rights under the terms of this agreement for that quarter or semester of enrollment and any preceding quarter or semester of enrollment for which no application was made. Each institution will develop a process for applicants to use in order to apply for resident tuition rates under this agreement.

8. Annual Report

By June 30 of each year, the Kentucky Community and Technical College System, Maysville Community and Technical College, Miami University Hamilton Campus, Miami University Middletown Campus, and University of Cincinnati-Clermont College, agree to provide annual reports on the enrollment and fiscal implications of the agreement to the other respective institutions, the Kentucky Council on Postsecondary Education, and the chancellor of the Ohio Department of Higher Education. Specific forms for the annual report may be prescribed by the state agencies.

III. Approval

This agreement is not effective unless and until approved by the chancellor of the Ohio Department of Higher Education pursuant to Section 3333.17 of the Ohio Revised Code and the Kentucky Council on Postsecondary Education.

IV. Counterparts

This agreement may be executed in counterparts, each counterpart agreement shall be deemed an original, and all of which together shall constitute one in the same instrument.

TUITION RECIPROCITY AGREEMENT SIGNATURE PAGES

STATE AGENCIES

Dr. Aaron Thompson, President
Kentucky Council on Postsecondary Education

Signed: _____ Date: _____

Randy Gardner, Chancellor
Ohio Department of Higher Education

Signed: _____ Date: _____

~~Dr. Paul Czarapata~~ Dr. Larry Ferguson, Acting President
Kentucky Community and Technical College System

Signed: _____ Date: _____

TUITION RECIPROCITY AGREEMENT SIGNATURE PAGES
INSTITUTIONS

~~Russ Ward~~ Dr. Laura McCullough, President
Maysville Community and Technical College

Signed: _____ Date: _____

Dr. Neville Pinto, President
University of Cincinnati

Signed: _____ Date: _____

Dr. Gregory P. Crawford, President
Miami University

Signed: _____ Date: _____

TUITION RECIPROCALITY AGREEMENT

ASHLAND COMMUNITY AND TECHNICAL COLLEGE
BIG SANDY COMMUNITY AND TECHNICAL COLLEGE
AND
SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE AND
MOUNTWEST COMMUNITY AND TECHNICAL COLLEGE
~~2021-2023- 2023-2025~~

I. Parties

Under the provisions of Section 18-B-4-3 of the West Virginia Code, Section 164.020 (11) of the Kentucky Revised Statutes, and in compliance with rules and procedures of the West Virginia Council for Community and Technical College Education, the Kentucky Council on Postsecondary Education, the Kentucky Community and Technical College System, Ashland Community and Technical College, Big Sandy Community and Technical College, Mountwest Community and Technical College, and Southern West Virginia Community and Technical College, the following agreement is entered into between the Kentucky Council on Postsecondary Education and the West Virginia Council for Community and Technical College Education, and between Ashland Community and Technical College and Big Sandy Community and Technical College of the Kentucky Community and Technical College System and Mountwest Community and Technical College and Southern West Virginia Community and Technical College.

II. Purpose

The purposes of this tuition reciprocity agreement are to (1) improve the lower division post high school educational advantages to residents of Boyd, Lawrence, Martin, and Pike Counties in Kentucky and Cabell, McDowell, Mingo, and Wayne Counties in West Virginia; (2) minimize the cost of such improvements for the taxpayers and legislative bodies of both states by cooperative planning and joint education efforts; and (3) promote the maximum use of existing educational facilities and address the problems of enrollment fluctuations and fiscal constraints at both institutions.

III. Period Covered By Agreement

~~July 1, 2021—June 30, 2023~~ July 1, 2023 - June 30, 2025

IV. Terms

The provisions of this agreement shall be effective beginning ~~July 1, 2021~~ **July 1, 2023**, and expire on ~~June 30, 2023~~ **June 30, 2025**, and will commence with any registration after the effective date. Students who are enrolled under the provisions of the agreement may continue to attend the selected colleges at the reciprocity rates for a period of two years subsequent to termination of the agreement. The agreement shall be subject to review and revision on an annual basis.

V. Eligible Students

Ashland Community and Technical College and Big Sandy Community and Technical College agree to accept at the resident rate any resident of Cabell, McDowell, Mingo, or Wayne Counties of West Virginia wishing to enroll for whom space is available and who satisfies all regular in-state admission requirements of Ashland Community and Technical College and Big Sandy Community and Technical College.

Mountwest Community and Technical College and Southern West Virginia Community and Technical College agree to accept at the resident rate any resident of Boyd, Lawrence, Martin, or Pike Counties of Kentucky wishing to enroll for whom space is available and who satisfies all regular in-state admissions requirements of Mountwest Community and Technical College and Southern West Virginia Community and Technical College.

Eligible students for whom space is available may enroll in fully online classes at eligible KCTCS institutions at the resident rate. This agreement does not preclude KCTCS from charging fully online West Virginia resident students attending any KCTCS institution the Kentucky resident rate.

VI. Termination or Renewal of Agreement

This agreement shall be reviewed annually and may be considered for termination or modification for cause at the request of either participating institution, the West Virginia Council for Community and Technical College Education, or the Kentucky Council on Postsecondary Education.

Ashland Community and Technical College, Big Sandy Community and Technical College, Mountwest Community and Technical College, and Southern West Virginia Community and Technical College agree to provide on an annual basis to the Kentucky Council on Postsecondary Education and the West Virginia Council for Community and Technical College Education reports on the enrollment and program implications of the agreement on forms prescribed for the purpose by these state agencies.

VII. Signatures

Dr. Aaron Thompson
President, Kentucky Council on
Postsecondary Education

Date

Dr. Sarah Armstrong Tucker
Chancellor, West Virginia Community
& Technical System

Date

~~Dr. Paul Czarapata~~-Dr. Larry
Ferguson
Acting President, Kentucky
Community & Technical College
System

Date

Dr. Joshua Baker
President, Mountwest Community &
Technical College

Date

Dr. Larry Ferguson
President, Ashland Community & Technical
College

Date

Dr. Pamela Alderman
President, Southern West Virginia
Community & Technical College

Date

~~Dr. Sherry Zylka~~
Dr. Telly Sellars
Interim President, Big Sandy Community &
Technical College

Date

TITLE: Performance Funding Model Review Update

DESCRIPTION: Staff will provide an update on the 2023 Performance Funding Model Review process.

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

FUNDING MODEL REVIEW

On April 19, 2023, the Postsecondary Education Working Group held its third meeting of the year to continue comprehensive reviews of Kentucky's public university and KCTCS performance funding models (KRS 164.092). The meeting was conducted in three parts so that CPE staff and KCTCS officials could share information and facilitate discussion relevant to the university and two-year models, respectively. A copy of the agenda for the meeting can be found in Attachment A.

CPE Survey Responses

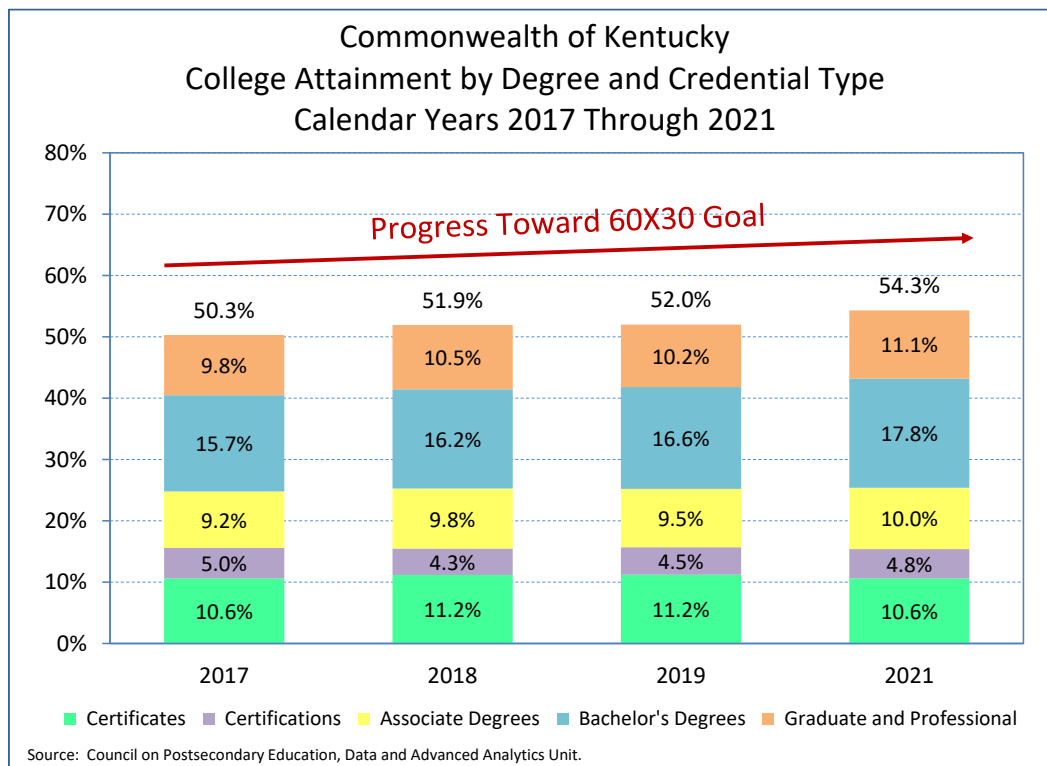
During the first part of the meeting, CPE staff shared its responses to the Performance Funding Survey with work group members. This was the same survey that was given to campus officials, the results of which were presented at the March 1, 2023 meeting. Survey questions included:

- What outcomes did policymakers expect to achieve from adopting the funding model?
- In what ways has the model functioned as expected? Were there any unexpected outcomes?
- Have there been any unintended consequences of the model?
- What adjustments to the model are recommended?

Expected Outcomes. In response to question one, staff determined that the funding model was expected to address shortcomings of the previous funding method, rectify funding disparities that had developed over time, and accelerate progress toward attainment of state goals. See Attachment B, slides 5 through 9 for more detail regarding specific outcomes the model was intended to achieve.

Functioned as Expected. An examination of outcomes achieved over six years of operation revealed that the university model has functioned as expected. Specifically,

the model has addressed shortcomings of the previous base plus, base minus funding approach. Most funding disparities among institutions have been rectified. As expected, Kentucky is making great strides in degree production. For example, since 2014, bachelor's degrees awarded have grown by 8% in total, 28% in STEM+H fields, and 38% among URM students. Kentucky is closing achievement gaps by expanding opportunity and access and growing degrees earned by URM students. Finally, the state is on track to achieve its 60X30 attainment goal. As can be seen in the chart below, between 2017 and 2021, college attainment in Kentucky grew by 4.0 percentage points, primarily the result of growth in bachelor's degrees, graduate and professional degrees, and associate degrees.



For more information about ways the funding model is functioning as expected, see Attachment B, slides 10 through 14.

