

KY COUNCIL ON POSTSECONDARY EDUCATION FINANCE COMMITTEE



February 19, 2020 - 9:00 AM
CPE Offices, 100 Airport Road, 2nd Floor, Frankfort

- I. Welcome & Roll Call**
- II. Approval of the Minutes**
 - *December 6, 2019*
 - *January 9, 2020*
- III. Nonresident Student Tuition MOUs (Action Items)**
 - A. Northern Kentucky University
 - B. University of Louisville
 - C. Murray State University
- IV. Interim Capital Project Request (Action Item)**
 - A. KCTCS – Parking Lot Scope Increase
- V. 2020-22 Executive Budget Review**
- VI. Tuition and Fee Setting Update**
 - A. Key Issues for 2020-22 Cycle
 - B. Policy Relevant Data
- VII. Online Tuition Discussion**
- VIII. Other Business and Adjournment**

Next meeting: March 18, 2020 @ 2:00 PM

DRAFT MINUTES
Council on Postsecondary Education

Type: Finance Committee Meeting
Date: December 6, 2019
Time: 10:00 a.m. ET
Location: Council on Postsecondary Education, Conference Room A

CALL TO ORDER

The Finance Committee met Friday, December 6, 2019, at 10:00 a.m., ET, at the CPE offices in Frankfort, Kentucky. Committee Chair Ben Brandstetter presided.

ATTENDANCE

- Attendance in person: Ben Brandstetter and Robert Staat.
- Attendance by teleconference: Grant Minix, Carol Wright, and Sherrill Zimmerman.
- Did not attend: OJ Oleka and Brandon Wilson.
- Heather Faesy, CPE's senior associate for Board Relations, served as recorder of the meeting minutes.

APPROVAL OF THE MINUTES

The minutes of October 16, 2019 Finance Committee meeting were approved as distributed.

INTERIM CAPITAL PROJECT REQUEST: UNIVERSITY OF KENTUCKY

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

At its October 31, 2019, the Council delegated the final review and approval of the following interim capital project request from the University of Kentucky (UK) to the Finance Committee.

UK officials requested authorization for an interim capital project to expand dining space at the Gatton Student Center to meet increased demand. The expansion will increase Champions Kitchen to accommodate 350 additional seats and will also include a second and third floor which will be used as needed and funds allow in the future. The total project scope is estimated at \$25,000,000. Most of the funding (\$24,000,050) will come from UK's foodservice provider, and the remaining funds (\$999,950) will come from institutional resources. UK personnel will oversee the design and implementation of the project. This project was approved by UK's Board of Trustees on October 18, 2019.

MOTION: Dr. Staat moved the Committee approve the University of Kentucky's interim capital project as presented on behalf of the Council. Mr. Minix seconded the motion.

VOTE: The motion passed.

INTERIM CAPITAL PROJECT REQUEST: UNIVERSITY OF LOUISVILLE

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

At its October 31, 2019, the Council approved the 2020-22 biennial budget request. Included in that request was a capital project request from the University of Louisville to upgrade and expand Wi-Fi and cellular services at Cardinal Stadium. On November 25, campus officials formally requested CPE to approve the project as an interim project in order to have it complete before the first home game of the 2020-21 football season. Equipment will need to be ordered by February 1, 2020 to meet this timeline.

Cardinal Stadium seats 60,000 and was original built in 1998 with expansions in 2010 and 2019. The recent construction created an additional 25,000 square feet of space. Also included was a major upgrade to the Howard Schnellenberger Football Complex, which is attached to the stadium. A total project scope of \$6,000,000 is requested. According to campus officials, funding for the project will come from athletics and private donations. UofL personnel will oversee the design and implementation of the project.

Approval by the Finance Committee would be final since the project was already approved by the Council.

MOTION: Dr. Staat moved the Committee approve the University of Louisville's interim capital project as presented. Mr. Minix seconded the motion.

VOTE: The motion passed.

DISTRIBUTION OF REAL PROPERTY

Presenter: Travis Powell, CPE's Vice President and General Counsel

House Bill (HB) 268, adopted in the 2019 Regular Session, amended the 2018-2020 Executive Branch Budget Bill and directed the Council on Postsecondary Education to provide a recommendation to establish a process for the sale or disposal of all personal property, real property, or major items of equipment owned by postsecondary institutions to the Interim Joint Committee on Appropriations and Revenue by December 1, 2019.

CPE staff submitted a report prior to the deadline as required, with the understanding that the report would be adjusted if needed following review by the Finance Committee. The following was submitted:

- Current statutory directives (KRS 164.410 and KRS 164.575), along with the corresponding policies adopted by the postsecondary institution governing boards, provide a sufficient framework for managing the sale or disposal of all personal property, real property, or major items of equipment owned by the institution. If additional monitoring is desired, the General Assembly could direct institutions to report to the Council the sale or disposal of real property or major items equipment previously approved by the Council.
- With regard to the proceeds from these sales, the Council recommends that the language in HB 268 requiring that the proceeds from the sale of major items of equipment or real property shall be designed to the funding sources used for the acquisition of the property, on a proportionate basis be codified in KRS 45.777(2) as an exception to the rule that all proceeds be returned to the General Fund. Appropriate references should be made in KRS 164.410 in order to harmonize the statutes.

MOTION: Ms. Wright moved the Committee approve the report as submitted to the Interim Joint Committee on Appropriations and Revenue. Dr. Staat seconded the motion.

VOTE: The motion passed.

PRELIMINARY TUITION SETTING TIMELINE

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

Dr. Payne presented a preliminary timeline that closely mirrored the timelines of prior tuition setting cycles. The committee discussed whether to accelerate the timeline and whether to review and recommend tuition ceilings for one or two academic years. At the next committee meeting, staff will bring an analysis of pros and cons regarding the one-year versus two-year tuition setting cycle. Additionally, staff will propose potential meeting dates from January through June 2020 to the committee members.

CURRENT TUITION AND MANDATORY FEE POLICY

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

Dr. Payne presented the current iteration of the Tuition and Mandatory Fee Policy and stated language regarding online course fees are in development. He asked the Committee members to review the policy and provided comments or suggestions before the next Committee meeting.

DISTRIBUTION OF UNMATCHED 2020-22 ASSET PRESERVATION FUNDS

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

Mr. McKiernan presented a proposed budget bill language for unmatched 2020-22 Asset Preservation Fund, if approved by the General Assembly. Included in the higher education budget proposal that includes an asset preservation pool of \$400 million in state funds. It would require a \$0.50 per state dollar match from the institutions for individual projects to upgrade and replace building systems and infrastructure supporting Education and General facilities. The proposed language stated that if an institution cannot match its assigned allocation of state General Funds for asset preservation by January 1, 2022, the unmatched General Funds may be re-allocated by CPE, to another institution(s) to match and complete asset preservation projects. This was presented as a discussion item because guidelines do not need to be established or approved when/if the funds are included and approved in the final 2020-22 biennial state budget.

KSU MANAGEMENT AND IMPROVEMENT PLAN UPDATE

Presenter: M. Christopher Brown, President of Kentucky State University

Committee members were briefed on KSU's third annual submission of progress toward their Management and Improvement Plan, which was developed in collaboration with Council staff and approved by the Council in November of 2016. During the briefing, President Brown answered several questions regarding the optimal enrollment levels and the goals for the current academic year.

ADJOURNMENT

The Finance Committee adjourned at 11:25 a.m., ET.

MINUTES REVIEWED AND APPROVED BY THE FINANCE COMMITTEE: _____

DRAFT MINUTES
Council on Postsecondary Education

Type: Finance Committee Meeting
Date: January 9, 2020
Time: 10:30 a.m. ET
Location: Council on Postsecondary Education, 2nd Floor Training Room

CALL TO ORDER

The Finance Committee met Thursday, January 9, 2020, at 10:30 a.m., ET, at the CPE offices in Frankfort, Kentucky. Committee Chair Ben Brandstetter presided.

ATTENDANCE

- Attendance in person: Ben Brandstetter and Grant Minix
- Attendance by teleconference: Robert Staat, Carol Wright, and Sherrill Zimmerman.
- Did not attend: Kim Halbauer, OJ Oleka and Brandon Wilson.
- Heather Faesy, CPE's senior associate for Board Relations, served as recorder of the meeting minutes.

TUITION SETTING TIMELINE AND TUITION AND MANDATORY FEE POLICY

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

Dr. Payne presented the 2020-21 Tuition Setting Timeline and Tuition and Mandatory Fee Policy for approval. The Policy does not have changes from the prior year version, a joint recommendation of the campus presidents, and chief budget officers, CPE staff, and other Finance Committee members.

MOTION: Ms. Wright moved the Committee approve the Timeline and the Tuition and Mandatory Fee Policy as presented and recommend approval of both to the Council at its January 24, 2020 meeting. Dr. Staat seconded the motion.

VOTE: The motion passed.

NONRESIDENT STUDENT TUITION MOU – MOREHEAD STATE UNIVERSITY (MoSU)

Presenters: Shaun McKiernan, CPE's Director of Finance and Budget
Teresa Lindgren, MoSU's Interim Chief Financial Officer

At its October 31, 2019 meeting, the Council approved the amended Nonresident Student Tuition Policy which modified the existing policy by indexing the average net tuition and fee revenue generated from nonresident students to the published price of resident student tuition and fees, rather than to the direct costs of instruction and student services per student as previously required.

On January 2, 2020, Morehead State University (MoSU) submitted the attached Memorandum of Understanding (MOU). Council staff has reviewed the proposed MOU and finds that the goals and structure of the agreement are consistent with Council policy. Ms. Lindgren from MoSU provided additional details as requested by the Committee, including their anticipated additional enrollment after the implementation of the MOU, how the scholarship recipients would be determined.

MOTION: Mr. Minix moved the Committee accept the Memorandum of Understanding between the Council and Morehead State University regarding nonresident student tuition, and recommend approval to the Council at its January 24, 2020 meeting. Dr. Staat seconded the motion.

VOTE: The motion passed.

REVIEW OF EXPIRING ADMINISTRATIVE REGULATION

Presenter: Travis Powell, CPE's Vice President and General Counsel

House Bill (HB) 50, signed into law in the 2017 Regular Session, amends the statutes governing administrative regulations, KRS Chapter 13A, and requires that action be taken on an administrative regulation at least every seven (7) years or the regulation will be repealed. Action can be in the form of certification that the agency either intends to keep the regulation in effect "as is," or amend the regulation within 18 months. Agencies can also choose not to take action and allow regulations to be repealed after the expiration date.

The first date of expiration outlined in HB 50 was July 1, 2019 for regulations last adopted or amended on or before July 1, 2012, but due to the passage of HB 4 in the 2019 Regular Session, the first date of expiration was extended to March 1, 2020. The issue of regulation expiration was generally discussed with the full Council at the February 22, 2019 and April 25, 2019 meetings.

Mr. Powell discussed 13 KAR 2:050 – *Tuition at public institutions of higher education in Kentucky* – and the staff’s recommendation for action. The regulation was last amended in July 1996 and would expire on March 1, 2020 without Council action. Mr. Powell

MOTION: Dr. Staat moved to allow 13 KAR 2:050 – *Tuition at public institutions of higher education in Kentucky* – expire on March 1, 2020. Mr. Minix seconded the motion.

VOTE: The motion passed.

ADJOURNMENT

The Finance Committee adjourned at 11:15 a.m., ET.

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| MINUTES REVIEWED AND APPROVED BY THE FINANCE COMMITTEE: _____ |
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TITLE: Nonresident Student Tuition MOUs

RECOMMENDATION: Staff recommends that the Finance Committee accept the proposed Memorandum of Understandings between the Council and following universities regarding nonresident student tuition, and recommend approval to the Council at its April 24, 2020 meeting:

- Northern Kentucky University
- University of Louisville
- Murray State University

PRESENTERS: Bill Payne, Vice President for Finance and Administration, CPE
Greg Rush, Senior Fellow, CPE

SUPPORTING INFORMATION

At its October 31, 2019 meeting, the Council approved the amended Nonresident Student Tuition Policy which modified the existing policy by indexing the average net tuition and fee revenue generated from nonresident students to the published price of resident student tuition and fees, rather than to the direct costs of instruction and student services per student as previously required. The amended policy reads that every institution shall manage its tuition and fee rate structures, price discounting, and scholarship aid for out-of-state students, such that in any given year, the average net tuition and fee revenue generated per nonresident undergraduate student equals or exceeds 130% of the annual full-time tuition and fee charge assessed to resident undergraduate students. Exceptions to the 130% threshold may be requested through a Memorandum of Understanding (MOU) process and shall be evaluated on a case by case basis by the Council.

