

# COUNCIL ON POSTSECONDARY EDUCATION FINANCE COMMITTEE MEETING



March 23, 2021 – 3:00 PM, EST  
ZOOM teleconferencing for Finance Committee members  
Livestream video for public: <https://youtu.be/LUYUITzF3i8>

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<b>I.</b>	<b>Call to Order and Roll Call</b>	
<b>II.</b>	<b>Approval of Committee Meeting Minutes</b>	
	- October 20, 2020 .....	2
	- December 15, 2020.....	5
<b>III.</b>	<b>State Budget (21 RS, HB 192) .....</b>	<b>8</b>
<b>IV.</b>	<b>Performance Funding Update .....</b>	<b>14</b>
<b>V.</b>	<b>Tuition and Fee Discussion .....</b>	<b>39</b>
<b>VI.</b>	<b>Other Business</b>	
<b>VII.</b>	<b>Adjournment</b>	
	<i>Next meeting: April 13, 2021 @ 3pm ET</i>	

**DRAFT MINUTES**  
Council on Postsecondary Education

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Type: Finance Committee Meeting  
Date: October 20, 2020  
Time: 3:00 p.m. ET  
Location: Virtual Meeting – Committee member by ZOOM teleconference. Public viewing at: <https://youtu.be/7BzLb5qJnao>

**CALL TO ORDER**

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The Finance Committee met Tuesday, October 20, 2020, at 3:00 p.m., ET. Pursuant to Executive Order 2020-243 and a memorandum issued by the Finance and Administration Cabinet dated March 16, 2020, and in an effort to prevent the spread of Novel Coronavirus (COVID-19), the Committee met utilizing a video teleconference. Members of the public were invited to view the meeting virtually on the CPE YouTube page: <https://youtu.be/7BzLb5qJnao> . Chair Ben Brandstetter presided.

**ATTENDANCE**

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Members in attendance: Benjamin Brandstetter, Colby Birkes, Richard Nelson, and Robert Staat.

Members not in attendance: Kim Halbauer and Carol Wright.

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

**APPROVAL OF THE MINUTES**

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The minutes of the August 18, 2020 Finance Committee meeting were approved as amended to reflect a date correction.

**SPECIAL FEE REPORTS**

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Mr. Shaun McKiernan, CPE’s Director of Finance, and Mr. Ryan Kaffenberger, CPE Senior Associate, provided a review on recent reports related to special fees collected by campuses and reported to CPE. Included in each report was a

narrative of the projects funded using the fees as well as details of fee revenues and uses. Reports on the following were provided:

- 1) Special Use Fees – Campuses include University of Louisville, Eastern Kentucky University, Morehead State University, Northern Kentucky University, and Western Kentucky University.
- 2) Asset Preservation Fees - Campuses include Eastern Kentucky University, Kentucky State University, Morehead State University, and Murray State University. A separate report on upcoming capital projects to be funded at Murray State University was also provided.
- 3) KCTCS Agency Bond Fee – As authorized by the BuildSmart initiative included in the 2014-16 budget bill.

## **INTERIM CAPITAL PROJECT PROPOSALS – FOR APPROVAL**

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Mr. McKiernan presented two interim capital project proposals from the University of Louisville.

- 1) J.B. Speed School of Engineering – The University requested authorization to use \$18.7 million in agency funds to renovate and upgrade the J.B. Speed School of Engineering building. Work includes upgrading the building's HVAC system as well as other mechanical improvements to other building systems prior to any aesthetic improvements.
- 2) UofL Medical Tower-55A Vivarium – The University requested authorization to use \$8.0 million to renovate the 8th and 9th floors of Medical Tower-55A. The project would be federally-funded by a grant from the National Institutes of Health.

MOTION: Mr. Nelson moved the Finance Committee approve the interim project requests as presented and recommend approval by the Council at its November 13, 2020 meeting. Mr. Birkes seconded the motion.

VOTE: The motion passed.

## **INTERIM CAPITAL PROJECT – DELEGATION OF AUTHORITY REQUEST**

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Mr. McKiernan presented the recommendation that the Finance Committee request approval from the Council to approve an interim capital project request from Murray State University on its behalf at its December 15, 2020 Committee meeting. The \$2.0 million project to make significant upgrades and repairs to the Lovett Auditorium HVAC system would not be reviewed by its campus board until their December 4, 2020 meeting.

Committee members agreed to the recommendation and asked that it be put on the agenda for the November 13 Council meeting. A formal motion was not needed.

## **REVIEW ON ASSET PRESERVATION FEE POLICY**

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As part of the annual reporting process and in response to questions from campus officials, CPE staff reviewed the existing Asset Preservation Fee Exemption Policy and identified proposed changes shown in the attached document. Mr. Bill Payne, CPE's Vice President of Finance and Administration, presented the proposed changes which would enhance the policy's clarity and better meet postsecondary institution needs. Committee members were asked to review them and provide feedback.

## **UPDATE ON POSTSECONDARY EDUCATION WORKING GROUP**

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Dr. Payne provided the Committee with summary of the third meeting of the Postsecondary Education's Working Group on Performance Funding. He also discussed the proposal developed by several university presidents which addressed the stop loss and small school adjustment concerns.

## **ADJOURNMENT**

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The Finance Committee adjourned at 5:00 p.m., ET.