Unexpected Outcomes. There were two areas where the university funding model did not operate as intended. First, the number of students that reached or surpassed 30-credit-hour and 60-credit-hour progression thresholds did not increase. Between 2014 and 2021, the number of students that earned 30 credit hours decreased by 2,376 or 17 percent and the number that reached the 60-credit-hour mark fell by 1,249 or 9 percent. Second, the number of bachelor's degrees awarded to low-income students did not increase as expected. Between 2014 and 2021, bachelor's degrees awarded to low-income students decreased by 106 or 1 percent. See Attachment B, slides 15 through 17 for more information about ways the model did not operate as expected.

Unintended Consequences. CPE staff identified two instances where operation of the funding model resulted in unintended outcomes, mainly due to external circumstances. First, lack of funding during the early years of implementation resulted in redistribution of base funds among institutions and slowed progress toward funding parity. Between 2018 and 2021, the model was applied with no new funding from the state. In 2022 and 2023, the General Assembly appropriated \$17.3 million and \$97.3 million in new dollars to the performance fund, respectively. Second, using a degree efficiency index (i.e., bachelor's degrees per 100 FTE indexed to the sector average) to weight the number of bachelor's degrees produced did not operate as intended due to declining enrollment at most institutions. In fact, the index rewarded institutions that had decreasing enrollment and penalized those with increasing enrollment, which runs counter to growth-oriented goals of the model. For more information about unintended consequences of the funding model, see Attachment B, slides 18 through 20.

Recommended Adjustments. Staff recommended a number of changes to the model, including increasing the premium for low-income bachelor's degrees, adding a new adult learner metric, eliminating the efficiency weighting in the bachelor's degree metric, and providing a larger small school adjustment for KSU and MoSU. In addition to proposing changes to the model itself, staff also recommended a change in how the model is applied. Specifically, staff proposed that funds earned by an institution as part of the 2023-24 performance distribution be made recurring to the base in the upcoming biennium. This action would not only reward institutions that grew enrollment, student progression, and degree production at rates above the sector average over the past few years, it would also move institutions toward funding parity, which would result in more institutions receiving a distribution when the model is run for fiscal year 2024-25. A list of staff's proposed adjustments to the model can be found in Attachment B, slide 21.

University Model Recommended Adjustments

During the second part of the meeting, staff shared a comprehensive list of proposed changes to the university model that had been submitted by both campus officials and CPE staff. That list and the institution or agency that recommended a given adjustment can be found in Attachment B, slides 23 through 28. In addition to presenting the list of proposed changes, staff shared five funding model scenarios and facilitated discussion among work group members regarding three questions:

- 1) Is there consensus among working group members to recommend that earned performance funds be made recurring to institutions?
- 2) Do work group members support the idea of using a portion of performance funds to provide base allocations outside the model?
- 3) Do work group members support the proposal to use formula share percentages to distribute a portion of or all performance funds?

The discussion items and funding scenarios can be found in Attachment B, slides 29 through 39.

KCTCS Recommended Adjustments

Toward the end of the meeting, KCTCS officials presented several slides containing proposed changes to the two-year funding model. The recommended changes included:

- Using a three-year rolling average of data for all metrics (except square footage)
- Allowing earned funds to become recurring
- Accounting for regional differences among colleges
- Reducing the weighting of progression metrics (from 12% to 7%)
- Merging STEM+H, High-Wage High Demand, and Targeted Industry credentials
- Reducing the weighting of the credential metric (from 15% to 8%)
- Adding an adult learner metric

A copy of the information provided by KCTCS officials can be found in Attachment B, slides 41 through 43.

Next Steps

In terms of next steps, CPE staff indicated that they would run the 2023-24 iteration of the university funding model, complete the validation process, and notify institutions and the Office of the State Budget Director of the resulting distribution. In addition, staff said they would analyze the results and share them with the working group at their next meeting. Finally, staff will run additional scenarios as needed and continue to facilitate discussion of the university model, so the working group can reach consensus on proposed changes.

In similar fashion, KCTCS staff will run scenarios and facilitate discussion pertaining to the two-year college model. The next meeting of the Postsecondary Education Working Group is scheduled to take place on July 26, 2023.

**POSTSECONDARY EDUCATION WORKING GROUP
PERFORMANCE FUNDING MODEL REVIEW**



April 19, 2023 - 1:00 PM – 3:00 PM, EST
Virtual Meeting via Zoom

Slide No.

I. Call to Order and Roll Call

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III. CPE Survey Responses3

A. Expected Outcomes

B. Functioning as Expected

C. Not Operating as Expected

D. Unintended Consequences

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A. Recommended Adjustments

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A. Recommended Adjustments

VI. Next Steps.....44

VII. Other Business and Adjournment



Postsecondary Education Working Group Performance Funding Model Review

Dr. Aaron Thompson, President
Kentucky Council on Postsecondary Education
April 19, 2023



Overview

- CPE Survey Responses
 - Expected Outcomes
 - Functioning as Expected
 - Unintended Consequences
 - Recommended Adjustments
- University Model
 - Recommended Adjustments
 - Discussion Items
- KCTCS Model
 - Recommended Adjustments



CPE Survey Responses

CPE Survey Responses

- Like the survey completed by the institutions, Council staff developed responses to the following questions:
 - What outcomes did policymakers expect to achieve from adopting the funding model?
 - In what ways has the model functioned as expected? Were there any unexpected outcomes?
 - Have there been any unintended consequences?
 - What adjustments to the model are recommended?

CPE Survey Responses

Expected Outcomes

- From a review of historical Council and working group documents it is clear there were several outcomes the performance funding model was expected to achieve:
 - Address shortcomings of the previous funding method
 - Rectify funding disparities that had developed over time
 - Accelerate progress toward attainment of state goals
 - model specific goals
 - Kentucky's 60X30 goal

Expected Outcomes

Address Shortcomings

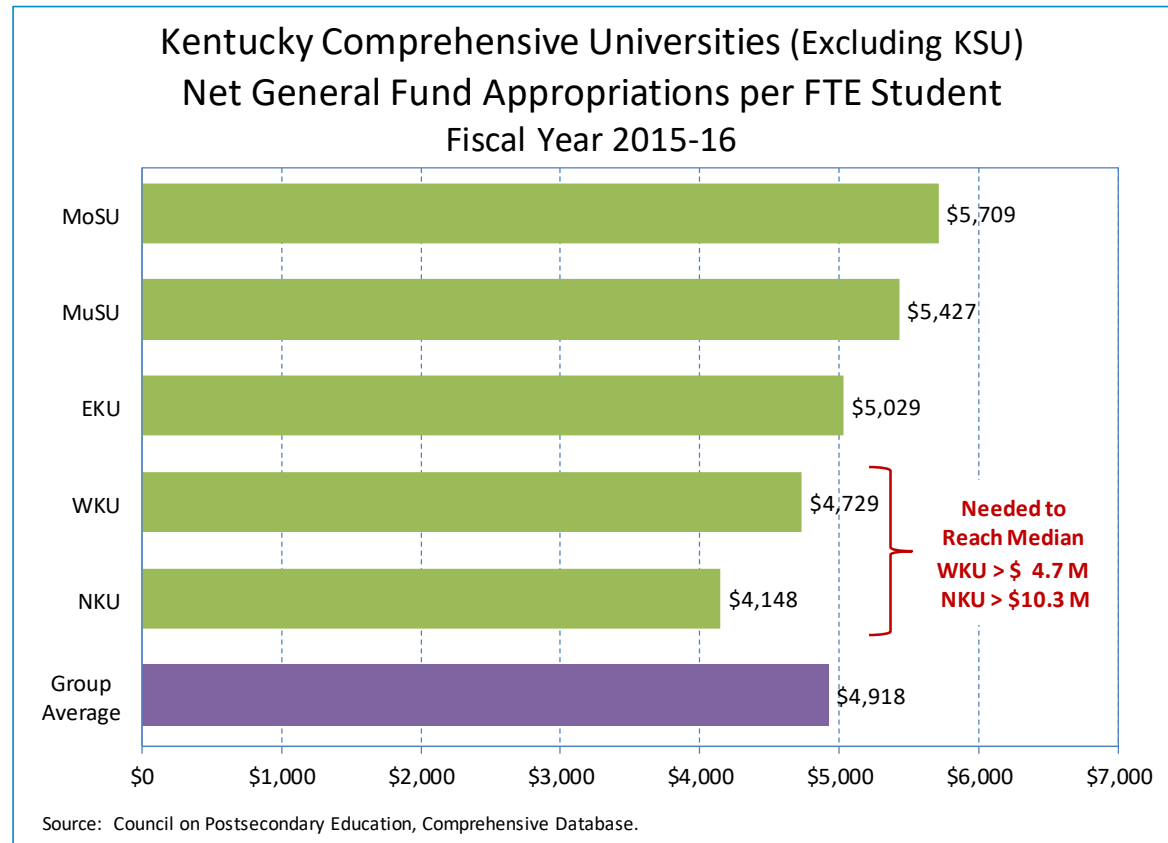
- It was anticipated that the new model would overcome shortcomings of the previous method:
 - For more than a decade, appropriations were distributed based on share of funding received the prior year
 - This approach failed to recognize changes in:
 - Enrollment
 - Program mix
 - Student outcomes (progression, degree completion)
 - There were no financial incentives for achieving desired state goals for postsecondary education

Expected Outcomes

Rectify Funding Disparities

The model was also expected to reduce funding disparities in the comprehensive sector

- In 2016, the per student funding gap between NKU and MoSU was \$1,561
- Projections showed that NKU would need \$10.3 M to reach the sector median (EKU)
- WKU would need \$4.7 M to reach the median



Expected Outcomes

Accelerate Progress

Specific goals for Kentucky's public universities listed in *Report of the Postsecondary Education Working Group* (December 1, 2016)

➤ *Model Specific Goals*

- Increase retention and progression of students toward timely bachelor's degree completion
- Increase the number of bachelor's degrees earned by all types of students
- Grow the number of bachelor's degrees produced in fields that garner higher wages upon graduation (i.e., STEM+H fields)
- Close achievement gaps by growing the number of bachelor's degrees earned by low income and minority students

Expected Outcomes

Accelerate Progress (Cont'd)

➤ *Kentucky's 60X30 Goal*

- Raise the percentage of working-age adults (ages 25 to 64) with a high-quality postsecondary degree or certificate to 60 percent by the year 2030
- Achieving this goal is critical to accelerate job creation, grow the economy, and expand the state's tax base through the contributions of a more skilled, productive workforce

CPE Survey Responses

Functioning as Expected

- Overall, the funding model has operated as expected
 - The model has addressed shortcomings of the previous base plus, base minus funding approach
 - Most funding disparities among institutions have been rectified
 - Since 2014, bachelor's degrees awarded have grown by 8% in total, 28% in STEM+H fields, and 38% among URM students
 - Kentucky is closing achievement gaps by expanding opportunity and access and growing degrees earned by URM students
 - The state is on track to achieve its 60X30 attainment goal