Northern Kentucky University

Northern Kentucky University submitted a proposed MOU in mid-January of 2020. Council staff has reviewed the MOU and finds that the goals and structure of the agreement are consistent with Council policy. It targets 12 states (Ohio, Indiana,

Tennessee, Virginia, West Virginia, Illinois, Missouri, Wisconsin, Michigan, Pennsylvania, Maryland, and North Carolina) and 12 countries (Canada, Mexico, China, Japan, South Korea, Vietnam, Nepal, India, Ethiopia, Nigeria, Ivory Coast, and Senegal.) The MOU specifies that:

- Students must have a 2.5 unweighted grade point average.
- Students from these states and countries may receive a tuition scholarship lowering their net cost to the resident tuition rate plus \$500.
- No academically qualified Kentucky resident will be displaced as a result of the MOU.
- The University will report annually the results of the agreement.

University of Louisville

The University of Louisville submitted a proposed MOU in early February, 2020. Council staff has reviewed the MOU and finds that the goals and structure of the agreement are consistent with Council policy. Several factors will contribute to nonresident tuition and fee revenue falling below the Council's 130% threshold:

- Active military students, most of whom are nonresident, are charged \$250 per credit hour.
- Students taking online courses, regardless of residency, are charged the same rate.
- Prior to transfer to the university, students from Panama taking classes in their home country pay nothing to the university, but are counted as non-resident students.
- The university offers focused, institutional financial aid to nonresident students with academic qualifications that exceed specified levels and indicate a strong likelihood of success.

In addition, the MOU specifies:

- No academically qualified Kentucky resident will be displaced as a result of the MOU.
- The University will report annually the results of the agreement.

Murray State University

Murray State University submitted a proposed MOU in February, 2020. Council staff has reviewed the MOU and finds that the goals and structure of the agreement are

consistent with Council policy. It targets several states (Tennessee, Missouri, Mississippi, Alabama, Arkansas, and Indiana) though others may be added, in an effort to provide quality programs and services and to ensure a geographically diverse student body and access, particularly for first-generation and underrepresented minorities. The MOU specifies that:

- Murray State University will have the flexibility to set tuition for nonresident students, though rates must be higher than resident tuition.
- No academically qualified Kentucky resident will be displaced as a result of the MOU.
- The University will report annually the results of the agreement.

NEXT STEPS

Following the Council's approval, the institutions may begin implementing the policy immediately. CPE staff will monitor the results of the agreement and report them to the Finance Committee and Council on an annual basis.

MEMORANDUM OF UNDERSTANDING
between
NORTHERN KENTUCKY UNIVERSITY
and
THE KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION

This Memorandum of Understanding is made between Northern Kentucky University, located in Highland Heights, Kentucky, and the Kentucky Council on Postsecondary Education, a governmental agency of the Commonwealth, with its address at 1024 Capital Center Drive, Suite 320, Frankfort, Kentucky 40601.

WITNESSETH:

WHEREAS, the Kentucky Council on Postsecondary Education (Council or CPE) is responsible for determining tuition at public postsecondary institutions in the Commonwealth of Kentucky;

WHEREAS, the Council annually adopts a Tuition and Mandatory Fee Policy (Policy) based on the following fundamental objectives:

- Funding Adequacy;
- Shared Benefits and Responsibility;
- Affordability and Access;
- Effective Use of Resources; and
- Attracting and Importing Talent to Kentucky

WHEREAS, the Policy acknowledges that in order to meet the last objective, the Council and the institutions are committed to making Kentucky institutions financially attractive to nonresident students;

WHEREAS, the standard for non-resident tuition articulated in the Policy requires that in any given year, the average net tuition and fee revenue generated per nonresident undergraduate student equals or exceeds 130% of the annual full-time tuition and fee charge assessed to resident undergraduate students (i.e., the published in-state sticker price);

WHEREAS, the Policy allows institutions to request exceptions to the 130% threshold through a Memorandum of Understanding (MOU) process that delineates goals and strategies embedded in enrollment management plans that advance the unique missions of requesting institutions;

WHEREAS, Northern Kentucky University (NKU) desires to align financial aid around its strategic framework to improve access for students, particularly first generation, underrepresented and international, and create a geographically diverse student population;

WHEREAS, NKU requests an exception to the 130% threshold in order to assist in obtaining those goals;

NOW, THEREFORE, the Council and NKU do enter into this Agreement for the purpose and period specified below.

SECTION ONE: TERMS OF THE AGREEMENT

1. The Council acknowledges that Northern Kentucky University has launched a new tuition scholarship program – EDGE – beginning fall 2019.

Details of the EDGE program as launched Fall 2019 - EDGE, Educational Discount to Graduate and Excel, allows eligible, new first-time freshman entering NKU in the fall of 2019 to pay \$10,000 annual tuition plus all mandatory fees (subject to change based on tuition increases.) The nearly \$9,000 discount off the annual nonresident rate is accomplished using institutional scholarship dollars.

EDGE offers the tuition discount to recognize academic excellence of students from 12 states and 12 countries. The 12 states are Ohio, Indiana, Tennessee, Virginia, West Virginia, Illinois, Missouri, Wisconsin, Michigan, Pennsylvania, Maryland, and North Carolina. These states are geographically strategic and also align with our Horizon League teams. The 12 countries are Canada, Mexico, China, Japan, South Korea, Vietnam, Nepal, India, Ethiopia, Nigeria, Ivory Coast, and Senegal. These are countries that we have, or are developing, strategic alliances.

Update for Changes Fall 2020 – For Fall 2020, in order to expand our goals around our strategic framework and for simplicity, the EDGE program will include all states and countries and will use pricing of the resident rate plus \$500.

To be eligible, students must have a high school GPA of 2.5 unweighted or greater. Students must maintain full-time consecutive enrollments and be in good academic standing to continue receiving this tuition benefit.

Other stipulations of the program are as follows:

- State-to-State full tuition agreements supersede the EDGE award
 - The EDGE program is not available for students enrolled in fully online academic programs
 - Scholarship amount does not currently lower out-of-state tuition below the resident rate and is dependent on available funds
 - Northern Kentucky University will ensure that academically qualified Kentucky residents will not be displaced as a result of this agreement
 - Scholarship amount will be reviewed on an annual basis
2. The Council agrees that while the EDGE program will not result in the average net tuition and fee revenue generated per nonresident undergraduate student equaling or exceeding 130% of the annual full-time tuition and fee charge assessed to resident undergraduate students, the increased nonresident student enrollment will benefit both the Commonwealth and Northern Kentucky University.
 3. The Council agrees that due to the benefits of the EDGE program to the Commonwealth and Northern Kentucky University, an exception to the nonresident tuition and fee policy is granted.
 4. Northern Kentucky University agrees to report to the council annually the results of this agreement. This report will include a summary of the entire program with breakouts of each

geographic area in which a tuition and fee discount is applied. Both the summary and the breakouts shall include the following:

- a. Total applications received and total accepted;
- b. Total enrollment;
- c. Enrollment demographics (e.g., underrepresented minorities, low-income, first generation);
- d. Retention, graduation, and degrees conferred for the total area and broken down by each demographic group (as they become available); and
- e. Total fee revenue generated by semester.

SECTION TWO: LENGTH OF THE AGREEMENT

Upon approval by the Council, this agreement is effective beginning February 1, 2020, and shall renew annually upon mutual consent of the parties.

APPROVED:

Aaron Thompson
President
Kentucky Council on Postsecondary Education

Date

Ashish Vaidya
President
Northern Kentucky University

Date

Travis Powell
General Counsel
Council on Postsecondary Education

Date

Attorney (optional)
Northern Kentucky University

Date

MEMORANDUM OF UNDERSTANDING
between
University of Louisville
and
THE KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION

This Memorandum of Understanding is made between the University of Louisville, an agency of the Commonwealth of Kentucky and public institution of higher education with its address at 2301 South Third Street, Louisville, Kentucky 40292, and the Kentucky Council on Postsecondary Education, a governmental agency of the Commonwealth, with its address at 1024 Capital Center Drive, Suite 320, Frankfort, Kentucky 40601.

WITNESSETH:

WHEREAS, the Kentucky Council on Postsecondary Education (Council or CPE) is responsible for determining tuition at public postsecondary institutions in the Commonwealth of Kentucky;

WHEREAS, the Council annually adopts a Tuition and Mandatory Fee Policy (Policy) based on the following fundamental objectives:

- Funding Adequacy;
- Shared Benefits and Responsibility;
- Affordability and Access;
- Effective Use of Resources; and
- Attracting and Importing Talent to Kentucky

WHEREAS, the Policy acknowledges that in order to meet the last objective, the Council and the institutions are committed to making Kentucky institutions financially attractive to nonresident students;

WHEREAS, the standard for non-resident tuition articulated in the Policy requires that in any given year, the average net tuition and fee revenue generated per nonresident undergraduate student equals or exceeds 130% of the annual full-time tuition and fee charge assessed to resident undergraduate students (i.e., the published in-state sticker price);

WHEREAS, the Policy allows institutions to request exceptions to the 130% threshold through a Memorandum of Understanding (MOU) process that delineates goals and strategies embedded in enrollment management plans that advance the unique missions of requesting institutions;

WHEREAS, the University of Louisville (UofL) desires to align financial aid around its strategic framework to improve access for students, particularly first generation, underrepresented and international, and create a geographically diverse student population;

WHEREAS, UofL requests an exception to the 130% threshold in order to assist in obtaining those goals;

NOW, THEREFORE, the Council and UofL do enter into this Agreement for the purpose and period specified below.

SECTION ONE: TERMS OF THE AGREEMENT

1. University Non-resident Undergraduate Tuition Rates. For fiscal year 2017-2018 (the most recent data available), the average net tuition and fee revenue per non-resident undergraduate student at the University was equal to approximately 127% of the published tuition and fee price for a resident undergraduate. The tuition policies of the University that are primarily responsible for the failure to meet the 130% requirement of the Revised Policy are as follows:

For active duty military, the University charges tuition at the rate of \$250 per credit hour which represents a discount of over 75% from the per credit hour rate for non-resident undergraduate students of \$1,088 for FY 2017-18. Virtually all of these active duty military students are classified as non-residents of Kentucky. With 93 students in this category for fiscal year 2017-2018, this has a material effect on the applicable ratio under the Revised Policy.

For online courses, all students, regardless of residency status, pay the same per credit hour rate which was \$497 in FY 2017-18. For the fall semester 2018, 957 non-resident undergraduate students enrolled in one or more online courses. This has a similar negative effect on the applicable ratio under the Revised Policy.

Students from Panama who take courses in their home country before transferring to the University do not pay tuition to the University, but they are included in the non-resident headcount figure. For the fall semester 2018, 186 students from Panama were counted. This, too, has a material effect on the applicable ratio under the Revised Policy.

In order to recruit highly qualified undergraduate students from out of state, the University offers focused institutional financial aid to prospective students with academic qualifications that exceed specific levels and indicate a strong likelihood of success at the University. The application of this institutional financial aid materially affects the applicable ratio under the Revised Policy.

While the tuition rates and institutional financial aid policies outlined above reduce the average net tuition and fee revenue per non-resident undergraduate student relative to the published tuition and fee price for resident undergraduates, these policies do not result in the displacement of resident students from the University. Furthermore, such policies have demonstrated benefits to the University and the Commonwealth.

2. The Council agrees that due to the benefits of the programs described above to the Commonwealth and UofL, an exception to the nonresident tuition and fee policy is granted.

UofL agrees to report to the council annually the results of this agreement. This report will include a summary of data regarding non-resident active duty military students, non-resident students taking online courses, students from Panama, highly qualified undergraduate students from out of state who receive focused institutional financial

aid, and any other data regarding the student demographics that contribute to the average net tuition and fee revenue generated per nonresident undergraduate student being less than 130% of the annual full-time tuition and fee charge assessed to resident undergraduate students.

SECTION TWO: LENGTH OF THE AGREEMENT

Upon approval by the Council, this agreement is effective beginning November 1, 2019, and shall renew annually upon mutual consent of the parties.

APPROVED:

Aaron Thompson
President
Kentucky Council on Postsecondary Education

Date

Neeli Bendapudi
President
University of Louisville

Date

Travis Powell
General Counsel
Kentucky Council on Postsecondary Education

Date

Thomas A. Hoy
General Counsel
University of Louisville

Date

MEMORANDUM OF UNDERSTANDING
between
MURRAY STATE UNIVERSITY
and
THE KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION

This Memorandum of Understanding is made between Murray State University, located in Murray, Kentucky, and the Kentucky Council on Postsecondary Education, a governmental agency of the Commonwealth, with its address at 100 Airport Road, 2nd Floor, Frankfort, Kentucky 40601.

