

MEETING MINUTES

Approved by the Finance Committee, November 15, 2024

Who: Kentucky Council on Postsecondary Education
Meeting Type: Finance Committee
Date: September 9, 2024
Time: 1:00 p.m. ET
Location: Virtual Meeting via ZOOM Webinar

CALL TO ORDER

The Finance Committee met Monday, September 9, 2024, at 1:00 p.m., ET. The meeting occurred virtually via ZOOM webinar. Committee Chair Jacob Brown presided.

ROLL CALL

Attended: Jacob Brown, Lindsey Case, Jennifer Collins, Kellie Ellis, and Elaine Walker.

Did not attend: Chloe Marstiller and 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 June 10, 2024, Finance Committee meeting were approved as presented.

MEMORANDUM OF UNDERSTANDING – NONRESIDENT TUITION AND FEES AT NORTHERN KENTUCKY UNIVERSITY

Dr. Bill Payne, Vice President of Finance Policy and Programs, presented the staff recommendation to approve a Memorandum of Understanding (MOU) between the Council and Northern Kentucky University (NKU) regarding nonresident student tuition and fees.

On April 24, 2020, the Council approved an MOU between NKU and the Council, which launched a tuition scholarship program at the institution called the Educational Discount to Graduate and Excel (EDGE) program. At that time, the Council acknowledged that, although NKU would not meet the 130% threshold required in the Council's Policy as a result of the EDGE program, the increased nonresident student enrollment would benefit both the Commonwealth and NKU.

On July 18, 2024, NKU submitted proposed modifications to its MOU that would launch a new undergraduate tuition program, beginning in the Fall 2025 semester, called the NKU Tri-state program. Under the NKU Tri-state program, new first-time freshmen from Kentucky, Ohio, and Indiana would pay the in-state annual tuition rate plus all mandatory fees. All students outside of Kentucky, Ohio, and Indiana (domestic and international) would be charged a single tuition rate, one that is at least 130% of the NKU Tri-state rate. Furthermore, the proposed agreement would eliminate the EDGE scholarship program, as featured in NKU's 2020 MOU, for new students from 2025 on.

MOTION: Ms. Walker moved the Finance Committee endorse for Council approval the proposed Memorandum of Understanding between the Council and Northern Kentucky University regarding nonresident student tuition and fees. Ms. Collins seconded the motion.

VOTE: The motion passed.

PROPOSED RAZE AND REPLACE ASSET PRESERVATION POOL PROJECT: SOMERSET COMMUNITY COLLEGE, LAUREL SOUTH CAMPUS, PHASES I AND II

Mr. Ryan Kaffenberger, Director of Finance Policy and Programs, presented KCTCS's request to use funds from the 2022-24 and 2024-26 Asset Preservation Pools to raze the Somerset Community College Laurel South Campus building and replace it with a new building at the Laurel North Campus. Phase I of the project would fund the building design with a project scope of \$3,000,000 and would use 2022-24 Asset Preservation Pool funds. Phase II of the project would fund demolition and construction costs using 2024-26 Asset Preservation Pool funds at a project scope of \$30,000,000. The proposed raze and replace project is a combination and modification of two projects previously approved by the Council as part of the 2022-24 and 2024-26 biennial budget requests.

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

VOTE: The motion passed.

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

Mr. Kaffenberger presented KCTCS's request to use funds from the 2024-26 Asset Preservation Pool to raze and replace a pedestrian bridge on the Southeast KY Community and Technical College's Whitesburg Campus. The proposed raze and replace project was previously approved by the Council as part of the 2024-26 biennial budget request with a general fund or state bonds fund source and had a scope of \$1,800,000. The last study completed on the project was conducted in early 2020 and due to the increases in building

costs over the last several years and Council staff advised the Committee that the amount provided for the scope was based on an estimate.

MOTION: Ms. Walker moved the Finance Committee table the matter and move the item to be presented to the full Council at its meeting on September 16, 2024. Ms. Case seconded the motion.

VOTE: The motion passed.

PERFORMANCE FUNDING UPDATE

CPE President Aaron Thompson and Dr. Payne provided an update on the first meeting of the 2024 Postsecondary Education Working Group on Performance funding.

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

The working group was reconvened on September 4, 2024, to address the charge as determined by the General Assembly to “convene during the 2024 Interim for the sole purpose of considering how to define ‘underrepresented students’ in the comprehensive funding model for the public postsecondary education system...” Additionally, SB 191 directed the Council on Postsecondary Education to report the recommendations of the working group to the Governor and to the Legislative Research Commission by December 1, 2024.

Dr. Payne reported that the meeting focused on proposed metrics and discussion and no recommendations were made. The working group meets again on October 2 to continue discussions.

UNIVERSITY OF LOUISVILLE, 2024-25 TUITION AND FEE RATES

Dr. Payne reported that the University of Louisville’s tuition and fee rate proposal for academic year 2024-25 was approved as submitted. At the June 21 meeting, staff requested, and the Council approved, a delegation of authority to the CPE president to approve UofL’s 2024-25 tuition and fee rates provided they complied with Council

parameters. This delegation of authority was necessary because UofL's Board of Trustees did not meet until June 27 to approve the university's proposed 2024-25 tuition and fee rates, or nearly a week after the Council's June 21 meeting.

The university proposed to increase its annual base-rate charge for resident undergraduate students by \$308.00, or 2.4 percent. This increase complies with the Council's approved ceiling for resident undergraduate tuition and fee base rates, which stipulates that those rates cannot increase by more than 3.0 percent in any one year, nor by more than 5.0 percent over two years. The university proposed to increase nonresident undergraduate base rates by 1.1 percent and increase both resident and nonresident graduate rates by 5.0 percent, which also adhered to Council adopted parameters.

2022-24 ENDOWMENT MATCH PROGRAM UPDATE

Mr. Kaffenberger provided an update regarding universities' use of 2022-24 Endowment Match Program funds to date. In the 2022-24 biennial budget bill, the General Assembly appropriated \$40 million in state bond funds for the Endowment Match Program, also called Bucks for Brains, with \$30 million authorized for the research universities through the Research Challenge Trust Fund and \$10 million authorized for the comprehensive universities through the Comprehensive University Excellence Trust Fund to support efforts to grow endowments for initiatives in fields of science, technology, engineering, mathematics, and health (i.e., STEM+H fields). The state funds are used as a dollar-for-dollar match for private endowment gifts and pledges raised by institutions.

ADJOURNMENT

The Finance Committee adjourned at 2:55 p.m., ET.