Functioning as Expected

Address Shortcomings

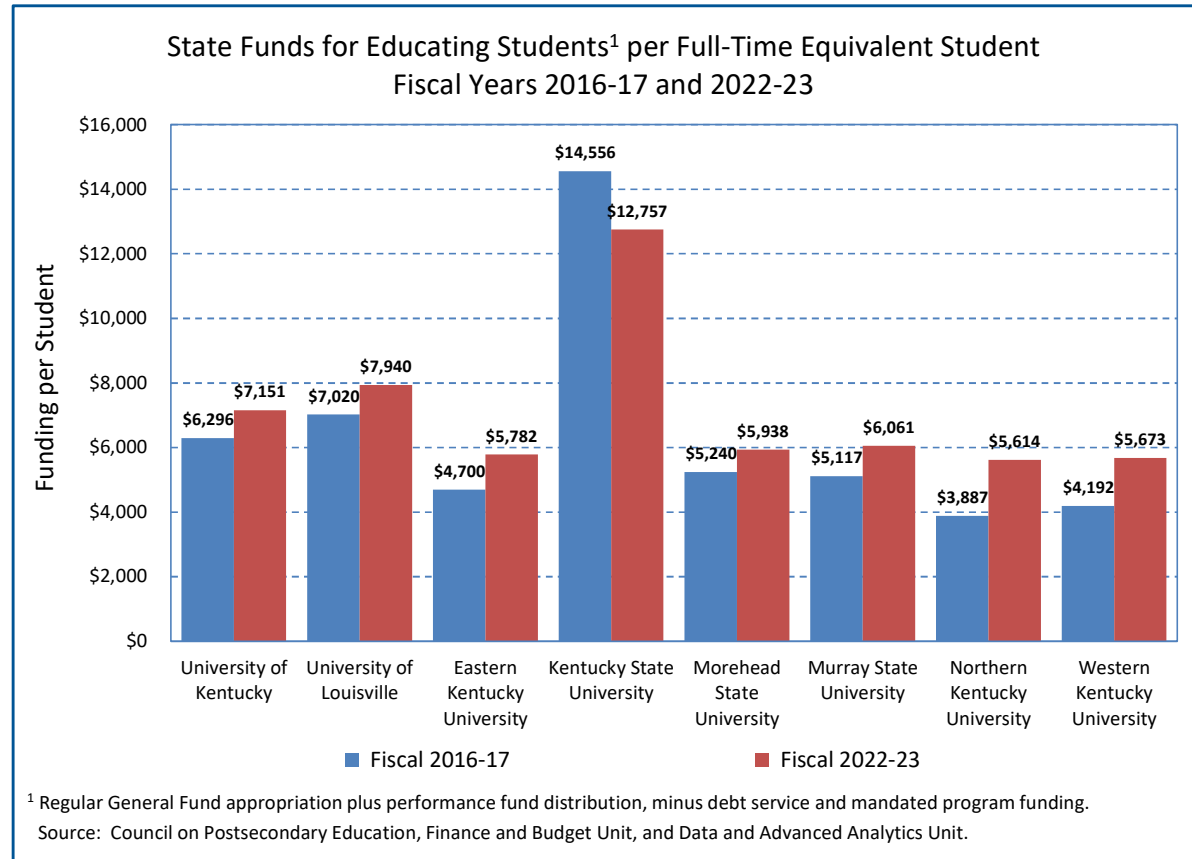
- New model has addressed limitations of the previous method
 - State funding is no longer distributed based on historical share, but on outcomes produced
 - The new approach reflects changes in enrollment, program mix, and degrees awarded
 - The model provides incentives for student progression and completion, and premiums for STEM+H, URM, and LI degrees
 - Institutions are reacting to the model strategically
 - There is increased alignment between campus and state goals
 - Many adopted budget allocation models to reward performance

Functioning as Expected

Rectify Funding Disparities

Between 2017 and 2023, state funding per student increased at every university except KSU

- As expected, most funding disparities that developed over time have been rectified
- Between 2017 and 2023, the gap in per student funding between MoSU and NKU narrowed from \$1,353 to \$324 per student
- In 2023, funding parity was achieved at 6 of 8 universities (a 7th was very close)



Functioning as Expected

Accelerate Progress

➤ *Model Specific Goals*

- As expected, Kentucky is making great strides in degree production
- Since 2014, bachelor's degrees awarded have grown by 8% overall, 28% in STEM+H fields, and 38% among URM students

Change in Bachelor's Degrees Produced by Degree Type
Between Academic Years 2013-14 and 2020-21

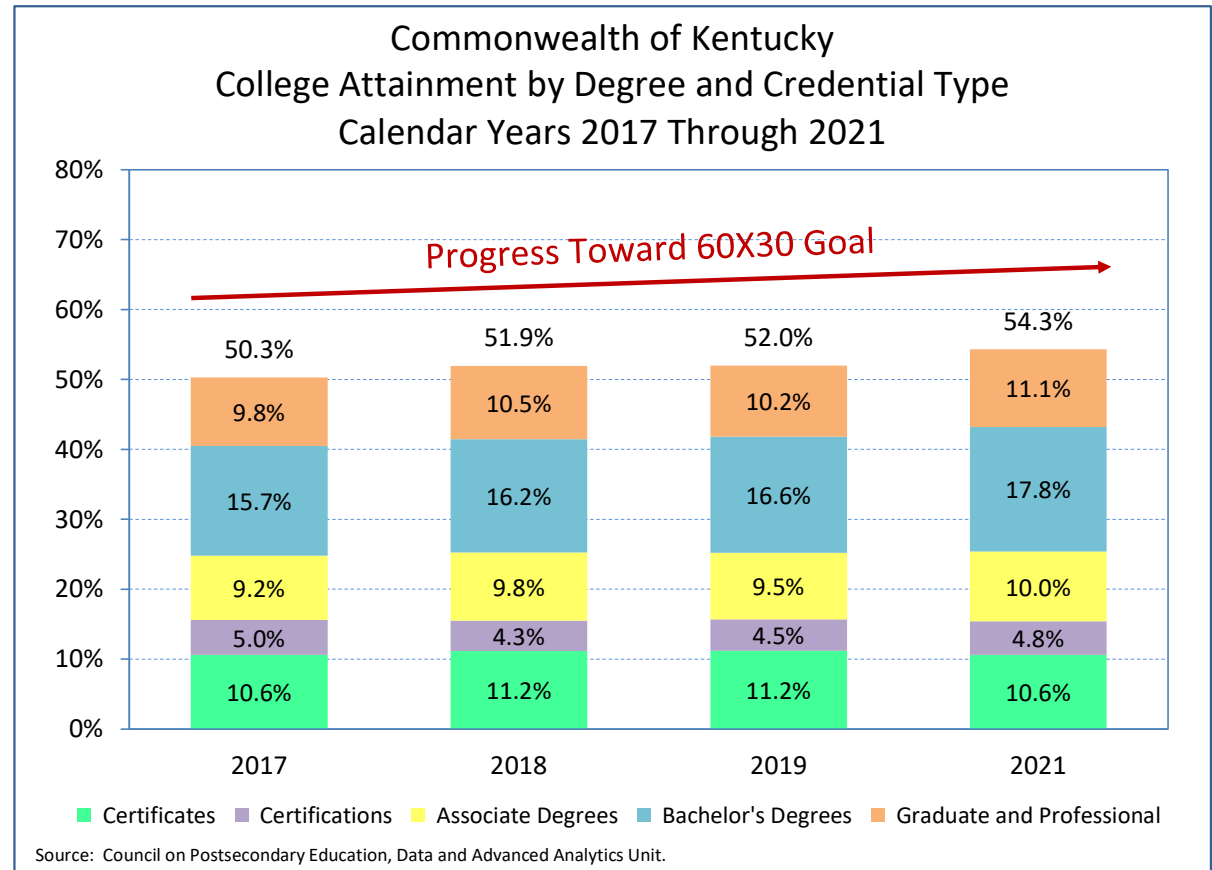
<u>Outcome Category</u>	<u>2013-14</u>	<u>2020-21</u>	<u>Number Change</u>	<u>Percent Change</u>	<u>CAGR</u>
Total Bachelor's Degrees	17,096	18,395	1,299	8%	1.1%
STEM+H Bachelor's Degrees	5,093	6,497	1,404	28%	3.5%
URM Bachelor's Degrees	1,933	2,672	739	38%	4.7%

Functioning as Expected

Accelerate Progress (Cont'd)

➤ Kentucky's 60X30 Goal

- Kentucky is also making good progress toward its 60X30 attainment goal
- Between 2017 and 2021, college attainment grew by 4.0 percentage points
- Mainly due to bachelor's & graduate degree growth
- The state is on track to reach its attainment goal



CPE Survey Responses

Not Operating as Expected

- There are two areas where the university funding model has not worked as intended:
 - The number of students reaching 30 credit hour and 60 credit hour progression thresholds has not increased
 - The number of bachelor's degrees awarded to low income students did not increase as expected

Not Operating as Expected

Student Progression

➤ *Model Specific Goals*

- One unexpected outcome is a downward trend in student progression
- Since 2014, the number of students reaching 30 credit hours earned and 60 credit hours earned decreased by -17% and -9%, respectively

Change in Student Progression at 30, 60, and 90 Credit Hours Earned
Between Academic Years 2013-14 and 2020-21

<u>Outcome Category</u>	<u>2013-14</u>	<u>2020-21</u>	<u>Number Change</u>	<u>Percent Change</u>	<u>CAGR</u>
Students @30 Credit Hours	13,708	11,332	(2,376)	-17%	-2.7%
Students @60 Credit Hours	14,406	13,157	(1,249)	-9%	-1.3%
Students @90 Credit Hours	16,763	17,237	474	3%	0.4%

Not Operating as Expected

Low-Income Degrees

➤ Model Specific Goals

- Another area where Kentucky failed to make progress was low income degree attainment
- Between 2014 and 2021, degrees awarded to low-income students decreased by 106 or 1%
- Despite premium added for low income degrees

Kentucky Performance Funding Model					
Premiums for Low Income, STEM+H, and Minority Student Degree Production					
Fiscal Year 2022-23					
Component Category	Allocation Percent	Size of Pool	Weighted Degrees	State Funding per Degree	Funding Multiple
A Bachelor's Degrees	9.0%	\$53,713,900	24,507	\$2,192	1.0
Bachelor's Degrees				\$2,192	
B Low Income Bachelor's	3.0%	\$17,904,600	11,433	1,566	← Low Income Premium
Low Income Total				\$3,758	1.7
Bachelor's Degrees				\$2,192	
C STEM+H Bachelor's	5.0%	\$29,841,000	11,433	2,610	← STEM+H Premium
STEM+H Total				\$4,802	2.2
Bachelor's Degrees				\$2,192	
D Minority Bachelor's	3.0%	\$17,904,600	2,959	6,052	← Minority Premium
Minority Total				\$8,244	3.8
Total Allocable Resources:		<u>\$596,820,700</u>			

STEM+H = Science, Technology, Engineering, Math, and Health.