WITNESSETH:

WHEREAS, the Kentucky Council on Postsecondary Education (Council or CPE) is responsible for determining tuition at public postsecondary institutions in the Commonwealth of Kentucky;

WHEREAS, the Council annually adopts a Tuition and Mandatory Fee Policy (Policy) based on the following fundamental objectives:

- Funding Adequacy;
- Shared Benefits and Responsibility;
- Affordability and Access;
- Effective Use of Resources; and
- Attracting and Importing Talent to Kentucky

WHEREAS, the Policy acknowledges that in order to meet the last objective, the Council and the institutions are committed to making Kentucky institutions financially attractive to nonresident students;

WHEREAS, the standard for non-resident tuition articulated in the Policy requires that in any given year, the average net tuition and fee revenue generated per nonresident undergraduate student equals or exceeds 130% of the annual full-time tuition and fee charge assessed to resident undergraduate students (i.e., the published in-state sticker price);

WHEREAS, the Policy allows institutions to request exceptions to the 130% threshold through a Memorandum of Understanding (MOU) process that delineates goals and strategies embedded in enrollment management plans that advance the unique missions of requesting institutions;

WHEREAS, Murray State University desires to align financial aid around its strategic framework to improve access for students, particularly first generation, underrepresented and international, and create a geographically diverse student population;

WHEREAS, Murray State University requests an exception to the 130% threshold in order to assist in obtaining those goals;

WHEREAS, Murray State University has identified that the cost of undergraduate education is the primary factor affecting retention, persistence, and graduation rates at the University;

WHEREAS, Murray State University's primary focus is to its Kentucky 18-county service region and other counties in Kentucky; however, to provide the quality of programs and services it is critical that Murray State University remain competitive to non-resident students, particularly those from regionally defined states.

WHEREAS, Murray State University has historically recruited and continues to recruit heavily in several regional and bordering states, and internationally, outside of Kentucky, including, but not limited to, Illinois, Tennessee, Missouri, Mississippi, Alabama, Arkansas and Indiana.

WHEREAS, Murray State University is an economic driver in Western Kentucky and the presence of non-resident students enhances the local, regional and state economic support the University provides. A larger student population is primarily limited to recruiting the non-resident student.

NOW, THEREFORE, the Council and Murray State University do enter into this Agreement for the purpose and period specified below.

SECTION ONE: TERMS OF THE AGREEMENT

1. The Council acknowledges that Murray State University may have the flexibility to set non-resident tuition rates per academic year as long as the rates exceed the resident rate, excluding any scholarship or grant funding.
2. Murray State University agrees that students from all other states, that meet academic requirements for admission established by the University, may receive border county and regional grants, merit/need-based scholarships and be eligible for competitive scholarships offered by the University and unaffiliated foundation.
3. Murray State University ensures that academically qualified Kentucky residents will not be displaced as a result of this agreement.
4. Murray State University does not currently meet the new CPE requirement that net tuition and fee revenue from out-of-state students equals or exceeds 130% of the annual full-time gross tuition and fee charge assessed to resident undergraduate students. Murray State University has the current capacity to enroll added students to ensure a sustainable financial plan and can attract non-resident students to assist with supporting the costs of operating the institution.
5. The Council agrees that while the proposed program will not result in the average net tuition and fee revenue generated per nonresident undergraduate student equaling or exceeding 130% of the annual full-time tuition and fee charge assessed to resident undergraduate students, the increased nonresident student enrollment will benefit both the Commonwealth and Murray State University.
6. The Council agrees that due to the benefits of this program to the Commonwealth and Murray State University, an exception to the nonresident tuition and fee policy is granted.

7. Murray State University agrees to report to the council annually the results of this agreement. This report will include a summary of the entire program where a discount is applied. The summary shall include the following:
- a. Total applications received and total accepted;
 - b. Total enrollment;
 - c. Enrollment demographics (e.g., underrepresented minorities, low-income, first generation);
 - d. Retention, graduation, and degrees conferred for the total area and broken down by each demographic group (as they become available); and
 - e. Total fee revenue generated by semester.

SECTION TWO: LENGTH OF THE AGREEMENT

Upon approval by the Council, this agreement is effective beginning April 24, 2020, and shall renew annually upon mutual consent of the parties.

APPROVED:

Aaron Thompson
President
Kentucky Council on Postsecondary Education

Date

Robert L Jackson
President
Murray State University

Date

Travis Powell
General Counsel
Kentucky Council on Postsecondary Education

Date

Attorney (optional)
Murray State University

Date

TITLE: Interim Capital Project – KCTCS Parking Lot Scope Increase

RECOMMENDATION: Staff recommends that the Finance Committee (on behalf of the Council as approved at its January 24, 2020 meeting) approve a \$1,000,000 agency fund scope increase for the Fire Commission’s National Responder Preparedness Center Parking Lot.

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

SUPPORTING INFORMATION

At its January 24, 2020 meeting, the Council delegated the final review of, and accompanying action on, this request to the Finance Committee. The Finance Committee will provide an update of the action taken at the Council’s April 24, 2020 meeting.

The Commonwealth’s approved budget for 2018-20 includes a capital project that was requested by the Kentucky Community and Technical College System (KCTCS) for the Fire Commission’s National Responder Preparedness Center Parking Lot. The original scope of the project was \$2,000,000.

After beginning the project, it was discovered that soil conditions on the site required extensive remediation, and KCTCS requested a scope increase of \$1,000,000 in agency funds.

On December 3, 2019, KCTCS officials requested the scope increase from the Finance and Administration Cabinet. Historically, scope increases have not required Council approval.

The Legislative Research Commission’s (LRC) Capital Projects and Bond Oversight Committee staff contacted CPE staff in mid-January (after the January 9 Finance Committee meeting) and asked if the Council would be approving the project. While the Council historically has not approved scope increases, CPE staff agrees that this project

should be approved by the Council since the magnitude of the increase exceeds 15% and the source of funds is agency restricted funds.

The Capital Projects and Bond Oversight Committee approved this project at its meeting on January 21, 2020, contingent on Council review and approval.

KCTCS has stated the Council's review and approval can be completed as late as mid-February without negative consequences to the project. CPE staff needed additional time to review the project before making a recommendation to the Council, therefore, CPE staff recommended that the Council delegate the review and related action to the Finance Committee at its February 19 meeting. Staff recommends that the Finance Committee approve this increase.

NEXT STEPS

Following Finance Committee action (on behalf of the full Council), staff will notify the president of KCTCS, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee of the Council's recommendation concerning this project.



January 6, 2020

Ms. Holly M. Johnson, Secretary
Finance and Administration Cabinet
Room 383, Capitol Annex
702 Capitol Avenue
Frankfort, KY. 40601

Re: Report of Capital Project Scope Increase
Kentucky Community and Technical College System

Dear Secretary Johnson:

The Kentucky Community and Technical College System (KCTCS) respectfully requests approval, pursuant to KRS 164A.575.(15), of a capital construction project scope increase for \$1,000,000 for the Fire Commission National Responder Preparedness Center Parking Lot. This project received authorization in the 2018-2020 budget for \$2,000,000. KCTCS received approval from the KCTCS' Board of Regents on December 6, 2019.

This project will develop a driving course around the current training structure. This will enable the Kentucky Fire Commission to deliver state of the art training to Commonwealth's firefighters, industrial customers and military troops. As part of Phase A design, a geotechnical exploration was performed on the site. This study indicates poor soil bearing properties thus requiring extensive remediation to the site.

Due to this study and to be able to move forward with bidding this project, KCTCS is requesting approval to increase the scope of the project by \$1,000,000, which will be funded from agency funds. The design and construction of the project is being pursued through the Finance and Administration Cabinet.

Should you have any questions, please feel free to contact Ken Marks at 859-256-3594.

Sincerely,

A handwritten signature in blue ink, appearing to read "W Followell", is written over the word "Sincerely,".

Wendell Followell
Vice President

Cc: President Jay Box
Sandy Adkins
Ken Marks
Shaun McKeirnan
Carla Wright



Kentucky Community and Technical College System

300 North Main Street
Versailles, KY 40383
(859) 256-3100
kctcs.edu

**KCTCS INTERIM PROJECT APPROVAL
SCOPE INCREASE: FIRE COMMISSION PARKING LOT**

**ACTION
Agenda Item H-2
December 6, 2019**

Recommendation

The KCTCS Board of Regents approve the scope increase of \$1.0 million in agency funds for the construction of a parking lot (driving course) at the National Responder Preparedness Center (NRPC) located in Greenville, Kentucky for the Kentucky Fire Commission – State Fire Rescue Training.

Rationale

- In accordance with House Bill (HB) 529 of the 2018-20 general session, interim authorization for a capital construction project with a scope greater than \$1.0 million must be approved by the KCTCS Board of Regents and the Council on Postsecondary Education and reported to the Capital Projects and Bond Oversight Committee of the Kentucky Legislature.
- The current authorization for the NRPC Parking Lot project is \$2.0 million. The additional \$1.0 million needs to be added to increase the project's budget to \$3.0 million in order to maintain the project's scope.
- The funding for this increase will come from agency funds of the Kentucky Fire Commission – State Fire Rescue Training.

Background

KCTCS has 2018-20 budget authorization for the National Responder Preparedness Center to develop a driving course on the property at Greenville, Kentucky. This increase in the project's budget will enable the Kentucky Fire Commission – State Fire Rescue Training to deliver state of the art training to Commonwealth's firefighters, industrial customers, and military troops. As part of Phase A design, a geotechnical exploration was performed of the site. The study indicated extensive remediation of the site is required because of poor soil compaction properties. This remediation includes 2 layers of geogrid base stabilizing fabric with a minimum of 12-inch dense grade aggregate, plus extensive drainage resulting in significant escalation of cost.

To be able to move forward with bidding of this project at the proposed scope, approval is being requested to increase the project's scope by \$1.0 million. Funding to support the project's increased cost will come from Fire Commission – State Fire Rescue Training agency funds.

Analysis of 2020-22 Executive Budget
 Table 1 - Proposed Postsecondary Institution Funding Components
 Comparison of CPE Recommended and Governor Proposed

Draft - For Discussion Purposes
 February 19, 2020

CPE Recommended Funding Components

| Funding Component | Fiscal 2020-21 | Fiscal 2021-22 | Biennial Total |
|-------------------------------------|-------------------|-------------------|-------------------|
| Operating Funds | | | |
| • Performance Funding ¹ | \$52,492,400 | \$74,989,100 | \$127,481,500 |
| Mandated Programs | | | |
| • KSU Land Grant Match ² | \$497,400 | \$497,400 | \$994,800 |
| Capital Investment | | | |
| • Asset Preservation ³ | \$200,000,000 | \$200,000,000 | \$400,000,000 |
| → Debt Service | 8,239,000 | 24,717,000 | 32,956,000 |

Governor's Proposed Funding Components

| Funding Component | Fiscal 2020-21 | Fiscal 2021-22 | Biennial Total |
|--|-------------------|-------------------|-------------------|
| Operating Funds | | | |
| • One Percent Increase for University Operations ⁴ | \$8,629,000 | \$8,629,000 | \$17,258,000 |
| • Assist with Increased Costs of KERS Contributions ⁵ | 18,651,500 | 18,651,500 | 37,303,000 |
| • Performance Funding ⁶ | 0 | 0 | 0 |
| Operating Total | \$27,280,500 | \$27,280,500 | \$54,561,000 |
| Mandated Programs | | | |
| • KSU Land Grant Match ² | \$497,400 | \$497,400 | \$994,800 |
| • UK University Press ⁷ | 336,300 | 336,300 | 672,600 |
| • MoSU Craft Academy ⁸ | 329,000 | 658,600 | 987,600 |
| | \$1,162,700 | \$1,492,300 | \$2,655,000 |
| Capital Investment | | | |
| • Resurgence Fund ⁹ | \$100,000,000 | \$100,000,000 | \$200,000,000 |
| → Debt Service | 4,119,500 | 12,358,500 | 16,478,000 |

Component Footnotes

- ¹ Additional operating funds that will provide incentives for institutions to increase student success and course completion outcomes. If authorized, these funds will help 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. The request represents increases of **6.2%** and **8.8%**, respectively, above the current year net General Fund base.
- ² Additional operating funds to meet federal matching requirements for KSU's land-grant program. If authorized by the General Assembly, these funds would be added to \$6,651,400 already contained in KSU's fiscal 2019-20 operating appropriation and the resulting \$7,148,800 mandated program total would be excluded from the performance funding model. These funds will help sustain the effectiveness and impact of outreach, service, and applied research of KSU's land-grant program.
- ³ Debt service for a \$400 million bond issue to finance asset preservation and renovation projects at the postsecondary institutions during the upcoming biennium. If requested bond funds are authorized, CPE staff recommends that they be **matched fifty cents on the dollar** by receiving institutions. It is estimated that the combined \$600 million total, state bonds and campus matching funds, would address about 10% of the total asset preservation need.

Component Footnotes (Cont'd)

- ⁴ The Executive Budget includes system total additional appropriations of \$8,629,000 in each year, which represents a 1% increase in General Fund support for university and KCTCS institution operations.
- ⁵ Additional system total General Fund of \$18,651,500 is included in each year to assist postsecondary institutions with the increased cost of employer contributions to the Kentucky Employees Retirement System (KERS). Although HB 352, as released, proposed to set the KERS contribution rate for nonhazardous duty employees at 67.41% in each year of the upcoming biennium, the State Budget Director has informed CPE staff that the Governor's intent was to meet the quasi-governmental agencies and postsecondary institutions halfway in terms of offsetting the KERS cost increases and that the Executive Branch will be seeking an amendment to HB 352 that sets the rate at 84.41% for participating quasi-governmental agencies and postsecondary institutions, covering roughly half the cost increase.
- ⁶ The Governor's budget (HB 352) does not include any appropriations for performance funding. It contains the following language: "Notwithstanding KRS 164.092, no funding is provided for the Postsecondary Education Performance Fund."
- ⁷ The Executive Budget includes additional General Fund in the amount of \$336,300 in each fiscal year to re-establish state support for the University Press at the University of Kentucky.
- ⁸ The Executive Budget includes additional General Fund in the amount of \$329,000 in fiscal year 2020-21 and \$658,600 in fiscal year 2021-22 to provide additional support for the Craft Academy for Excellence in Science and Mathematics, a dual-credit residential high school for academically talented juniors and seniors, on the campus at Morehead State University.
- ⁹ The Governor's Budget (HB 352) includes debt service for a \$200 million bond issue for a Resurgence Fund to finance asset preservation projects during the upcoming biennium and requires a **fifty cents on the dollar match** by the postsecondary institutions.

Council on Postsecondary Education
2020-22 Biennial Budget Recommendation

February 19, 2019

Table 2 - Requested Total General Fund Appropriation (Beginning Base)
Fiscal Year 2019-20

| | A | B | (A + B) |
|------------------------------|---|--|--|
| <u>Institution</u> | <u>2019-20 Regular Appropriation</u> ¹ | <u>Performance Distribution</u> ² | <u>2019-20 Total Appropriation</u> |
| University of Kentucky | \$249,109,400 | \$14,492,500 | \$263,601,900 |
| University of Louisville | 123,290,400 | 3,343,300 | 126,633,700 |
| Eastern Kentucky University | 60,175,200 | 3,578,400 | 63,753,600 |
| Kentucky State University | 25,259,100 | 0 | 25,259,100 |
| Morehead State University | 38,466,800 | 0 | 38,466,800 |
| Murray State University | 44,581,400 | 0 | 44,581,400 |
| Northern Kentucky University | 47,974,500 | 4,325,500 | 52,300,000 |
| Western Kentucky University | 69,344,200 | 4,379,100 | 73,723,300 |
| KCTCS | 166,034,000 | 8,547,000 | 174,581,000 |
| Total | \$824,235,000 | \$38,665,800 | \$862,900,800 |

¹ Fiscal year 2019-20 regular General Fund appropriation for each institution as enacted in the 2018-20 Budget of the Commonwealth (HB 200).

² Final distribution of \$38.7 million appropriated to the Postsecondary Education Performance Fund (PEPF) in fiscal year 2019-20.

Language from CPE's 2020-22 Biennial Budget Recommendation:

- *It is anticipated that earned performance funds, or \$38,665,800 in Postsecondary Education Performance Funds distributed among Kentucky's public postsecondary institutions in fiscal year 2019-20, will become recurring to the General Fund base of each institution that earned a share of those funds (as shown in Table 2 above).*

Analysis of 2020-22 Executive Budget

Draft - For Discussion Purposes

Table 3 - Proposed Postsecondary Institution General Fund Appropriations

February 19, 2020

Crosswalk from Fiscal 2019-20 Base Year

Fiscal Year 2020-21

Governor's Proposed New Funding

| Institution | 2019-20 Total Appropriation ¹ | Across-the-Board 1% Increase ² | Funding to Offset KERS Increases ³ | Added Mandated Program Funds | Base Adjustment | 2020-21 Total Appropriation |
|------------------------------|---|--|--|---------------------------------|----------------------------|--------------------------------|
| University of Kentucky | \$263,601,900 | \$2,636,000 | \$0 | \$336,300 | (\$2,545,500) ⁴ | \$264,028,700 |
| University of Louisville | 126,633,700 | 1,266,300 | 0 | 0 | 0 | 127,900,000 |
| Eastern Kentucky University | 63,753,600 | 637,600 | 2,684,400 | 0 | 0 | 67,075,600 |
| Kentucky State University | 25,259,100 | 252,600 | 856,700 | 497,400 | 0 | 26,865,800 |
| Morehead State University | 38,466,800 | 384,700 | 855,000 | 329,000 | 0 | 40,035,500 |
| Murray State University | 44,581,400 | 445,800 | 2,043,500 | 0 | 0 | 47,070,700 |
| Northern Kentucky University | 52,300,000 | 523,000 | 5,928,800 | 0 | 0 | 58,751,800 |
| Western Kentucky University | 73,723,300 | 737,200 | 2,844,100 | 0 | 0 | 77,304,600 |
| KCTCS | 174,581,000 | 1,745,800 | 3,439,000 | 0 | 0 | 179,765,800 |
| Total | \$862,900,800 | \$8,629,000 | \$18,651,500 | \$1,162,700 | (\$2,545,500) | \$888,798,500 |

Fiscal Year 2021-22

Governor's Proposed New Funding

| Institution | 2019-20 Total Appropriation ¹ | Across-the-Board 1% Increase ² | Funding to Offset KERS Increases ³ | Added Mandated Program Funds | Base Adjustment | 2021-22 Total Appropriation |
|------------------------------|---|--|--|---------------------------------|----------------------------|--------------------------------|
| University of Kentucky | \$263,601,900 | \$2,636,000 | \$0 | \$336,300 | (\$2,545,500) ⁴ | \$264,028,700 |
| University of Louisville | 126,633,700 | 1,266,300 | 0 | 0 | 0 | 127,900,000 |
| Eastern Kentucky University | 63,753,600 | 637,600 | 2,684,400 | 0 | 0 | 67,075,600 |
| Kentucky State University | 25,259,100 | 252,600 | 856,700 | 497,400 | 0 | 26,865,800 |
| Morehead State University | 38,466,800 | 384,700 | 855,000 | 658,600 | 0 | 40,365,100 |
| Murray State University | 44,581,400 | 445,800 | 2,043,500 | 0 | 0 | 47,070,700 |
| Northern Kentucky University | 52,300,000 | 523,000 | 5,928,800 | 0 | 0 | 58,751,800 |
| Western Kentucky University | 73,723,300 | 737,200 | 2,844,100 | 0 | 0 | 77,304,600 |
| KCTCS | 174,581,000 | 1,745,800 | 3,439,000 | 0 | 0 | 179,765,800 |
| Total | \$862,900,800 | \$8,629,000 | \$18,651,500 | \$1,492,300 | (\$2,545,500) | \$889,128,100 |

¹ Sum of each institution's regular appropriation and its distribution from the Postsecondary Education Performance Fund (PEPF) in fiscal year 2019-20.

² These figures represent a proposed one percent (1.0%) across-the-board increase on each institution's fiscal 2019-20 total General Fund appropriation.

³ Proposed additional appropriations to cover about half of the projected increase in employer-paid state retirement system contributions associated with a proposed increase in the KERS rate for nonhazardous duty employees from 49.47% to 84.41%, between fiscal years 2019-20 and 2020-21.

⁴ Debt service for a University of Kentucky HealthCare Disparities Initiative capital project in fiscal year 2019-20, transferred to the Finance Cabinet in 2020-21.

Table 4 - Proposed Postsecondary Institution Mandated Program Appropriations

February 19, 2020

Dollar Difference from Fiscal 2019-20 Base Year

| Institution | Governor's Proposed Budget | | | | |
|------------------------------|-------------------------------------|-------------------------------------|----------------------|-------------------------------------|----------------------|
| | Fiscal Year 2019-20 ¹ | Fiscal Year 2020-21 ² | Dollar Difference | Fiscal Year 2021-22 ² | Dollar Difference |
| University of Kentucky | \$79,382,500 | \$79,718,800 | \$336,300 | \$79,718,800 | \$336,300 |
| University of Louisville | 695,200 | 695,200 | 0 | 695,200 | 0 |
| Eastern Kentucky University | 2,071,900 | 2,071,900 | 0 | 2,071,900 | 0 |
| Kentucky State University | 6,651,400 | 7,148,800 | 497,400 | 7,148,800 | 497,400 |
| Morehead State University | 2,822,400 | 3,151,400 | 329,000 | 3,481,000 | 658,600 |
| Murray State University | 3,200,000 | 3,200,000 | 0 | 3,200,000 | 0 |
| Northern Kentucky University | 1,323,900 | 1,323,900 | 0 | 1,323,900 | 0 |
| Western Kentucky University | 5,497,700 | 5,497,700 | 0 | 5,497,700 | 0 |
| Subtotal | \$101,645,000 | \$102,807,700 | \$1,162,700 | \$103,137,300 | \$1,492,300 |
| KCTCS | 8,819,400 | 8,819,400 | 0 | 8,819,400 | 0 |
| Total | \$110,464,400 | \$111,627,100 | \$1,162,700 | \$111,956,700 | \$1,492,300 |

¹ Mandated program appropriation totals for each institution used in the 2019-20 iteration of the performance funding model.

² Total mandated program funding amounts proposed and line-itemed in each institution's direct appropriation in the 2020-22 Executive Budget of the Commonwealth.

Language from CPE's 2020-22 Biennial Budget Recommendation:

- *Council staff recommends that the Governor and General Assembly line-item mandated program funding amounts in the 2020-2022 Budget of the Commonwealth to ensure proper functioning of the performance funding models.*

Table 5 - Proposed Postsecondary Institution Resurgence Fund Appropriations

February 19, 2020

Comparison of CPE Recommended and Governor Proposed

CPE Recommended Asset Preservation Funds

(Allocation Formula)

| | A | | | B | (A + B) |
|------------------------------|---------------------------|---|---------------------|-----------------------------|---------------------|
| Postsecondary Institution | Funding Base ¹ | Renovation and Renewal Need ² | Percent of Total | Allocation Based on Need | State Bond Funds |
| University of Kentucky | \$4,000,000 | \$2,242,371,690 | 36.8% | \$132,628,100 | \$136,628,100 |
| University of Louisville | 4,000,000 | 1,032,082,314 | 17.0% | 61,043,900 | 65,043,900 |
| Eastern Kentucky University | 4,000,000 | 438,941,880 | 7.2% | 25,961,800 | 29,961,800 |
| Kentucky State University | 4,000,000 | 113,775,480 | 1.9% | 6,729,400 | 10,729,400 |
| Morehead State University | 4,000,000 | 321,567,480 | 5.3% | 19,019,500 | 23,019,500 |
| Murray State University | 4,000,000 | 347,559,030 | 5.7% | 20,556,900 | 24,556,900 |
| Northern Kentucky University | 4,000,000 | 294,015,940 | 4.8% | 17,390,000 | 21,390,000 |
| Western Kentucky University | 4,000,000 | 537,724,980 | 8.8% | 31,804,500 | 35,804,500 |
| KCTCS | 8,000,000 | 758,556,630 | 12.5% | 44,865,900 | 52,865,900 |
| | \$40,000,000 | \$6,086,595,424 | 100.0% | \$360,000,000 | \$400,000,000 |

Governor's Proposed Resurgence Fund

(Allocation Formula)

| | A | | | B | (A + B) |
|------------------------------|---------------------------|---|---------------------|-----------------------------|---------------------|
| Postsecondary Institution | Funding Base ¹ | Renovation and Renewal Need ² | Percent of Total | Allocation Based on Need | State Bond Funds |
| University of Kentucky | \$2,000,000 | \$2,242,371,690 | 36.8% | \$66,314,100 | \$68,314,000 |
| University of Louisville | 2,000,000 | 1,032,082,314 | 17.0% | 30,522,000 | 32,522,000 |
| Eastern Kentucky University | 2,000,000 | 438,941,880 | 7.2% | 12,980,900 | 14,981,000 |
| Kentucky State University | 2,000,000 | 113,775,480 | 1.9% | 3,364,700 | 5,364,800 |
| Morehead State University | 2,000,000 | 321,567,480 | 5.3% | 9,509,800 | 11,509,800 |
| Murray State University | 2,000,000 | 347,559,030 | 5.7% | 10,278,400 | 12,278,400 |
| Northern Kentucky University | 2,000,000 | 294,015,940 | 4.8% | 8,695,000 | 10,695,000 |
| Western Kentucky University | 2,000,000 | 537,724,980 | 8.8% | 15,902,200 | 17,902,000 |
| KCTCS | 4,000,000 | 758,556,630 | 12.5% | 22,432,900 | 26,433,000 |
| | \$20,000,000 | \$6,086,595,424 | 100.0% | \$180,000,000 | \$200,000,000 |

Governor's Proposed Campus Match

| Postsecondary Institution | State Bond Funds | Required Match % | Fund Source | Required Match \$ |
|------------------------------|---------------------|---------------------|----------------|----------------------|
| University of Kentucky | \$68,314,000 | 50.0% | AB | \$34,157,000 |
| University of Louisville | 32,522,000 | 50.0% | AB | 16,261,000 |
| Eastern Kentucky University | 14,981,000 | 50.0% | RF | 7,490,500 |
| Kentucky State University | 5,364,800 | 50.0% | RF | 2,682,400 |
| Morehead State University | 11,509,800 | 50.0% | AB | 5,754,900 |
| Murray State University | 12,278,400 | 50.0% | AB | 6,139,200 |
| Northern Kentucky University | 10,695,000 | 50.0% | AB | 5,347,500 |
| Western Kentucky University | 17,902,000 | 50.0% | RF | 8,951,000 |
| KCTCS | 26,433,000 | 50.0% | RF | 13,216,500 |
| | \$200,000,000 | | | \$100,000,000 |

¹ Fixed base amount that ensures a proportionately larger (%) minimum base funding level for smaller institutions.