CPE Survey Responses

Unintended Consequences

- CPE staff identified two cases where operation of the funding model resulted in unintended consequences, mainly due to external circumstances
 - Lack of funding during the early years of implementation resulted in redistribution of base funds among institutions and slowed progress toward funding parity
 - Using a degree efficiency index to weight the number of bachelor's degrees produced did not operate as intended due to declining enrollment at most institutions

Unintended Consequences

Lack of Funding

- In 2016, work group members did not anticipate the longevity of state budget constraints
- During the first four years of implementation, the model was applied with *no new funding*
- Lack of state support resulted in redistribution of the General Fund base among institutions
- In 2022, Kentucky began reinvesting in higher education through the Performance Fund

Funding Models for the Universities and KCTCS Institutions
Implementation Schedule and Funding Sources
(Dollars in Millions)

<u>Timeline</u>	<u>Fiscal Year</u>	<u>Institution Contribution</u>	<u>State Funding</u>	<u>Total Funding</u> ¹
Year 0	2017-18	\$42.9	\$0.0	\$42.9
Year 1	2018-19	31.0	0.0	31.0
Year 2	2019-20	38.7	0.0	38.7
Year 3	2020-21	14.9	0.0	14.9
Year 4	2021-22	0.0	17.3	17.3
Year 5	2022-23	\$0.0	\$97.3	\$97.3

¹ Represents state appropriations, stop-loss contributions, and other campus carve outs added to the Performance Fund, which were then distributed among institutions based on outcomes produced.

Unintended Consequences

Degree Efficiency Index

- In 2016, the working group agreed to weight bachelor's degrees produced using an index of each institution's degrees per 100 FTE students divided by the sector average
- The intent was to provide an incentive for institutions to produce bachelor's degrees efficiently, but there was a perverse outcome
- The index rewards institutions that are experiencing declining enrollment and penalizes those with growing enrollment
- As such, using the efficiency index to weight bachelor's degrees runs counter to growth-oriented goals included in the model

CPE Survey Responses

Recommended Adjustments

- CPE staff recommended changes to the model:
 - Increase premium for low income bachelor's degrees
 - Add a new adult learner metric
 - Add a new workforce success metric
 - Eliminate efficiency weighting in bachelor's degree metric
 - Provide larger small school adjustment for KSU and MoSU
- CPE staff recommended changes in model application:
 - Make earned funds recurring



University Model

University Model

Recommended Adjustments

➤ *Recurring Funds*

- Make distributions from the Performance Fund recurring to allow institutions to plan for long-term use of the funds (*UK*)
- Make earned funds recurring (*CPE*)

➤ *Funding Outside Model*

- Provide additional base funding outside the model (*UofL*)
- Distribute 1/3 of new money on a proportionate basis (*MoSU*)
- Distribute a portion of available funds to the base of each institution and the remainder using formula share (*MuSU*)

University Model

Recommended Adjustments (Cont'd)

➤ *Formula Share Approach*

- Distribute 100% of available funds using formula share (*MuSU*)

➤ *Three Separate Models*

- Adopt three separate models (*EKU*)
- Recognize that a three-model approach will have the same impact on smaller institutions as the current model (*MuSU*)
- Consider adopting three models to allow for customization of metrics and weights and account for mission differences (*NKU*)
- A separate model is needed for research institutions (*WKU*)

University Model

Recommended Adjustments (Cont'd)

➤ *Sector Weighting*

- Eliminate sector weighting of FTE students, because FTE should be a “normalizing” component in the model (*EKU*)
- Remove sector weighting for all degree metrics (*MoSU*)

➤ *Small School Adjustment*

- Eliminate small school adjustment for research sector (*EKU*)
- Consider removing small school adjustment from model (*NKU*)
- Increase small school adjustment for selected institutions (*CPE*)

University Model

Recommended Adjustments (Cont'd)

➤ *Mandated Programs*

- Include inflationary adjustments for mandated programs in CPE budget requests (*UK*)
- Stop excluding mandated program funds from the allocable resources run through the model (*UofL*)
- Consider removing mandated programs from model (*NKU*)

➤ *Low-Income Degree Weighting*

- Increase the weighting for low-income students (*UofL*)
- Increase premium for low income bachelor's degrees (*CPE*)

University Model

Recommended Adjustments (Cont'd)

➤ *Nonresident Weighting*

- Increase the weighting of nonresident credit hours earned from 0.50 to 1.00, the same as resident students (*MuSU*)
- Weight credit hours earned by nonresident students the same as those earned by resident students (*WKU*)

➤ *Expand Degree Metrics*

- Expand degree metrics to include all degrees and credentials, which is better aligned with Kentucky's 60x30 goal (*NKU*)
- Include all degrees and credentials in the model (*WKU*)

University Model

Recommended Adjustments (Cont'd)

➤ *Efficiency Weighting*

- Eliminate productivity adjustment in bachelor's degree metric, it negatively impacts institutions with growing enrollment (*UK*)
- Eliminate efficiency weighting in bachelor's degree metric (*CPE*)

➤ *New Metrics*

- Students with disabilities should be counted in the model (*EKU*)
- Add a new adult learner metric (*CPE*)
- Add a new workforce success metric (*CPE*)

University Model

Discussion Items

- Is there consensus among working group members to recommend that earned performance funds be made recurring to institutions?
- Do work group members support the idea of using a portion of performance funds to provide base allocations outside the model?
Options:
 - Distribute one-third of new money on a proportionate basis
 - Distribute a portion of available funds to the base of each institution and the remainder using formula share
- Do work group members support the proposal to use formula share percentages to distribute a portion or all performance funds?

Discussion Item

Earned Funds Recurring

➤ *What is being proposed?*

- Make distributions from the Performance Fund recurring to institutions that earned the funds (every other year)
- Request that the General Assembly refill the fund

➤ *What is the impact?*

- This would allow institutions to use earned funds for recurring expenses and plan for long-term use
- The model would operate as intended, reflecting changes in outcomes and addressing funding disparities over time

Discussion Item

Earned Funds Recurring

Hypothetical 2023-24 Performance Fund Distribution
Scenario 5: Earned Funds Become Recurring to the Base

Additional Assumption:

- Earned funds in 2022-23 are added to the formula base and the Performance Fund is refilled with \$97.3 M

Earned Funds Are Added to the Formula Base

Institution	Baseline	Earned Funds Are Added to the Formula Base		Hypothetical	Hypothetical	Dollar Difference
	Fiscal 2022-23 Distribution	2022-23 Adjusted Net General Fund	Fiscal 2022-23 Distribution	2023-24 Adjusted Net General Fund	Fiscal 2023-24 Distribution	
UK	\$30,904,300	\$184,662,000	\$30,904,300	\$215,566,300	\$25,619,100	(\$5,285,200)
UofL	17,523,600	126,211,600	17,523,600	143,735,200	16,946,400	(577,200)
EKU	4,927,900	60,842,300	4,927,900	65,770,200	7,911,500	2,983,600
KSU	0	18,235,500	0	18,235,500	0	0
MoSU	0	34,931,500	0	34,931,500	3,618,000	3,618,000
MuSU	3,296,800	40,553,800	3,296,800	43,850,600	5,083,400	1,786,600
NKU	11,363,500	50,923,600	11,363,500	62,287,100	7,461,700	(3,901,800)
WKU	7,777,200	67,619,000	7,777,200	75,396,200	9,153,200	1,376,000
Sector	\$75,793,300	\$583,979,300	\$75,793,300	\$659,772,600	\$75,793,300	\$0

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Discussion Item

Funding Outside the Model (5% Base Allocation)

➤ *What is being proposed?*

- Provide every university a 5.0% across-the-board base increase using funds appropriated to the Performance Fund
- Distribute remaining performance funds using **existing model**

➤ *What is the impact?*

- It would allow each institution to receive 5.0% of its adjusted net General Fund to address inflationary cost increases
- Changes in outcomes and funding disparities that developed over time would be addressed through residual distribution

Discussion Item

Funding Outside the Model (5% Base Allocation)

Hypothetical 2023-24 Performance Fund Distribution
 Scenario 6: Base Increase (@ 5.0%) and Existing Model (Remainder)

Additional Assumption:

- Provide a 5.0% ATB base increase and distribute remaining available funds using the existing model

Institution	Baseline Fiscal 2022-23 Distribution	Distribute 5.0% ATB Base Increase			Distribute Remainder w/ Existing Model	Hypothetical Fiscal 2023-24 Distribution	Dollar Difference
		2023-24 Adjusted Net General Fund	5.0% Inflation Adjustment	Across-the-Board Inflation Allocation			
UK	\$30,904,300	\$184,662,000	5.0%	\$9,233,100	\$20,539,800	\$29,772,900	(\$1,131,400)
UofL	17,523,600	126,211,600	5.0%	6,310,600	10,668,000	16,978,600	(545,000)
EKU	4,927,900	60,842,300	5.0%	3,042,100	1,727,300	4,769,400	(158,500)
KSU	0	18,235,500	5.0%	911,800	0	911,800	911,800
MoSU	0	34,931,500	5.0%	1,746,600	0	1,746,600	1,746,600
MuSU	3,296,800	40,553,800	5.0%	2,027,700	1,240,300	3,268,000	(28,800)
NKU	11,363,500	50,923,600	5.0%	2,546,200	8,344,700	10,890,900	(472,600)
WKU	7,777,200	67,619,000	5.0%	3,381,000	4,074,100	7,455,100	(322,100)
Sector	\$75,793,300	\$583,979,300		\$29,199,100	\$46,594,200	\$75,793,300	\$0

Discussion Item

Funding Outside the Model (\$3.0 M Base Allocation)

➤ *What is being proposed?*

- Provide every university a \$3.0 million base increase using funds appropriated to the Performance Fund
- Distribute remaining performance funds using **formula share**

➤ *What is the impact?*

- It would allow each institution to receive \$3.0 million to address inflationary cost increases
- Although changes in outcomes would be reflected in formula share percentages, funding disparities could grow over time

Discussion Item

Funding Outside the Model (\$3.0 M Base Allocation)

Funding Model for the Public Universities
 Hypothetical 2023-24 Performance Fund Distribution
 Scenario 7: Base Allocation (@\$3.0 M) and Formula Share (Residual)

Additional Assumption:

- Provide each university \$3.0 million base allocation and distribute residual funds using formula share

Institution	A	Fixed Base Allocation	Distribute Funds Using Formula Share			B	(B - A)
	Baseline Fiscal 2022-23 Distribution		Fiscal 2023-24 Formula Totals	Formula Share %	Hypothetical Formula Share Distribution	Hypothetical Fiscal 2023-24 Distribution	Dollar Difference
UK	\$30,904,300	\$3,000,000	\$175,630,300	33.3%	\$17,231,900	\$20,231,900	(\$10,672,400)
UofL	17,523,600	3,000,000	116,172,100	22.0%	11,398,300	14,398,300	(3,125,300)
EKU	4,927,900	3,000,000	54,236,000	10.3%	5,321,400	8,321,400	3,393,500
KSU	0	3,000,000	6,376,400	1.2%	625,600	3,625,600	3,625,600
MoSU	0	3,000,000	26,713,000	5.1%	2,621,000	5,621,000	5,621,000
MuSU	3,296,800	3,000,000	34,848,300	6.6%	3,419,200	6,419,200	3,122,400
NKU	11,363,500	3,000,000	51,155,200	9.7%	5,019,100	8,019,100	(3,344,400)
WKU	7,777,200	3,000,000	62,750,100	11.9%	6,156,800	9,156,800	1,379,600
Sector	\$75,793,300	\$24,000,000	\$527,881,400	100.0%	\$51,793,300	\$75,793,300	\$0