² Figures obtained from the VFA Comprehensive Statewide Facilities Study, updated in 2013.

AB = Agency Bonds

RF = Restricted Funds

Policy Relevant Data Outline

- 1) Key Issues for 2020-21
 - a) State Appropriations
 - b) Mandated KERS Increases
 - c) Prior Year Tuition and Fees
 - d) Fixed Cost Increases
- 2) Price Trends and Comparative Data
 - a) Published Tuition and Fees
 - Kentucky Price Trends
 - Interstate Price Comparison
 - b) Student Financial Aid
 - Kentucky Financial Aid by Source
 - Interstate Student Aid Comparison
- 3) Policy Objectives Data
 - a) Funding Adequacy
 - State Appropriations
 - Tuition and Fee Revenue
 - Total Public Funds
 - Interstate Funding Comparison
 - b) Shared Benefits and Responsibility
 - c) Affordability
 - Net Price by Institution
 - Interstate Net Price Comparison
 - Student Loan Debt
 - Interstate Loan Debt Comparison
 - d) Attracting and Importing Talent
 - Nonresident Enrollment
 - Educational Migration

February 19, 2020

Kentucky Public Postsecondary Institutions
Table 1 - Change in General Fund Appropriations for Operations
Fiscal Years 2007-08 through 2019-20

In Nominal Dollars

| <u>Fiscal Year</u> | <u>General Fund Appropriations ¹</u> | <u>\$ Change from Prior Year</u> | <u>% Change from Prior Year</u> |
|----------------------|---|--------------------------------------|-------------------------------------|
| 2007-08 ^e | \$1,084,037,200 | -- | -- |
| 2007-08 ^f | 1,051,516,000 | (\$32,521,200) | -3.0% |
| 2008-09 | 1,005,748,900 | (45,767,100) | -4.4% |
| 2009-10 | 1,005,748,900 | 0 | 0.0% |
| 2010-11 | 1,007,481,100 | 1,732,200 | 0.2% |
| 2011-12 | 959,702,900 | (47,778,200) | -4.7% |
| 2012-13 | 916,013,400 | (43,689,500) | -4.6% |
| 2013-14 | 916,013,400 | 0 | 0.0% |
| 2014-15 | 910,565,500 | (5,447,900) | -0.6% |
| 2015-16 | 914,865,500 | 4,300,000 | 0.5% |
| 2016-17 | 879,380,900 | (35,484,600) | -3.9% |
| 2017-18 | 878,077,100 | (1,303,800) | -0.1% |
| 2018-19 | 862,203,800 | (15,873,300) | -1.8% |
| 2019-20 | \$860,355,300 | (\$1,848,500) | -0.2% |
| Total \$ Change: | (\$223,681,900) | | |
| Total % Change: | -21% | | |

^e = enacted appropriation

^f = final appropriation

¹ Total General Fund appropriations, net of debt service for capital projects.

Kentucky Public Postsecondary Institutions

February 19, 2020

Table 2 - Proposed Change in General Fund Appropriations for Operations
Between Fiscal Years 2019-20 and 2020-21

In Nominal Dollars

| Institution | 2019-20 General Fund Appropriations ¹ | Proposed 2020-21 General Fund Appropriations ² | Dollar Change | Percent Change |
|------------------------------|--|---|------------------|-------------------|
| University of Kentucky | \$261,056,400 | \$264,028,700 | \$2,972,300 | 1.1% |
| University of Louisville | 126,633,700 | 127,900,000 | 1,266,300 | 1.0% |
| Eastern Kentucky University | 63,753,600 | 67,075,600 | 3,322,000 | 5.2% |
| Kentucky State University | 25,259,100 | 26,865,800 | 1,606,700 | 6.4% |
| Morehead State University | 38,466,800 | 40,035,500 | 1,568,700 | 4.1% |
| Murray State University | 44,581,400 | 47,070,700 | 2,489,300 | 5.6% |
| Northern Kentucky University | 52,300,000 | 58,751,800 | 6,451,800 | 12.3% |
| Western Kentucky University | 73,723,300 | 77,304,600 | 3,581,300 | 4.9% |
| KCTCS | 174,581,000 | 179,765,800 | 5,184,800 | 3.0% |
| Subtotal | \$860,355,300 | \$888,798,500 | \$28,443,200 | 3.3% |

¹ Sum of regular General Fund appropriations as enacted (HB 200) and distribution of \$38.7 million from the Postsecondary Education Performance Fund based on funding model calculations. Does not include \$2,545,500 in debt service at the University of Kentucky for a HealthCare Disparities Initiative capital project.

² Total General Fund appropriations for postsecondary institution operations recommended by the Governor in House Bill 352.

Kentucky Comprehensive Universities and KCTCS Institutions
Table 3 - Budgetary Impact of Unfunded KERS Cost Increases
2020-2022 Executive Budget Recommendation

Fiscal Year 2020-21

| Institution | Proposed 2020-21 General Fund Appropriations ¹ | Estimated Unfunded KERS Costs ² | Budgetary Impact |
|------------------------------|---|--|---------------------|
| Eastern Kentucky University | \$67,075,600 | (\$2,684,400) | -4.0% |
| Kentucky State University | 26,865,800 | (856,700) | -3.2% |
| Morehead State University | 40,035,500 | (855,000) | -2.1% |
| Murray State University | 47,070,700 | (2,043,500) | -4.3% |
| Northern Kentucky University | 58,751,800 | (5,928,800) | -10.1% |
| Western Kentucky University | 77,304,600 | (2,844,100) | -3.7% |
| KCTCS | 179,765,800 | (3,439,000) | -1.9% |
| Total | \$496,869,800 | (\$18,651,500) | -3.8% |

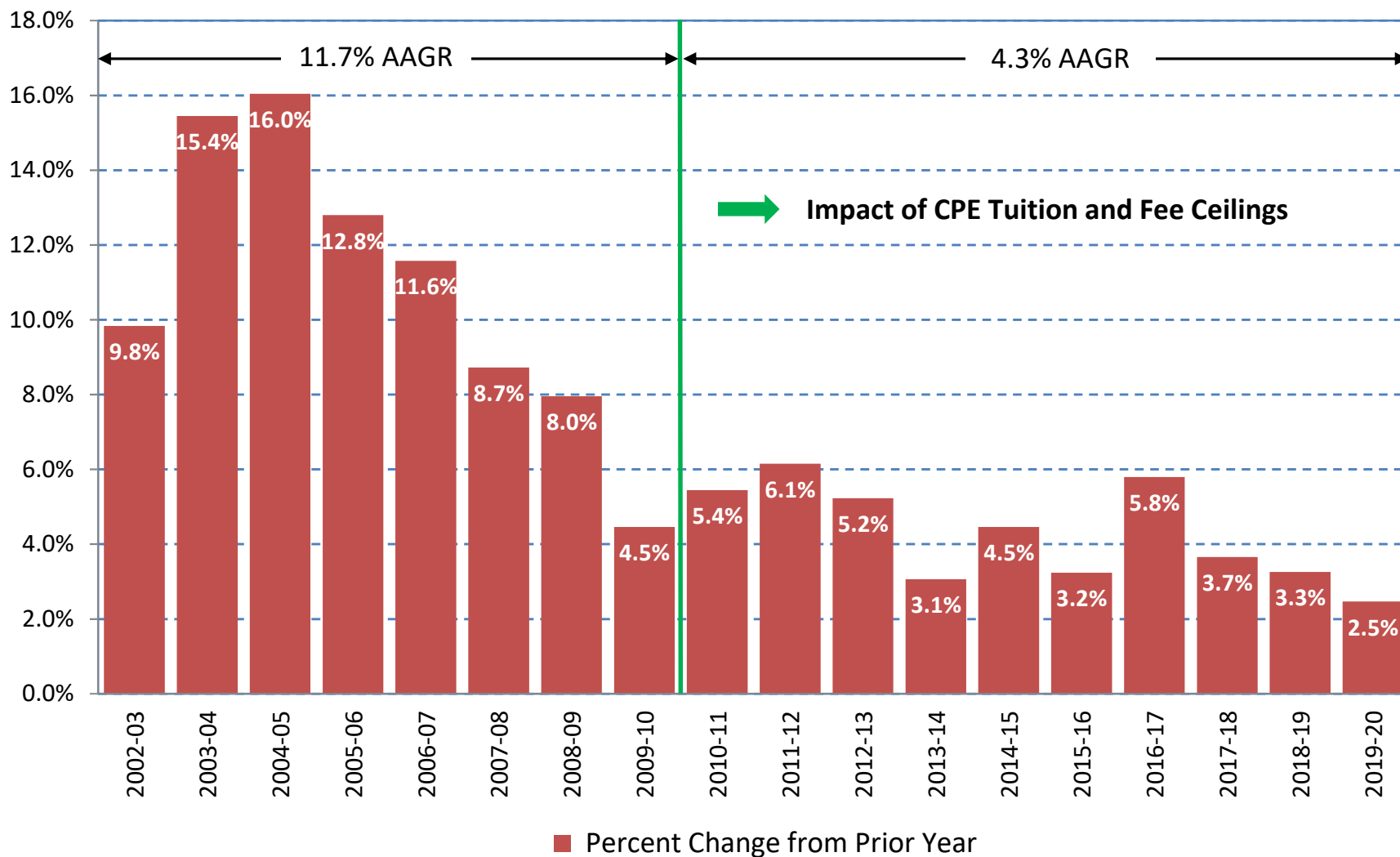
Fiscal Year 2021-22

| Institution | Proposed 2021-22 General Fund Appropriations ¹ | Estimated Unfunded KERS Costs ² | Budgetary Impact |
|------------------------------|---|--|---------------------|
| Eastern Kentucky University | \$67,075,600 | (\$2,684,400) | -4.0% |
| Kentucky State University | 26,865,800 | (856,700) | -3.2% |
| Morehead State University | 40,365,100 | (855,000) | -2.1% |
| Murray State University | 47,070,700 | (2,043,500) | -4.3% |
| Northern Kentucky University | 58,751,800 | (5,928,800) | -10.1% |
| Western Kentucky University | 77,304,600 | (2,844,100) | -3.7% |
| KCTCS | 179,765,800 | (3,439,000) | -1.9% |
| Total | \$497,199,400 | (\$18,651,500) | -3.8% |

¹ Total General Fund appropriations for comprehensive university and KCTCS operations recommended by the Governor in House Bill 352. Included is \$18.7 million to cover about half of the estimated increase in KERS costs in the upcoming biennium.

² Represents the unfunded portion (i.e., about half) of KERS cost increases, which institutions will have to pay as a result of a proposed increase in the KERS employer contribution rate for employees in nonhazardous positions from 49.47% to 84.41%.