Discussion Item

Formula Share Approach (@ 100%)

➤ *What is being proposed?*

- Run model to determine formula totals (Column D, Table 3)
- Calculate each institution's percent of total of that distribution
- Distribute 100% of available funds based on that formula share

➤ *What is the impact?*

- It would allow every institution to receive a share of funds regardless of changes in outcomes or hold harmless allocations
- Changes in outcomes would be reflected in formula share percentages, but disparities in funding could grow over time

Discussion Item

Formula Share Approach (@ 100%)

Hypothetical 2023-24 Performance Fund Distribution
Scenario 2: Formula Share Approach (@ 100%)

Additional Assumption:

- Distribute 100% of available university funds using formula share percentages

Institution	Baseline	Distribute Funds Using Formula Share			Dollar Difference
	Fiscal 2022-23 Distribution	Fiscal 2023-24 Formula Totals	Formula Share %	Hypothetical Fiscal 2023-24 Distribution	
UK	\$30,904,300	\$175,630,300	33.3%	\$25,217,000	(\$5,687,300)
UofL	17,523,600	116,172,100	22.0%	16,680,000	(843,600)
EKU	4,927,900	54,236,000	10.3%	7,787,200	2,859,300
KSU	0	6,376,400	1.2%	915,500	915,500
MoSU	0	26,713,000	5.1%	3,835,500	3,835,500
MuSU	3,296,800	34,848,300	6.6%	5,003,500	1,706,700
NKU	11,363,500	51,155,200	9.7%	7,344,900	(4,018,600)
WKU	7,777,200	62,750,100	11.9%	9,009,700	1,232,500
Sector	\$75,793,300	\$527,881,400	100.0%	\$75,793,300	\$0

Discussion Item

Formula Share Approach (@ 33.3%)

➤ *What is being proposed?*

- Run model to determine formula totals (Column D, Table 3)
- Calculate each institution's percent of total of that distribution
- Distribute 33% of available funds based on formula share and 67% based on **existing model**

➤ *What is the impact?*

- It would allow every institution to receive a share of funds regardless of changes in outcomes or hold harmless allocations
- Changes in outcomes and funding disparities that developed over time would be addressed through residual distribution

Discussion Item

Formula Share Approach (@ 33.3%)

Hypothetical 2023-24 Performance Fund Distribution
Scenario 3: Formula Share (33.3%) and Existing Model (66.7%)

Additional Assumption:

- Distribute one-third of available university funds using formula share and two-thirds using the existing model

Distribute Funds Using Formula Share

Institution	Baseline	Distribute Funds Using Formula Share			Distribute Funds Using Existing Model	Hypothetical Fiscal 2023-24 Distribution	Dollar Difference
	Fiscal 2022-23 Distribution	Fiscal 2023-24 Formula Totals	Formula Share %	Hypothetical Formula Share Distribution			
UK	\$30,904,300	\$175,630,300	33.3%	\$8,405,700	\$21,936,400	\$30,342,100	(\$562,200)
UofL	17,523,600	116,172,100	22.0%	5,560,000	11,591,800	17,151,800	(371,800)
EKU	4,927,900	54,236,000	10.3%	2,595,700	2,158,600	4,754,300	(173,600)
KSU	0	6,376,400	1.2%	305,200	0	305,200	305,200
MoSU	0	26,713,000	5.1%	1,278,500	0	1,278,500	1,278,500
MuSU	3,296,800	34,848,300	6.6%	1,667,800	1,517,400	3,185,200	(111,600)
NKU	11,363,500	51,155,200	9.7%	2,448,300	8,751,500	11,199,800	(163,700)
WKU	7,777,200	62,750,100	11.9%	3,003,200	4,573,200	7,576,400	(200,800)
Sector	\$75,793,300	\$527,881,400	100.0%	\$25,264,400	\$50,528,900	\$75,793,300	\$0



KCTCS Model

Funding Model Review

KCTCS Recommended Adjustments

- Use a three-year average on all metrics except square footage to smooth economic and population change impacts
- Allow earned funds to become part of an institution's base
- Promote equity by accounting for regional differences
 - Modify the equity adjustment based on Community Needs Index that considers local unemployment, labor force participation, and poverty rates

Funding Model Review

KCTCS Recommended Adjustments (Cont'd)

- Reduce the weighting of the progression metrics (from 12% to 7%) to reflect the shorter time retention of a KCTCS student as they complete a short-term credential
- Merge STEM+H, High-Wage High-Demand, and Targeted Industry credentials within the overall credential calculation
- Reduce the weighting of the credential metric (from 15% to 8%) to allow increased focus on URM, under-prepared, low income, and transfer students

Funding Model Review

KCTCS Recommended Adjustments (Cont'd)

- Add a metric for adult learners
- Possibly add an additional metric that compares a college's current year performance to its previous year performance
 - To incentivize and allow all colleges to potentially receive a performance distribution



Next Steps

Next Steps

- Fiscal 2023-24 Performance Distribution
 - Run model and complete validation process
 - Analyze results and share with working group
- University Model
 - Run additional scenarios as needed
 - Continue discussion and reach consensus on proposed changes
- KCTCS Model
 - Run scenarios as needed
 - Continue discussion and reach consensus on proposed changes

Questions?



Twitter: CPENews and CPEPres



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



Facebook: KYCPE



TITLE: Biennial Budget Development Update

DESCRIPTION: Staff will provide an update on the 2024-2026 biennial budget development process.

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

SUPPORTING INFORMATION

The Council on Postsecondary Education is directed in statute to make a biennial budget request for postsecondary education (HB 1, 97 RS). Major components of the request typically include: (1) operating funds; (2) capital investment; (3) trust funds; and (4) agency operations. Developing a unified budget request is a collaborative process, involving Council members, campus presidents, chief budget officers, and CPE staff. It normally takes nine months to complete the process and ends with Council approval of the request and its submission to the Governor and General Assembly.

For the upcoming 2024-2026 biennium, the deadline for submitting the postsecondary education budget request to the Office of State Budget Director has been moved up from November 15, 2023 to on or before October 1, 2023 (HB 360, 23 RS). This has accelerated the timeline for discussion of budget components and request amounts and necessitates reaching consensus six weeks earlier than in past biennia. To date, CPE staff has engaged in discussions with campus presidents and chief budget officers over several meetings to identify high priority resource needs.

It is important for Council members to know that the information contained in this update is preliminary and subject to change. CPE staff does not yet have full consensus among campus leaders regarding these funding components and request amounts, nor have Council members provided their input. At this point, please treat this information as draft for discussion purposes only.

POSTSECONDARY INSTITUTION REQUEST

The Council's biennial budget recommendation for the public postsecondary institutions typically contains three categories of funding: (1) operating funds; (2) capital investment;

and (3) trust funds. Within the context of stakeholder discussions to date, preliminary funding components and request amounts for each category are described below.

Operating Funds

At this stage in the process, operating funds components most frequently discussed among staff and campus leaders include: (1) an across-the-board inflation adjustment request; (2) an earned performance funds component; and (3) an additional appropriation for the Postsecondary Education Performance Fund. Again, please keep in mind that the budget components and request amounts included in this update are still being negotiated and are not final.

Inflation Adjustment. Stakeholders are contemplating a request for additional operating funds of \$54.7 million each year of the 2024-2026 biennium, recurring in subsequent years, at the discretion of state policymakers. This amount represents the combined total of a 6.0% across-the-board increase applied to each institution's fiscal 2023-24 net General Fund base, and the funds would be allocated among institutions on that basis.

If recommended by the Council and authorized by the General Assembly, these funds would help institutions offset some of the largest increases in higher education inflation in decades. For example, in 2021-22, the Higher Education Price Index grew by 5.2%, representing the largest one-year increase in that index since 2001. In addition, the funds would help the Council and campus officials maintain affordability and access for Kentucky citizens and provide resources necessary for institutions to continue making progress toward the state's student success goals. This request would be an increase of 5.4% on the 2023-24 system total net General Fund base (includes Performance Fund).

Earned Performance Funds. CPE staff and campus officials are considering a request for additional appropriations of \$48.7 million each year of the biennium, recurring in subsequent years, at the discretion of the state policymakers. This amount is half of \$97.3 million appropriated to the Postsecondary Education Performance Fund in fiscal year 2023-24 and distributed among institutions using university and KCTCS funding models prescribed in statute (KRS 164.092). As currently conceived, the Council would recommend to state policymakers an appropriation equal to half (50%) of the funds earned by each institution that received a performance distribution in 2023-24.

If requested by the Council and authorized by the General Assembly, these funds would help defray operating costs at institutions that grew enrollment, student progression, degree production, and earned credit hours at rates above the sector average (i.e., at institutions that received performance funds) and move all institutions toward funding

parity as determined by the funding models. This request would be an increase of 4.8% on the 2023-24 system total net General Fund base.

Performance Fund. Stakeholders have discussed the possibility of including a request for additional appropriations of \$22.7 million each year of the biennium that would be added to \$97.3 million already in the Postsecondary Education Performance Fund, bringing the total in that fund to \$120.0 million. If recommended and authorized, these funds would provide resources necessary for institutions to continue making progress toward the state's student success goals and would help Council and campus officials maintain affordability and access for Kentucky citizens.

Capital Investment

Prior to 2020, the Council's capital investment request typically included three budget components: (1) new construction; (2) asset preservation; and at times (2) information technology and equipment. In recent biennia, stakeholders have elected to focus on asset preservation in the Council's budget recommendation, forgoing requests for new construction and technology and equipment funding.

For the upcoming biennium, discussions to date have centered around requests for asset preservation and a new component that would address cost overruns on new construction projects (i.e., scope adjustments) authorized in the 2022-2024 biennium.

New Construction. At this time, CPE staff and campus leaders are not contemplating including a request to support new construction projects in the Council's 2024-2026 budget recommendation. However, institutions are free to propose funding for new projects directly to the Governor and General Assembly and advocate for their own requests for new and expanded space.

Scope Adjustments. The enacted 2022-2024 Budget of the Commonwealth authorized \$811.9 million in state bond funds to finance 11 new capital construction projects at the public postsecondary institutions (HB 1, 22 RS), but a lot has changed in the time since institutions estimated costs, determined the scope of proposed projects, and submitted funding requests to the General Assembly. As previously mentioned, inflation reached a high in 2021-22 not seen in two decades. Construction costs were particularly hard hit, not only due to inflation, but also due to supply chain disruptions and worker shortages.

In a recent poll conducted by CPE staff, campus officials indicated that construction costs had increased between 18 percent and 25 percent over the past 18 months. For this reason, stakeholders have discussed the possibility of including a request in the

Council's 2024-2026 budget submission for \$162.4 million, or a 20 percent increase in the amount of bond funds authorized for individual new construction projects in the 2022-2024 biennium. Obviously, the purpose of such a request would be to help offset increases in construction costs and allow institutions to maintain the same quality of materials and quantity of square footage envisioned in their original capital plans.