Kentucky Public Postsecondary Institutions Annual Change in Resident Undergraduate Tuition and Fees Academic Years 2002-03 through 2019-20

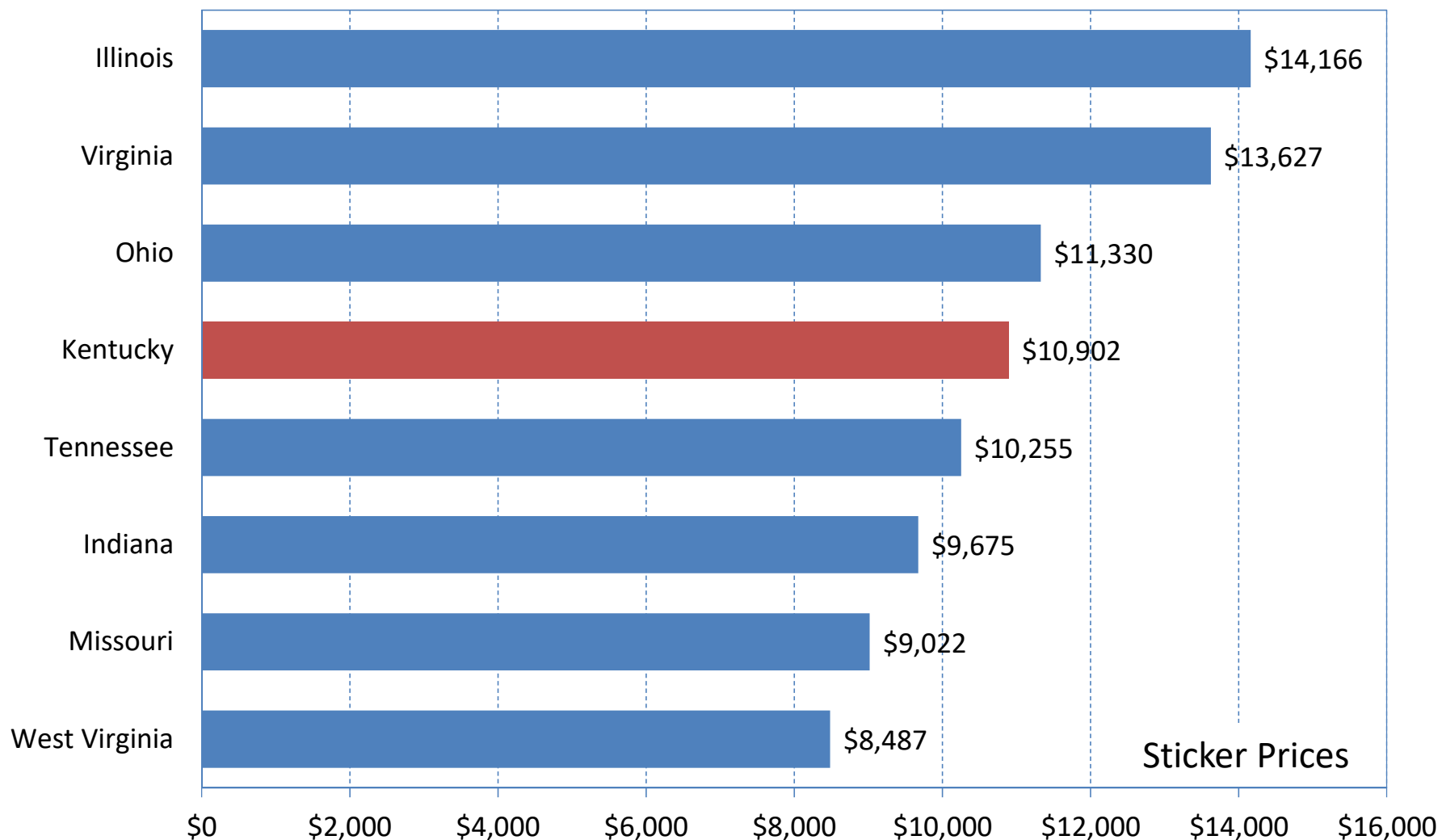


Source: Council on Postsecondary Education, Comprehensive Database.

AAGR = Average Annual Growth Rate

Public Four-Year Universities in Kentucky and Surrounding States Resident Undergraduate Tuition and Fees Academic Year 2019-20

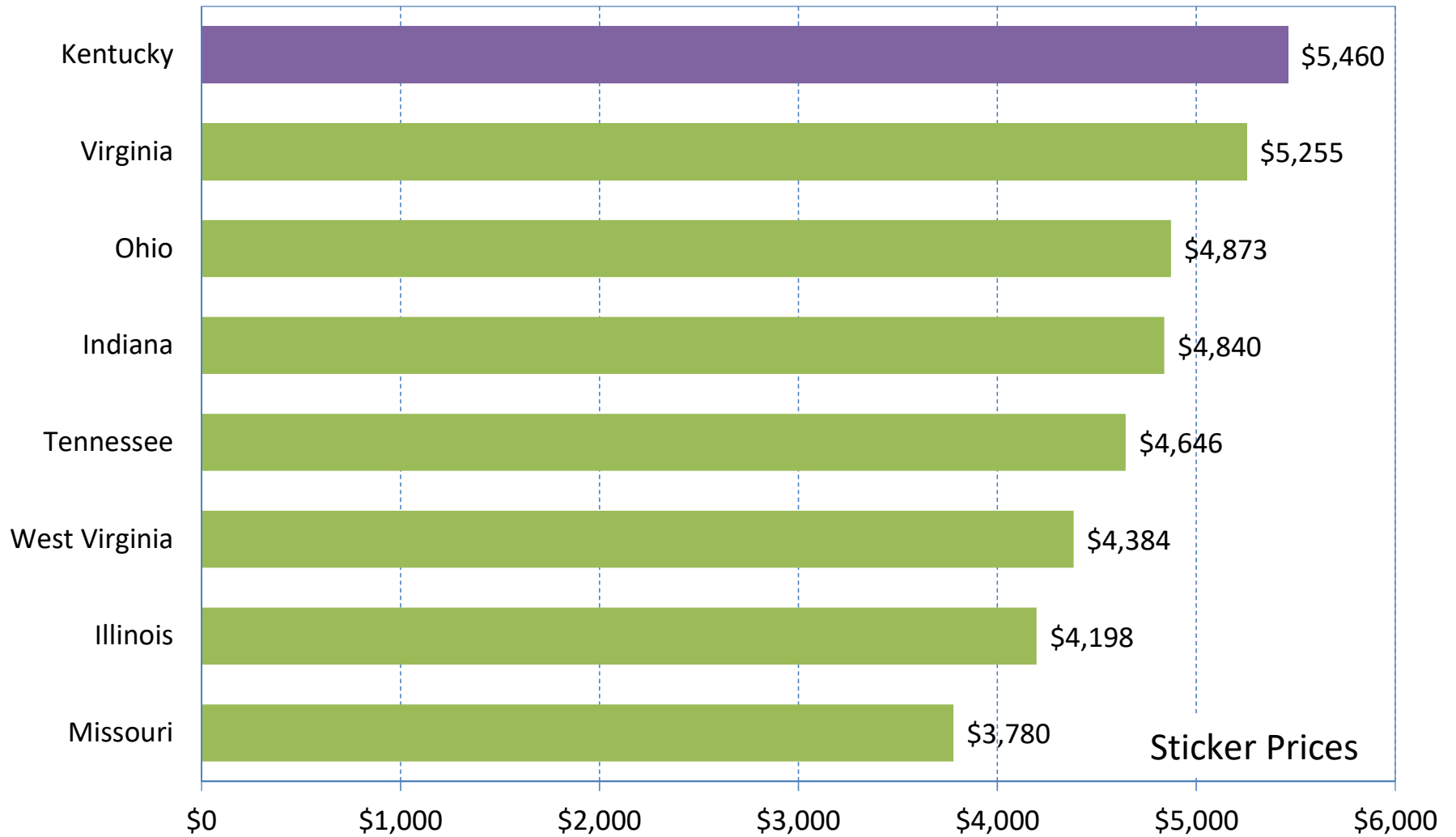
Chart 2



Source: College Board, Trends in College Pricing 2019.

Public Two-Year Colleges in Kentucky and Surrounding States
Resident In-District Tuition and Fees
Academic Year 2019-20

Chart 3



Source: College Board, Trends in College Pricing 2019.

Council on Postsecondary Education
Finance Committee Research Questions
Premiums Charged for Online Courses

February 19, 2020

Background Information

- What is the Council's current policy regarding online tuition and fee pricing? Has that policy changed at any time over the past decade?
- How are Kentucky institutions currently charging for online courses? Does the approach taken vary across institutions?

Statement of the Problem

- What is the issue? What is the financial impact on students? How many students are impacted? What is the financial impact for postsecondary institutions?

Comparative Analysis

- How do postsecondary institutions in surrounding states charge for online courses? Do they assess a premium for online courses versus courses taught in the classroom? Do they charge full-time students both a full-time flat rate and a premium for online courses? Is Kentucky an outlier?

Trend Analysis

- How has the enrollment of students in online versus in-the-classroom courses changed over the past decade? Has the proportion of students enrolling in online courses increased over time? Given the historical trend data, what predictions can be made regarding the student access landscape going forward?

Policy Outlook

- What policy options for pricing online education in Kentucky will best facilitate attainment of the Council's Strategic Agenda goals?

Council on Postsecondary Education
Responses to Finance Committee Research Questions
Premiums Charged for Online Courses

Background Information

- What is the Council’s current policy regarding online tuition and fee pricing? Has that policy changed at any time over the past decade?

On January 24, 2020, the Council approved the most recent iteration of its *Tuition & Mandatory Fee Policy*. That policy, which was unchanged from the one adopted the previous year, is silent on the issue of online tuition and fees.

For more than a decade (i.e., at least since the 2009-10 tuition setting cycle), the Council has not included in its *Tuition and Mandatory Fee Policy* an explicit statement governing tuition and fee levels charged for online courses or their rates of increase at public postsecondary institutions in Kentucky. Rather, as part of its annual tuition and mandatory fee recommendation, the common practice has been for staff to recommend “that the public institutions be allowed to submit for Council review and approval market competitive tuition and fee rates for graduate and online courses” and for the Council to approve those recommendations.

- How are Kentucky institutions currently charging for online courses? Does the approach taken vary across institutions?

Every public postsecondary institution in Kentucky assesses charges for online learning using a per-credit-hour rate. According to published price schedules, those charges for resident undergraduate students range from a low of \$202.⁰⁰ per credit hour at KCTCS to a high of \$601.⁰⁰ per credit hour at the University of Kentucky (UK). All but one of those institutions charge students a premium for taking an online course versus taking a comparable course delivered via in-the-classroom instruction.

As can be seen in Table 1 below, Morehead State University (MoSU) is the only institution that does not charge a differential between online and in-the-classroom instruction. The other institutions assess online charges that exceed the per-credit-hour rates assessed to part-time students receiving in-the-classroom instruction, with the premiums for online delivery ranging from a low of 0% at MoSU to a high of 23% at Kentucky State University (KSU).

Kentucky Public Postsecondary Institutions

Table 1: Part-Time and Online Per-Credit-Hour Rate Differential
Academic Year 2019-20

| <u>Institution</u> | <u>Part-Time PCH Rate</u> | <u>Online PCH Rate</u> | <u>Dollar Difference</u> | <u>Percent Difference</u> |
|--------------------|-------------------------------|----------------------------|------------------------------|-------------------------------|
| UK | \$501.00 | \$601.00 | \$100.00 | 20% |
| UofL | 489.00 | 539.00 | 50.00 | 10% |
| EKU | 386.00 | 421.00 | 35.00 | 9% |
| KSU | 325.00 | 400.00 | 75.00 | 23% |
| MoSU | 378.00 | 378.00 | 0.00 | 0% |
| MuSU | 382.00 | 457.00 | 75.00 | 20% |
| NKU | 413.00 | 448.00 | 35.00 | 8% |
| WKU | 450.00 | 540.00 | 90.00 | 20% |
| KCTCS | \$182.00 | \$202.00 | \$20.00 | 11% |

All universities assess a per-credit-hour premium for online courses taken by full-time resident undergraduate students who are already paying a full-time flat rate, which may be described as either an additional online tuition charge or an online course fee. As can be seen in Table 2 below, online tuition assessments range from a low of \$421.⁰⁰ per credit hour at Eastern Kentucky University (EKU) to a high of \$559.⁰⁰ per credit hour at UK and online course fee charges range from \$10.⁰⁰ per credit hour at KSU to \$150.⁰⁰ per credit hour at Western Kentucky University (WKU).