Asset Preservation. Prior to the 2022-2024 biennium, the need to address facilities renovation and renewal at Kentucky public postsecondary institutions had not been addressed in any substantive way for more than a decade. Despite analyses showing that the cumulative cost of bringing the state's public postsecondary facilities up to industry standards would grow to \$7.3 billion by 2021 (VFA Study, 2013 update), state appropriations for asset preservation totaled \$282.0 million between 2008 and 2022.

For the upcoming 2024-2026 biennium, CPE staff and campus officials are considering recommending to the Council a request for \$700 million in state bond funds (or some portion of that amount could be cash funded) to finance renovation and renewal projects at the public postsecondary institutions. If the requested funds were authorized, it would be the second installment of \$700 million provided in as many biennia to address the identified \$7.3 billion system total asset preservation need.

Other ideas regarding this request surfaced during recent discussions between staff and campus chief budget officers. Namely, that stakeholders should consider requesting \$350 million each year of the biennium (instead of a \$700 million request in one year), allocated based on each institution's share of total Category I and Category II square feet (i.e., the method employed by the General Assembly in the current biennium), and that the funds be requested without any required institutional match.

Information Technology and Equipment. At this point in the process, stakeholders have not advocated to include a request for information technology and equipment in the Council's 2024-2026 budget recommendation. CPE staff and campus officials perceive other capital investment components to be higher priorities than information technology and equipment projects.

Trust Funds

The Kentucky Postsecondary Education Improvement Act of 1997 (HB 1) created six Strategic Investment and Incentive Trust Funds to bring about change and improvement in Kentucky colleges and universities by providing strategic financial incentives for institutions to pursue desired state goals for postsecondary education. These trust funds are listed below.

- 1) Research Challenge Trust Fund (UK and UofL)
- 2) Comprehensive University Excellence Trust Fund (comprehensive universities)
- 3) Technology Initiative Trust Fund
- 4) Physical Facilities Trust Fund
- 5) Postsecondary Education Workforce Development Trust Fund (KCTCS)
- 6) Student Financial Aid and Advancement Trust Fund

When the General Assembly authorizes appropriations for trust fund programs, they are typically maintained and administered by the Council on Postsecondary Education but represent resources that are passed through to postsecondary institutions based on compliance with Council approved guidelines and procedures.

Every two years, CPE staff works collaboratively with campus presidents, chief budget officers, and Council members to identify programs and recommend funding that will provide incentives for Kentucky colleges and universities to pursue and achieve state goals for postsecondary education. At this time, stakeholders are not requesting additional appropriations for any trust fund program for the 2024-2026 biennium.

CPE AGENCY BUDGET REQUEST

Agency Operations

The fourth and final component of the unified budget request for postsecondary education is the Council's agency operations request. The agency's budget request typically includes base funding (current funding and staffing levels), additional resources needed to support current operations, and funding for new strategic initiatives.

The agency budget also includes a number of pass-through programs and funding that benefits institutions directly, such as the Kentucky Postsecondary Education Network (KPEN), Virtual Library, SREB Doctoral Scholars program, equine program, and cancer research programs. In recent years, private and federal funds in the agency budget have allowed CPE to expand its work improving the P-20 pipeline, promoting student success, and responding to the state's healthcare workforce needs.

Staff recently began meeting with leadership team members to identify the agency's most pressing resource needs, as well as high priority needs of the postsecondary system that can best be addressed with additional resources housed at CPE.

It is anticipated that following the end of the fiscal year (i.e., June 30, 2023), staff will have additional information relevant to the budget development process, including instructions from the Office of State Budget Director. In the meantime, staff will continue to identify and prioritize agency and postsecondary system resource needs for the 2024-2026 budget request.



Council on Postsecondary Education Finance Committee Meeting

CPE Finance and Administration Unit
June 6, 2023

Overview



Items on the meeting agenda:

- Campus Tuition and Fee Proposals
- Delegation of Authority to Approve Tuition
- Interim Capital Project Request
- Delegation to Approve Insurance Claim Projects
- Interstate Tuition Reciprocity Agreements
- Performance Funding Review Update
- Biennial Budget Development Update



Campus Tuition and Fee Proposals

Campus Tuition and Fee Proposals (2023-24)

What parameters did the Council approve?

On March 31, 2023, the Council approved:

- Maximum base rate increase of no more than 5.0 percent over two years, and no more than 3.0 percent in any one year, for public universities
- Maximum base rate increase of no more than \$7.00 per credit hour over two years, and no more than \$4.00 per credit hour in any one year, for KCTCS
- Nonresident undergraduate rates that comply with the Council's *2023-24 Tuition and Mandatory Fee Policy*, or 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

Campus Tuition and Fee Proposals (2023-24)

What maximum base rates were approved?

Kentucky Public Postsecondary Institution Maximum One-Year Base Rate Increases for Resident Undergraduates Academic Year 2023-24

Institution	Current Year 2022-23 Base Rates	Maximum 2023-24 Base Rates	One-Year Dollar Change	One-Year Percent Change
UK	\$12,859	\$13,245	\$386	3.00%
UofL	12,324	12,694	370	3.00%
EKU	\$9,544	\$9,830	\$286	3.00%
KSU	8,654	8,914	260	3.00%
MoSU	9,308	9,587	279	3.00%
MuSU	9,432	9,715	283	3.00%
NKU	10,208	10,514	306	3.00%
WKU	10,912	11,239	327	3.00%
KCTCS (pch)	\$182.00 (pch)	\$186.00 (pch)	\$4.00 (pch)	2.20%
KCTCS (pch x 30)	\$5,460	\$5,580	\$120	2.20%

Note: Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart agency bond fee at KCTCS.

Kentucky Public Postsecondary Institution Maximum Two-Year Base Rate Increases for Resident Undergraduates Academic Year 2024-25

Institution	Current Year 2022-23 Base Rates	Maximum 2024-25 Base Rates	Two-Year Dollar Change	Two-Year Percent Change
UK	\$12,859	\$13,502	\$643	5.00%
UofL	12,324	12,940	616	5.00%
EKU	\$9,544	\$10,021	\$477	5.00%
KSU	8,654	9,087	433	5.00%
MoSU	9,308	9,773	465	5.00%
MuSU	9,432	9,904	472	5.00%
NKU	10,208	10,718	510	5.00%
WKU	10,912	11,458	546	5.00%
KCTCS (pch)	\$182.00 (pch)	\$189.00 (pch)	\$7.00 (pch)	3.85%
KCTCS (pch x 30)	\$5,460	\$5,670	\$210	3.85%

Note: Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart agency bond fee at KCTCS.

Campus Tuition and Fee Proposals (2023-24)

What rates are being proposed by ECU?

Eastern Kentucky University
Proposed Tuition and Fee Base Rates
Academic Year 2023-24

Table 1

<u>Rate Category</u>	<u>Current 2022-23 Base Rates</u>	<u>Proposed 2023-24 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$9,544	\$9,830	\$286	3.0%
Nonresident	\$19,922	\$20,520	\$598	3.0%
Graduate				
Resident	\$556.00 pch	\$572.00 pch	\$16.00	2.9%
Nonresident	\$758.00 pch	\$780.00 pch	\$22.00	2.9%

Base rates for ECU do not include a Special Use Fee of \$150.00 per semester, or \$300.00 per year, for full time students, nor do they include an Asset Preservation Fee of \$10.00 per credit hour, capped at 15 credit hours or \$150 per semester, or \$300.00 per year, for full-time students.

pch = per credit hour

- ECU's proposed 3.0% increase in resident undergraduate tuition complies with the Council ceiling
- The university is proposing a 3.0% increase in nonresident undergraduate rates for 2023-24
- ECU is planning to increase rates by 2.9% for both resident and nonresident graduate students

Campus Tuition and Fee Proposals (2023-24)

What rates are being proposed by MuSU?

Murray State University
Proposed Tuition and Fee Base Rates
Academic Year 2023-24

Table 3

<u>Rate Category</u>	<u>Current 2022-23 Base Rates</u>	<u>Proposed 2023-24 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$9,432	\$9,708	\$276	2.9%
Nonresident	\$18,888	\$19,452	\$564	3.0%
Graduate				
Resident	\$559.50 pch	\$576.00 pch	\$16.50	2.9%
Nonresident	\$559.50 pch	\$576.00 pch	\$16.50	2.9%

Base rates for MuSU do not include Special Use Fees of \$10.00 per credit hour, capped at \$15.00 per semester. Or \$300.00 per year, for full-time comparison (fall and spring semesters only).

pch = per credit hour

- MuSU's proposed 2.9% increase in resident undergraduate tuition complies with the Council ceiling
- The university is proposing a 3.0% increase in nonresident undergraduate rates for 2023-24
- MuSU is planning to increase rates by 2.9% for resident and nonresident graduate students

Campus Tuition and Fee Proposals (2023-24)

What rates are being proposed by WKU?

Western Kentucky University
Proposed Tuition and Fee Base Rates
Academic Year 2023-24

Table 4

<u>Rate Category</u>	<u>Current 2022-23 Base Rates</u>	<u>Proposed 2023-24 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$10,912	\$11,236	\$324	3.0%
Nonresident	\$26,800	\$26,800	\$0	0.0%
Graduate				
Resident	\$597.00 pch	\$597.00 pch	\$0	0.0%
Nonresident	\$907.00 pch	\$907.00 pch	\$0	0.0%

Base rates for WKU do not include Special Use Fees of \$100.00 per semester, or \$200.00 per year for full-time students. Special Use fees are also assessed at \$10.00 per credit hour for graduate and part-time students.

pch = per credit hour

- WKU's proposed 3.0% increase in resident undergraduate tuition complies with the Council ceiling
- The university is not proposing an increase in nonresident undergraduate rates for 2023-24
- WKU is not planning to increase rates for graduate resident and nonresident students

Campus Tuition and Fee Proposals (2023-24)

What is staff's recommendation?