Kentucky Public Universities

Table 2: Additional Online Premium Assessed to Full-Time Students
Fall Semester 2019

| <u>Institution</u> | <u>Per Semester</u> | | <u>Additional Online Tuition PCH Rate</u> | <u>Additional Online Course Fee PCH Rate</u> |
|--------------------|---|---|---|--|
| | <u>Full-Time Flat-Rate Tuition & Fees</u> | <u>Full-Time Flat-Rate Credit Hours</u> | | |
| UK | \$6,180.00 | 12+ | \$559.00 | NA |
| UofL | 5,964.00 | 12+ | 539.00 | NA |
| EKU | 4,933.00 | 12+ | \$421.00 | NA |
| KSU | 4,400.00 | 12-18 | NA | \$10.00 |
| MoSU | 4,645.00 | 12-18 | NA | 15.00 |
| MuSU | 4,668.00 | 12-15 | NA | 75.00 |
| NKU | 5,148.00 | 12-16 | NA | 35.00 |
| WKU | \$5,401.00 | 12-18 | NA | \$150.00 |

KCTCS charges all students a per-credit-hour rate regardless of their full-time or part-time status (i.e., they have no full-time flat-rate charge) and is not included in this analysis.

Statement of the Problem

- What is the issue? What is the financial impact on students? How many students are impacted? What is the financial impact for postsecondary institutions?

During fall semester 2019, Council staff were contacted by students, a family member, and state legislators regarding implementation of a new billing practice at the University of Kentucky, whereby resident undergraduate students taking 12 or more credit hours in the classroom, who were also enrolled for online courses, would be assessed a \$559.⁰⁰ per-credit-hour charge in addition to paying the university's full-time flat rate. They asked staff to make Council members aware of this practice and determine whether or not the additional online assessment was consistent with Council policy.

On November 18, during President Thompson's Listening Tour at the University of Kentucky, multiple students indicated that the newly implemented online charge was problematic for them and asked Council staff to review UK's pricing policy. Soon after the Listening Tour, members of the Council's Finance Committee drafted a set of research questions, which formed the basis for this report.

To gauge the impact of premiums charged for online courses on students and postsecondary institutions, staff limited its analysis to three universities that are charging some resident undergraduate students both a full-time flat-rate and an online tuition assessment: the University of Kentucky, the University of Louisville, and Eastern Kentucky University.

As can be seen in Table 5 (on page 9 in this section), during fall semester 2019, over 1,900 resident undergraduate students at the University of Kentucky took between 12 and 18 credit hours that were taught in the classroom (or using a hybrid delivery method) and were also enrolled in up to six hours of online instruction. Based on UK's published price schedule, these students were eligible to be charged the university's full-time flat rate (or \$5,505.⁵⁰ for the semester, not including mandatory fees) and an online tuition assessment that varies depending on the number of online hours taken (i.e., \$559.⁰⁰ per credit hour).

For a student taking 12 credit hours in the classroom and three credit hours online, the total tuition assessment would be \$7,182.⁵⁰, or the sum of a \$5,505.⁵⁰ full-time flat-rate charge plus a \$1,677.⁰⁰ online charge. There were 1,435 students in this category. A student taking 12 credit hours in the classroom and six hours online would be charged \$8,859.50, or the full-time flat rate plus a \$3,354.⁰⁰ online charge. There were 90 students in this category.

The estimated gross billable tuition revenue generated by the online tuition assessments used in this analysis (i.e., resident undergraduate students who took between 12 and 18 credit hours in the classroom or hybrid delivery method and up to six credit hours online) is just over \$3.1 million. Caution should be exercised in interpreting this number, since it does not reflect transition scholarships or waivers provided by the university to students in this group.

The impact of premiums charged for online education on full-time students at the University of Louisville is shown in Table 6. During fall 2019, a total of 520 resident undergraduate students took between 12 and 18 credit hours in the classroom (or hybrid) and up to six credit hours online. These students were eligible to be assessed a full-time flat rate of \$5,665.⁰⁰ for the semester and an online rate of \$539.⁰⁰ per credit hour. For a student in this group taking either three or six credit hours online, the online assessments would equal \$1,617.⁰⁰ and \$3,234.⁰⁰, respectively, in addition to the full-time flat-rate charge. It is estimated that online assessments identified in this analysis could generate \$839,223 in gross billable tuition revenue for the university. Again, this figure does not reflect provision of scholarships or waivers.

At EKU, a total of 763 resident undergraduate students took between 12 and 18 credit hours in the classroom (or hybrid) and up to six credit hours online during fall semester 2019 (see Table 7 on page 11). This group of students was eligible to be charged both a full-time flat rate of \$4,633.⁰⁰ for 12+ credit hours in the classroom and a per-credit-hour rate of \$421.⁰⁰ for online courses. This means that students taking either three or six credit hours online could pay \$1,263.⁰⁰ or \$2,526.⁰⁰ in online tuition in addition to the full-time flat rate. The estimated incremental gross revenue generated by the online assessments equals \$978,825 at EKU.

Comparative Analysis

- How do postsecondary institutions in surrounding states charge for online courses? Do they assess a premium for online courses versus courses taught in the classroom? Do they charge full-time students both a full-time flat rate and a premium for online courses? Is Kentucky an outlier?

In a survey of 199 institutions located throughout the United States, the WICHE Cooperative for Educational Technologies (WCET) found that three-fourths of respondents (75.1 percent) charge online students the same tuition as students who enroll in face-to-face classes and about one in five institutions (18.9 percent) charged more for online courses (WCET Report, 2017, p. 37). While a large majority of institutions reported charging the same tuition for distance learning courses, more than half (54.2 percent) indicated that they charge a higher price when fees are considered.

WCET Distance Education and Price Report

Table 3 - Prevelence of Online Price Differential

| <u>Category</u> | <u>Tuition</u> | <u>Total Price</u> |
|-----------------|----------------|--------------------|
| Charged Less | 10 (5.9%) | 32 (19.0%) |
| No Difference | 127 (75.1%) | 45 (26.8%) |
| Charged More | 32 (18.9%) | 91 (54.2%) |

Cross tabulation of the data showed that Doctorate-granting institutions were far more likely (82.1 percent) to differentiate the price of online courses than other types of institutions, while Associate’s Colleges were much less likely (21.8 percent) to charge a differential (WCET Report, 2017, p. 24).

To obtain a sense of scale, survey participants were asked how much more or less distance education students were charged in Total Price (Tuition plus all Fees) for a three credit-hour course.

WCET Distance Education and Price Report

Table 4 - Assessment Differential for Three-Hour Course

| <u>Category</u> | <u>Total Responses</u> | <u>Percent of Total</u> |
|--------------------|------------------------|-------------------------|
| Over \$250 More | 11 | 6.5% |
| \$101 - \$250 More | 24 | 14.3% |
| \$1 - \$100 More | 56 | 33.3% |
| \$0 - Pay the Same | 45 | 26.8% |
| \$1 - \$100 Less | 15 | 8.9% |
| \$101 - \$250 Less | 6 | 3.6% |
| Over \$250 Less | 11 | 6.5% |
| Total | 168 | 100.0% |

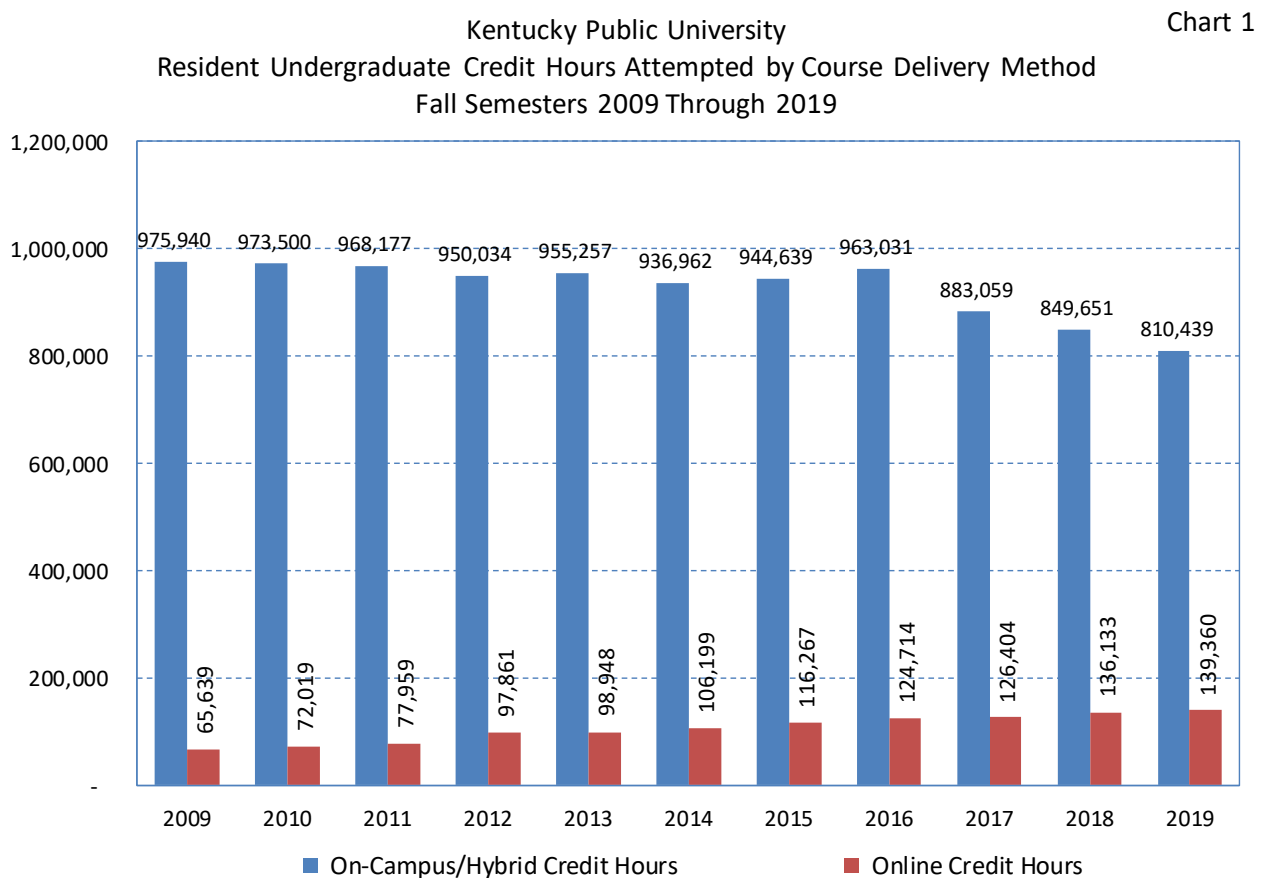
[Online price data from research institutions in surrounding states is forthcoming]

Trend Analysis

- How has the enrollment of students in online versus in-the-classroom courses changed over the past decade? Has the proportion of students enrolling in online courses increased over time? Given the historical trend data, what predictions can be made regarding the student access landscape going forward?

The data set used in the trend analysis below is resident undergraduate credit hours attempted by course delivery method at Kentucky public universities for fall semesters 2009 through 2019. The data were supplied by the Council on Postsecondary Education’s Data and Advanced Analytics Unit.

As can be seen in Chart 1, the annual number of credit hours attempted on campus or by hybrid means remained relatively flat between fall semesters 2009 and 2016, then began a steady decline over the next three years. Between fall semesters 2016



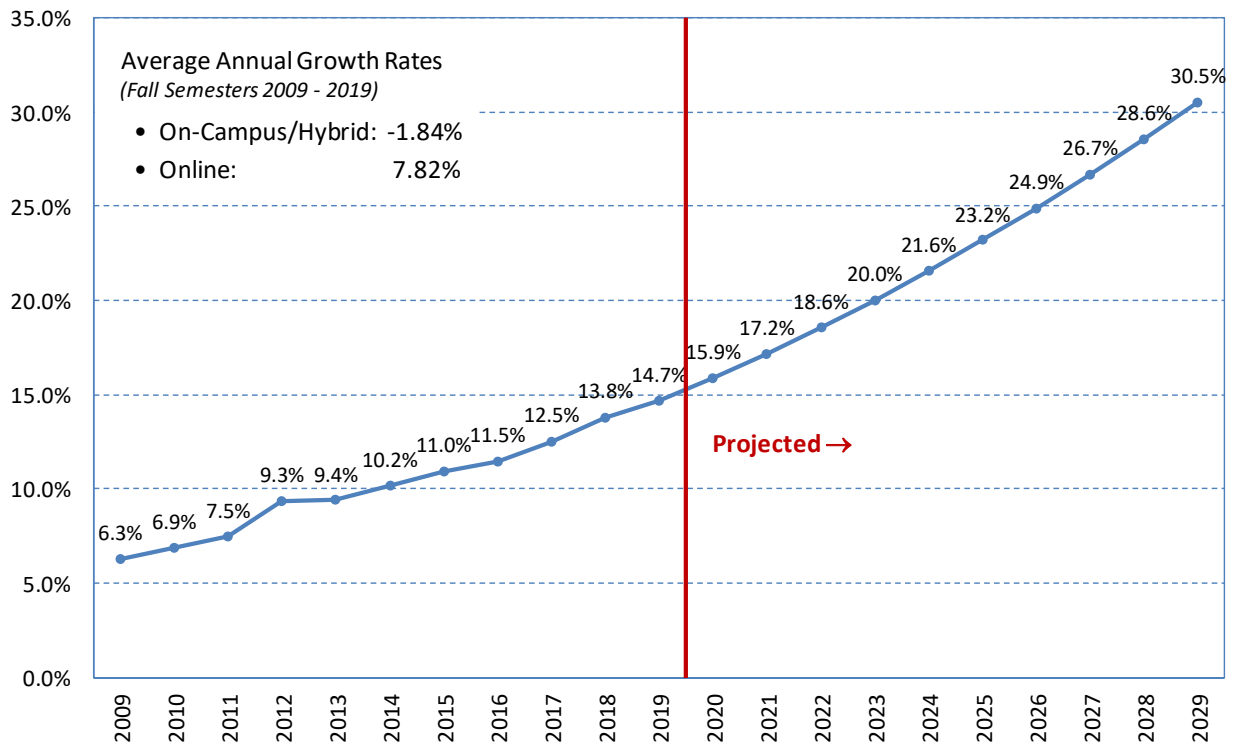
Source: Council on Postsecondary Education, Data and Advanced Analytics Unit.

and 2019, the number of in-the-classroom (or hybrid) credit hours attempted by resident undergraduate students decreased by 152,592 hours, or 15.8 percent. This downward trend in traditional credit hours attempted can be observed at seven out of eight Kentucky universities, with KSU being the only university recording an uptick in hours attempted in fall semester 2018.