- Tuition and fee proposals submitted by EKU, MuSU, and WKU comply with resident undergraduate ceilings approved by the Council
- The institutions submitted market competitive rates for graduate and online tuition
- Campus governing boards have approved proposed rates for their respective institutions
- *Staff recommends that the Finance Committee approve, and endorse to the full Council, proposed tuition and fee rates for academic year 2023-24 from EKU, MuSU and WKU*



Delegation of Authority to Approve Tuition

Delegation of Authority to Approve Tuition

- UK, UofL, MoSU, NKU, and KCTCS boards will approve tuition and fees at meetings between June 14 and June 22
- Campus officials do not want to wait until September for the Council to approve rates and requested an accommodation
- *Staff recommends that the Finance Committee request authority from the full Council at its June 9, 2023, meeting to review and approve tuition and fee proposals of the following institutions due to the timing of their board meetings: UK, UofL, MoSU, NKU, and KCTCS*



Interim Capital Project Request

Interim Capital Project Request

UofL Ekstrom Library Expansion

- UofL requests interim approval for an \$8.0 million expansion of Ekstrom Library, funded through donations
- Project will add 1,800 square feet to three floors and will be used for study and collaboration space, office space, and university archives
- Project was approved by UofL's board on April 20
- *Staff recommends that the Finance Committee approve this project and endorse it for full Council approval*



Delegation to Approve Insurance Claim Projects

Delegation to Approve Insurance Claim Projects

- Recently, several campus capital projects have been initiated due to storm damage, resulting in insurance claims
- These projects are typically financed 100% with insurance proceeds and often need to be completed quickly
- A project at NKU is underway, though it is unclear if the final cost will exceed the \$1,000,000 capital project threshold
- *Staff recommends that the Finance Committee: (1) approve a new policy that will allow the Council president to approve insurance claim projects on their behalf; and (2) recommend final approval of the policy to the full Council at the June 9 meeting*



Interstate Tuition Reciprocity Agreements

Interstate Tuition Reciprocity Agreements

Kentucky and Ohio

- The Kentucky/Ohio reciprocity agreements will expire on June 30, 2023
- Renewal will extend three agreements with Ohio for two years (2023-2025)
- All parties (state and campus officials) agreed to renew without changes

Ohio and Kentucky 2021-22 Reciprocity Students	KY Residents at OH Institutions	OH Residents at KY Institutions
Student Headcount	1,532	1,090
Full-time Equivalent Students	958	552
Credit Hours	28,737	16,562

- *Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition reciprocity agreements with Ohio for dates July 1, 2023, through June 30, 2025*

Interstate Tuition Reciprocity Agreements

Kentucky and West Virginia

- The Kentucky/West Virginia reciprocity agreement expires June 30, 2023
- Renewal will extend the agreement for two years (2023-2025)
- All parties (state and campus officials) agreed to renew without changes

West Virginia and Kentucky 2021-22 Reciprocity Students	KY Residents at WV Institutions	WV Residents at KY Institutions
Student Headcount	196	169
Full-time Equivalent Students	77	64
Credit Hours	2,290	1,926

- *Staff recommends that the Finance Committee approve, and endorse to the full Council, the tuition reciprocity agreement with West Virginia for dates July 1, 2023, through June 30, 2025*



Performance Funding Update

Performance Funding Update

On April 19, the Performance Funding Work Group held its third meeting of the year to continue comprehensive reviews of Kentucky university and KCTCS funding models (KRS 164.092)

The meeting was conducted in three parts:

- 1) CPE staff responses to Performance Funding Survey
 - 2) Comprehensive list of proposed changes to the university model
 - 3) KCTCS proposed changes to the two-year funding model
- The next few slides contain CPE responses to the Performance Funding Survey

CPE Survey Responses

Survey Questions

- Like the survey completed by institutions, Council staff developed responses to the following questions:
 - What outcomes did policymakers expect to achieve from adopting the funding model?
 - In what ways has the model functioned as expected? Were there any unexpected outcomes?
 - Have there been any unintended consequences?
 - What adjustments to the model are recommended?

CPE Survey Responses

Expected Outcomes

- A recent review of Council and work group meeting materials revealed several outcomes the funding model was expected to achieve:
 - Address shortcomings of the previous funding method (it did not consider Δ 's in enrollment, program mix, performance)
 - Rectify funding disparities that had developed over time
 - Accelerate progress toward attainment of state goals
 - Model specific goals
 - Kentucky's 60X30 goal

CPE Survey Responses

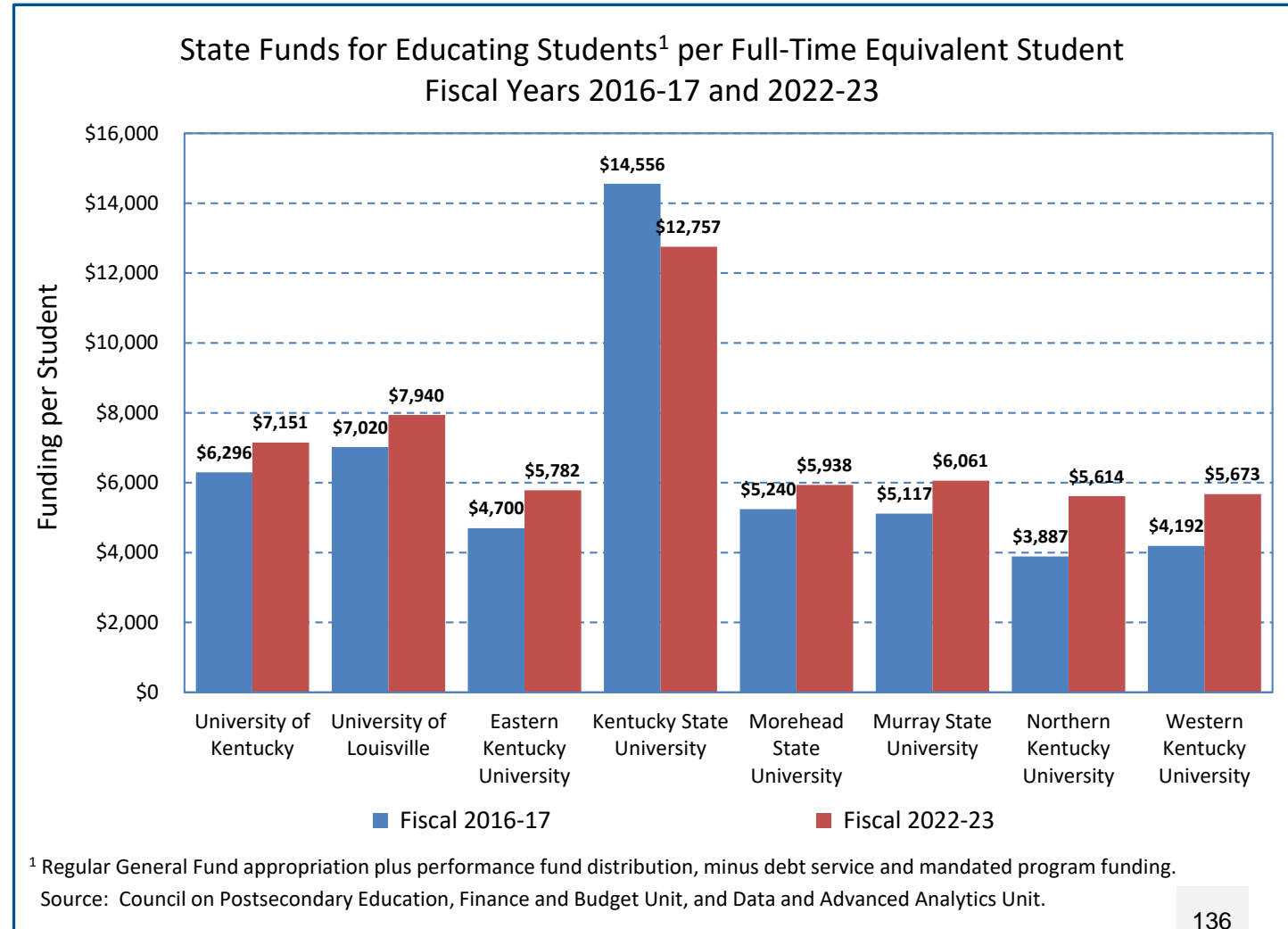
Functioned as Expected

- Overall, the funding model has operated as expected
 - Shortcomings of previous approach have been addressed
 - Funding disparities among institutions are being rectified
 - Kentucky is making great strides in degree production
 - Bachelor's degrees are up 8% in total, up 28% in STEM+H fields, and up 38% among URM students since 2014
 - Kentucky is closing achievement gaps by expanding opportunity and access and growing URM degrees
 - The state is on track to achieve its 60X30 attainment goal

Functioned as Expected

Rectify Funding Disparities

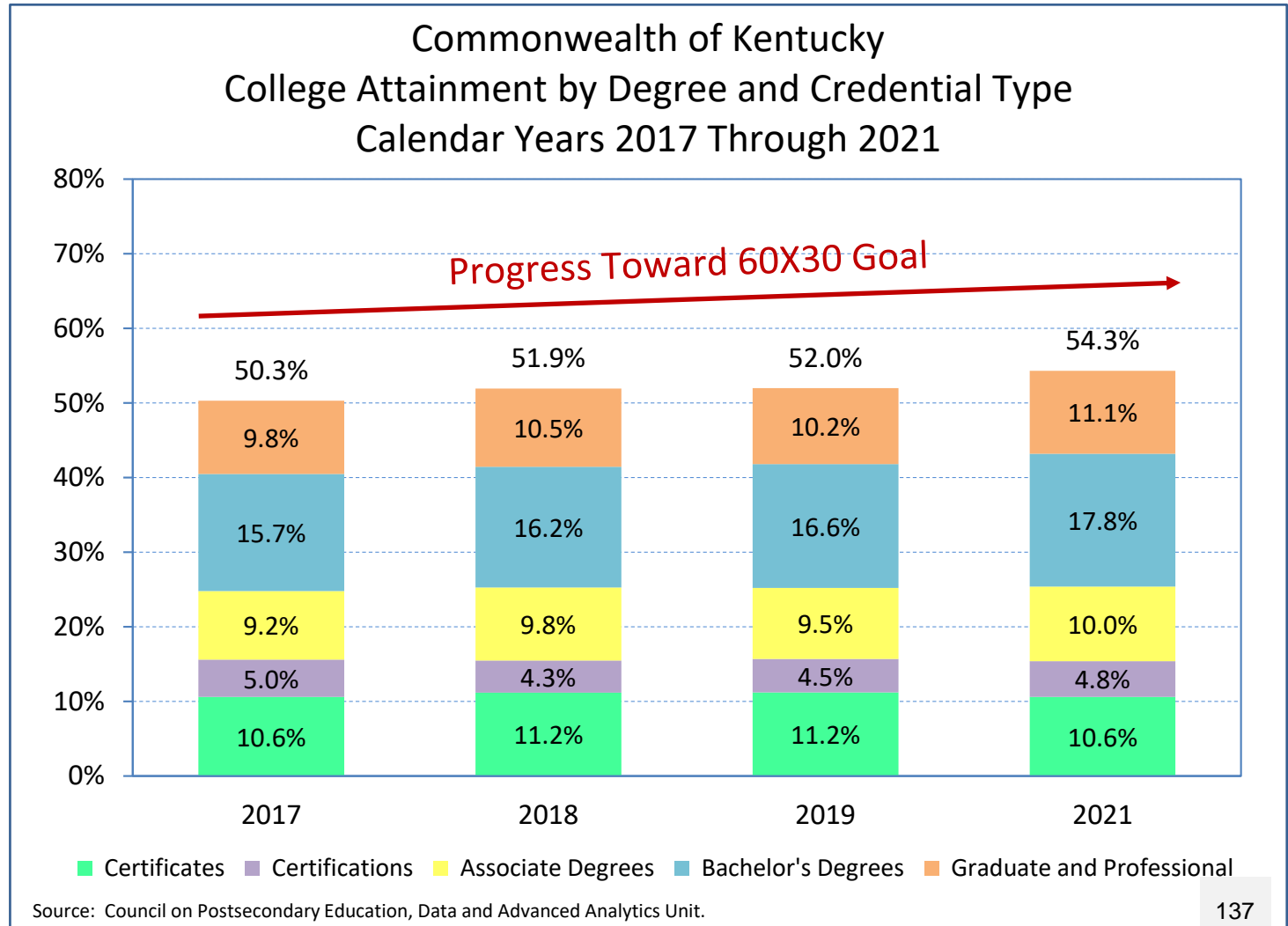
- As expected, most funding disparities that developed over time have been rectified
- Between 2017 and 2023, the gap in per student funding between MoSU and NKU narrowed from \$1,353 per student to \$324 per student
- In 2023, funding parity was achieved at 6 of 8 universities (a 7th institution was close)



Functioned as Expected

Accelerate Progress

- Kentucky is making good progress toward its 60X30 college attainment goal
- Between 2017 and 2021, college attainment grew by 4.0 percentage points
- Mainly due to bachelor's, graduate/professional, and associate degree growth
- The state is on track to reach its attainment goal



CPE Survey Responses

Unexpected Outcomes

➤ There are two areas where the university funding model did not work as intended:

- The number of students reaching 30-credit-hour and 60-credit-hour progression thresholds did not increase

Progression Category	2013-14	2020-21	Number Change	Percent Change	CAGR
Students @30 Credit Hours	13,708	11,332	(2,376)	-17%	-2.7%
Students @60 Credit Hours	14,406	13,157	(1,249)	-9%	-1.3%
Students @90 Credit Hours	16,763	17,237	474	3%	0.4%

- The number of bachelor's degrees awarded to low-income students did not increase as expected (down -1.4% since 2014)

CPE Survey Responses

Unintended Consequences

- Two instances where operation of the funding model resulted in unintended consequences, mainly due to external circumstances:
 - Lack of funding during the early years of implementation resulted in redistribution of base funds among institutions and slowed progress toward funding parity
 - Using a degree efficiency index to weight the number of bachelor's degrees produced did not operate as intended due to declining enrollment at most institutions

Unintended Consequences

Lack of Funding

- In 2016, work group members did not anticipate the longevity of state budget constraints
- During the first four years of implementation, the model was applied with *no new funding*
- Lack of state support resulted in redistribution of the General Fund base among institutions
- In 2022, Kentucky began reinvesting in higher education through the Performance Fund

Funding Models for the Universities and KCTCS Institutions
Implementation Schedule and Funding Sources
(Dollars in Millions)

<u>Timeline</u>	<u>Fiscal Year</u>	<u>Institution Contribution</u>	<u>State Funding</u>	<u>Total Funding</u> ¹
Year 0	2017-18	\$42.9	\$0.0	\$42.9
Year 1	2018-19	31.0	0.0	31.0
Year 2	2019-20	38.7	0.0	38.7
Year 3	2020-21	14.9	0.0	14.9
Year 4	2021-22	0.0	17.3	17.3
Year 5	2022-23	\$0.0	\$97.3	\$97.3

¹ Represents state appropriations, stop-loss contributions, and other campus carve outs added to the Performance Fund, which were then distributed among institutions based on outcomes produced.

CPE Survey Responses

Recommended Adjustments

- CPE staff recommended several changes to the model:
 - Increase premium for low-income bachelor's degrees
 - Add a new adult learner metric
 - Add a new workforce success metric
 - Eliminate efficiency weighting in bachelor's degree metric
 - Provide larger small school adjustment for KSU and MoSU

- Recommended changes in application of the model:
 - Make earned funds recurring (or a portion)



Biennial Budget Development Update

Budget Development Update (2024-2026)

The Council on Postsecondary Education is directed in statute to make a biennial budget request for postsecondary education (HB 1, 97 RS)

Major components of the request typically include:

- 1) Operating Funds
- 2) Capital Investment
- 3) Trust Funds
- 4) Agency Operations

Operating Funds

For the 2024-2026 biennium, CPE staff and campus officials have discussed the following **operating funds** components:

- Beginning Base
- Inflation Adjustment
- Earned Performance Funds
- Performance Fund

Operating Funds

Beginning Base

Kentucky Public Postsecondary Institution
 Table 1 - Calculated Beginning Base for the 2024-2026 Biennium
 Fiscal Year 2023-24

Draft - For Discussion Purposes
 June 6, 2023

Institution	A	B	(A + B) C	D	E	(C + D + E) F
	2023-24 Regular Appropriation ¹	Performance Distribution ²	2023-24 Total General Fund	Debt Service Adjustments ³	Performance Adjustment ⁴	2023-24 Net General Fund
University of Kentucky	\$303,669,300	\$33,338,500	\$337,007,800	(\$17,338,500)	(\$33,338,500)	\$286,330,800
University of Louisville	134,223,800	17,594,600	151,818,400	(6,767,000)	(17,594,600)	127,456,800
Eastern Kentucky University	81,901,300	3,222,900	85,124,200	(8,464,000)	(3,222,900)	73,437,300
Kentucky State University	28,690,800	0	28,690,800	(870,000)	0	27,820,800
Morehead State University	49,762,400	0	49,762,400	(5,434,000)	0	44,328,400
Murray State University	51,707,100	3,095,000	54,802,100	(4,189,500)	(3,095,000)	47,517,600
Northern Kentucky University	57,655,000	12,683,900	70,338,900	(5,407,500)	(12,683,900)	52,247,500
Western Kentucky University	83,951,300	5,858,400	89,809,700	(6,360,000)	(5,858,400)	77,591,300
KCTCS	187,833,700	21,513,800	209,347,500	(12,487,500)	(21,513,800)	175,346,200
Performance Fund	97,307,100	(97,307,100)	0	0	97,307,100	97,307,100
Total	\$1,076,701,800	\$0	\$1,076,701,800	(\$67,318,000)	\$0	\$1,009,383,800

Operating Funds

Inflation Adjustment

- Additional operating funds of **\$54.7 million** each year of the biennium, representing an across-the-board **6%** increase at each postsecondary institution
- If authorized, these funds will help institutions offset some of the largest increases in higher education inflation in two decades
- The funds will also help Council and campus officials maintain affordability and access for Kentucky
- This request represents an increase of **5.4%** above the fiscal year 2023-24 net General Fund base

Operating Funds

Earned Performance Funds

- Additional appropriations of **\$48.7 million** each year of the biennium, or the combined sum of half (**50%**) of each institution's earned 2023-24 performance distribution
- These funds will help cover operating costs at institutions that produced student outcomes at rates above the sector average
- The funds will also move institutions toward funding parity as determined by the funding models
- This request represents an increase of **4.8%** above the fiscal year 2023-24 net General Fund base

Operating Funds

Performance Fund

- Appropriations of **\$22.7 million** each year of the biennium that will be added to \$97.3 million in the Performance Fund, bringing the total in the fund to \$120.0 million
- If authorized, these funds will provide resources necessary for institutions to continue making progress toward the state's student success goals
- The funds will also help Council and campus officials maintain affordability and access for Kentucky citizens
- This request represents an increase of **23.3%** on the fiscal year 2023-24 Performance Fund base

Budget Development Update (2024-2026)

Operating Funds Summary

Funding Category	Fiscal 2023-24	Fiscal 2024-25	Fiscal 2025-26
2023-24 Net General Fund ¹	\$1,009,383,800	\$1,009,383,800	\$1,009,383,800
Base Adjustments:			
KERS Subsidy Reductions		(4,400,900)	(6,610,900)
Adjusted Net General Fund	\$1,009,383,800	\$1,004,982,900	\$1,002,772,900
Additional Budget Requests:			
Inflation Adjustment (@6.0% ATB)		\$54,724,600	\$54,724,600
Earned Performance Funds (@ 50.0%)		48,653,700	48,653,700
Performance Fund		22,692,900	22,692,900
KSU Land-Grant Program	TBD	TBD	TBD
Total Operating Request	\$1,009,383,800	\$1,131,054,100	\$1,128,844,100
Dollar Change	\$0	\$121,670,300	\$119,460,300
Percent Change	0.0%	12.1%	11.8%

¹ Each institution's regular General Fund appropriation minus debt service. Includes \$97,307,100 in the Postsecondary Education Performance Fund.

Capital Investment

To date, CPE staff and campus officials have discussed four possible **capital investment** components:

- New Construction
- Scope Adjustments
- Asset Preservation
- Information Technology and Equipment

Capital Investment

New Construction

- At this time, CPE staff and campus leaders are not contemplating including a request for new capital construction projects in the Council's 2024-2026 budget recommendation
- However, institutions are free to propose and advocate funding for new and expanded space projects directly with state policymakers

Capital Investment

Scope Adjustments

- Stakeholders have discussed the possibility of including a request for **\$162.4 million** in the Council's 2024-2026 budget submission to help offset increases in construction costs for individual projects authorized in the 2022-2024 biennium
- This amount represents **20%** of \$811.9 million in state bond funds that were authorized for new construction projects in the 2022-2024 biennium
- If authorized, these funds would allow institutions to maintain the same quality of materials and quantity of square footage envisioned in their original capital plans

Capital Investment

Asset Preservation

- For the upcoming biennium, stakeholders are considering a request for **\$700 million** in state bond funds to finance renovation and renewal projects at the public postsecondary institutions
- If authorized, requested funds would be the second installment of \$700 million provided to address a \$7.3 billion system total need
- Other ideas being discussed:
 - request \$350 million each year of the biennium (total \$700 million)
 - allocate funding based on each institution's share of total Category I and Category II square feet (method used in 2022-2024)
 - recommend funding without any required institutional match

Capital Investment

Information Technology and Equipment

- To date, campus officials have not advocated for staff to include a request for information technology and equipment in the Council's 2024-2026 budget recommendation
- Other capital investment components are perceived to be higher priority than information technology and equipment projects

Budget Development Update (2024-2026)

Capital Investment Summary

Funding Category	Fiscal 2024-25	Fiscal 2025-26	Biennial Total
New Construction	\$0	\$0	\$0
Scope Adjustments (2022-24 Projects)	\$162,370,000	\$0	\$162,370,000
– Debt Service	TBD	TBD	TBD
Asset Preservation	\$350,000,000	\$350,000,000	\$700,000,000
– Debt Service	TBD	TBD	TBD
Information Technology and Equipment	\$0	\$0	\$0

Budget Development Update (2024-2026)

Trust Funds

- HB 1 (97 RS) created six trust funds to provide financial incentives for Kentucky colleges and universities to pursue state goals for postsecondary education
- Every two years, CPE staff works collaboratively with campus presidents, chief budget officers, and Council members to identify priority programs and recommend funding
- At this time, stakeholders are not considering including a trust fund request in the Council's 2024-2026 budget submission

Budget Development Update (2024-2026)

Agency Operations

- The agency's budget request typically includes base funding, additional resources needed to support current operations, and funding for strategic initiatives
- The agency budget also includes a number of pass-through programs and funding that benefit institutions directly
- Private and federal funds have allowed CPE to expand its work improving the P-20 pipeline, promoting student success, and responding to the state's healthcare workforce needs
- Staff is in the process of identifying the agency's most pressing resource needs and needs of the postsecondary system that can best be addressed with additional resources housed at CPE

Questions?



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