Conversely, the annual number of online credit hours attempted has exhibited steady growth over the past decade, increasing every fall semester since 2009. As can be seen in Chart 1, online credit hours attempted more than doubled between fall semesters 2009 and 2019, growing from 65,639 to 139,360, respectively, or by 112.3 percent. The proportion of online credit hours as a percent of total resident undergraduate credit hours also increased markedly during this period, escalating from 6.3 percent in 2009 to 14.7 percent in 2019. If this trend continues, the proportion of online credit hours attempted is projected to reach about one-third of total credit hours by the year 2030 (see Chart 2).

Kentucky Public University
Online Credit Hours as a Percent of Total Credit Hours¹
Fall Semesters 2009 Through 2029

Chart 2



Source: Council on Postsecondary Education, Data and Advanced Analytics Unit.

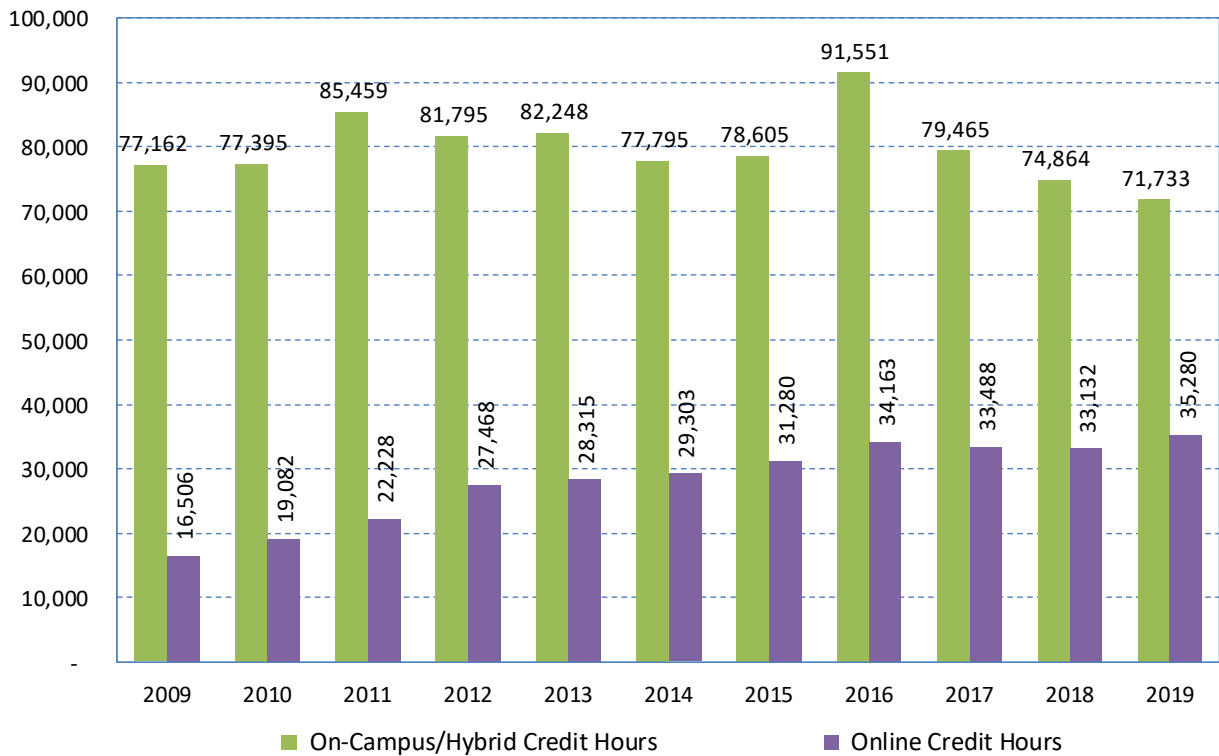
¹Includes resident undergraduate credit hours only.

Although not specifically listed among the Finance Committee’s research questions, staff included a chart showing the trend in part-time student credit hours attempted

by course delivery method (see Chart 3). While some of the trends in the part-time student chart are similar to those exhibited in the total credit hour chart, such as a steep decline in on-campus (hybrid) credit hours since 2016 and steady growth in online credit hours since 2009, the proportion of part-time students opting for online hours as a percent of total part-time hours (33.0 percent in fall 2019) is much higher than the proportion of full-time students opting for online hours as a percent of total full-time hours (12.3 percent in fall 2019).

Kentucky Public University
Part-Time Student Credit Hours¹ by Course Delivery Method
Fall Semesters 2009 Through 2019

Chart 3



Source: Council on Postsecondary Education, Data and Advanced Analytics Unit.

¹Includes resident undergraduate credit hours only.

Policy Outlook

- What policy options for pricing online education in Kentucky will best facilitate attainment of the Council’s Strategic Agenda goals?

[To Be Determined]

Table 5 - University of Kentucky
Number of Students Taking Between 12 and 18 Credit Hours in the Classroom (Or Hybrid)
Who Are Charged the Full-Time Flat Rate and Are Taking up to 6 Additional Hours Online
Fall Semester 2019

| <u>Number of Online Hours</u> | <u>Number of Students ¹</u> | <u>A</u> <u>Full-Time Flat Rate ²</u> | <u>B</u> <u>Additional Online Charge ³</u> | <u>(A + B)</u> <u>Total Tuition for Semester ²</u> |
|-----------------------------------|--|---|--|--|
| 1 | 216 | \$5,505.50 | \$559.00 | \$6,064.50 |
| 2 | 124 | 5,505.50 | 1,118.00 | 6,623.50 |
| 3 | 1,435 | 5,505.50 | 1,677.00 | 7,182.50 |
| 4 | 55 | 5,505.50 | 2,236.00 | 7,741.50 |
| 5 | 9 | 5,505.50 | 2,795.00 | 8,300.50 |
| 6 | <u>90</u> | \$5,505.50 | \$3,354.00 | \$8,859.50 |
| Total | 1,929 | | | |

| | |
|--|-------------|
| Published Per-Credit-Hour Rate for Online Courses | \$559.00 |
| Estimated Gross Tuition Revenue From Additional Online Charge ⁴ | \$3,115,866 |
| Students Taking 12-18 Classroom Hours and Zero Online Hours | 9,992 |

¹ Represents the number of **resident undergraduate** students who took between 12 and 18 credit hours in the classroom (or hybrid) who were also enrolled in online courses for the number of credit hours specified.

² Does not include mandatory fees (\$674.50 per semester).

³ Charge assessed to students taking online courses at the University of Kentucky who are enrolled in 12 or more credit hours in the classroom (or hybrid) and are assessed the full-time flat rate. The additional charge is calculated by multiplying the number of online credit hours attempted by the published per-credit-hour rate for online courses.

⁴ Calculated using gross billable online tuition assessment for each student taking between 12 and 18 credit hours in the classroom (or hybrid). Does not include full-time flat rate assessments or reflect the impact of scholarships or waivers on out-of-pocket costs.

Table 6 - University of Louisville
Number of Students Taking Between 12 and 18 Credit Hours in the Classroom (Or Hybrid)
Who Are Charged the Full-Time Flat Rate and Are Taking up to 6 Additional Hours Online
Fall Semester 2019

| <u>Number of Online Hours</u> | <u>Number of Students ¹</u> | <u>A</u> <u>Full-Time Flat Rate ²</u> | <u>B</u> <u>Additional Online Charge ³</u> | <u>(A + B)</u> <u>Total Tuition for Semester ²</u> |
|-----------------------------------|--|---|--|--|
| 1 | 37 | \$5,665.00 | \$539.00 | \$6,204.00 |
| 2 | 24 | 5,665.00 | 1,078.00 | 6,743.00 |
| 3 | 408 | 5,665.00 | 1,617.00 | 7,282.00 |
| 4 | 29 | 5,665.00 | 2,156.00 | 7,821.00 |
| 5 | - | 5,665.00 | 2,695.00 | 8,360.00 |
| 6 | <u>22</u> | \$5,665.00 | \$3,234.00 | \$8,899.00 |
| Total | 520 | | | |

Published Per-Credit-Hour Rate for Online Courses \$539.00

Estimated Gross Tuition Revenue From Additional Online Charge ⁴ \$839,223

Students Taking 12-18 Classroom Hours and Zero Online Hours 7,667

¹ Represents the number of **resident undergraduate** students who took between 12 and 18 credit hours in the classroom (or hybrid) who were also enrolled in online courses for the number of credit hours specified.

² Does not include mandatory fees (\$201 per semester) or Special Use Fee (\$98 per semester).

³ Charge assessed to students taking online courses at the University of Louisville who are enrolled in 12 or more credit hours in the classroom (or hybrid) and are assessed the full-time flat rate. The additional charge is calculated by multiplying the number of online credit hours attempted by the published per-credit-hour rate for online courses.

⁴ Calculated using gross billable online tuition assessment for each student taking between 12 and 18 credit hours in the classroom (or hybrid). Does not include full-time flat rate assessments or reflect the impact of scholarships or waivers on out-of-pocket costs.

Table 7 - Eastern Kentucky University
Number of Students Taking Between 12 and 18 Credit Hours in the Classroom (Or Hybrid)
Who Are Charged the Full-Time Flat Rate and Are Taking up to 6 Additional Hours Online
Fall Semester 2019

| <u>Number of Online Hours</u> | <u>Number of Students ¹</u> | <u>A</u> <u>Full-Time Flat Rate ²</u> | <u>B</u> <u>Additional Online Charge ³</u> | <u>(A + B)</u> <u>Total Tuition for Semester ²</u> |
|-----------------------------------|--|---|--|--|
| 1 | 32 | \$4,633.00 | \$421.00 | \$5,054.00 |
| 2 | 23 | 4,633.00 | 842.00 | 5,475.00 |
| 3 | 665 | 4,633.00 | 1,263.00 | 5,896.00 |
| 4 | 2 | 4,633.00 | 1,684.00 | 6,317.00 |
| 5 | 2 | 4,633.00 | 2,105.00 | 6,738.00 |
| 6 | <u>39</u> | \$4,633.00 | \$2,526.00 | \$7,159.00 |
| Total | 763 | | | |

Published Per-Credit-Hour Rate for Online Courses \$421.00

Estimated Gross Tuition Revenue From Additional Online Charge ⁴ \$978,825

Students Taking 12-18 Classroom Hours and Zero Online Hours 5,940

¹ Represents the number of **resident undergraduate** students who took between 12 and 18 credit hours in the classroom (or hybrid) who were also enrolled in online courses for the number of credit hours specified.

² Does not include Special Use Fee (max \$150 per semester) or Asset Preservation Fee (max \$150 per semester).

³ Charge assessed to students taking online courses at Eastern Kentucky University who are enrolled in 12 or more credit hours in the classroom (or hybrid) and are assessed the full-time flat rate. The additional charge is calculated by multiplying the number of online credit hours attempted by the published per-credit-hour rate for online courses.

⁴ Calculated using gross billable online tuition assessment for each student taking between 12 and 18 credit hours in the classroom (or hybrid). Does not include full-time flat rate assessments or reflect the impact of scholarships or waivers on out-of-pocket costs.