**MINUTES REVIEWED AND APPROVED BY THE FINANCE COMMITTEE:** \_\_\_\_\_

**DRAFT MINUTES**  
Council on Postsecondary Education

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Type: Finance Committee Meeting  
Date: December 15, 2020  
Time: 3:00 p.m. ET  
Location: Virtual Meeting by ZOOM Webinar – for Committee members and the public

**CALL TO ORDER**

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The Finance Committee met Tuesday, December 15, 2020, at 3:00 p.m., ET. Pursuant to Executive Order 2020-243 and a memorandum issued by the Finance and Administration Cabinet dated March 16, 2020, and in an effort to prevent the spread of Novel Coronavirus (COVID-19), the Committee met utilizing a video teleconference. Members of the public were invited to view the meeting virtually by ZOOM Webinar. Chair Ben Brandstetter presided.

**ATTENDANCE**

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Members in attendance: Benjamin Brandstetter, Colby Birkes, Eric Farris, Richard Nelson, Robert Staat, and Carol Wright

Member not in attendance: Kim Halbauer.

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

**INTERIM CAPITAL PROJECT PROPOSAL – MURRAY STATE UNIVERSITY**

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Mr. Ryan Kaffenberger, CPE's Senior Associate of Finance, presented Murray State University's interim capital project request to make significant upgrades and repairs to the Lovett Auditorium HVAC system. This project was approved by Murray State University's Board of Regents on December 4, 2020, and due to that timing, the Council delegated final approval authority for this project to the Finance Committee at their November 13, 2020 meeting.

MOTION: Ms. Wright moved the Finance Committee approve the interim project request as presented and on behalf of the Council. Dr. Staat seconded the motion.

VOTE: The motion passed.

## **2021-22 POSTSECONDARY EDUCATION BUDGET PRIORITIES**

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Dr. Bill Payne, CPE's Vice President of Finance and Administration, and Mr. Shaun McKiernan, Director, presented the summary of public postsecondary institution and CPE agency budget priorities for fiscal year 2021-22 as developed by campus presidents, Chief Budget Officers, and CPE senior staff.

The budget priorities list included additional appropriations for performance funding and asset preservation, \$1,180,100 in additional appropriations to meet a federal matching requirement for KSU's land-grant program, and to maintain pension relief for Kentucky's comprehensive universities and KCTCS institutions.

The priorities list also included two agency budget requests - \$1.5 million request to support P-20 Strategic Initiatives and \$850,000 funding request for a Kentucky Education-to-Work initiative designed to improve and expand education and training that leads to quality career opportunities and provides access to short-term credential programs aligned with industry needs.

MOTION: Mr. Farris moved to approve the Postsecondary Education Budget Priorities for Fiscal Year 2021-22 that would be shared with policymakers and used to advocate for the resources necessary for institutions and students to continue making progress toward the state's 60x30 college attainment goal. Mr. Nelson seconded the motion.

VOTE: The motion passed.

## **TUITION POLICY AND TIMELINE**

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Mr. McKiernan presented the Tuition and Mandatory Fee Policy, which provides a framework for establishing public postsecondary tuition and fees for academic year 2021-22 and included the following proposed changes regarding asset preservation exception fees:

- Remove the requirement that the cost of a proposed asset preservation and renovation or fit-for-use project or a grouping of such projects must equal or exceed a \$1.0 million threshold.

- Add language to clarify that fee revenue may be accumulated over time until it meets a specific project's scope and that fee revenue may be used to pay debt service on instruments used to finance projects other than Agency Bonds.
- Provide guidance regarding the use of fee revenue on ongoing asset preservation, renovation, and fit-for-use projects not included in the initial approval of an institution's Asset Preservation Fee.

Dr. Payne presented the proposed Tuition Setting Timeline, in which the Council will take action on recommended tuition and mandatory fee ceilings at the April 16, 2021 meeting and approve campus proposed tuition and fee rates at the June 25, 2021 meeting. The preliminary timeline did not require Council approval.

MOTION: Mr. Birkes moved the Committee approve the proposed changes to the Tuition and Mandatory Fee Policy and recommend final approval by the Council at its January 29, 2021 meeting. Dr. Staat seconded the motion.

VOTE: The motion passed.

#### **UPDATE ON POSTSECONDARY EDUCATION WORKING GROUP**

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Dr. Aaron Thompson, CPE President, presented a summary of the work conducted by the Postsecondary Education Working Group, which held its final meeting on December 2, 2020. Dr. Payne presented an overview of the approved list of recommendations that will be submitted to the Governor and General Assembly prior to the start of the 2021 Legislative Session.

#### **ADJOURNMENT**

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The Finance Committee adjourned at 4:30 p.m., ET.

**MINUTES REVIEWED AND APPROVED BY THE FINANCE COMMITTEE:** \_\_\_\_\_

## Postsecondary Education Budget Priorities For Fiscal Year 2021-22

### *Postsecondary Institutions*

- Operating Funds
  - Performance Funding → \$37,500,000 in additional appropriations (represents about a 4.3% increase on the revised net General Fund appropriation base for fiscal 2020-21)
- Mandated Programs
  - KSU Land Grant Match → \$1,180,100 in additional appropriations (both in current year and in 2021-22 to meet federal matching requirement for land-grant program)
- Pension Relief
  - Maintain pension relief by keeping the KERS contribution rate the same in 2021-22 that it was in 2020-21 or by providing alternative forms of relief as may be determined by the Governor and General Assembly
- Capital Investment
  - Asset Preservation → \$200,000,000 in state bond funds to address an estimated \$7.3 billion need for facilities renovation and renewal at Kentucky's public colleges and universities (which would also create jobs and stimulate the state economy)
  - Do not require an institutional match (due to COVID-19 costs and forgone revenue)

### *CPE Agency Budget*

- Operating Funds
  - Fund Swap Restoration → \$3,500,000 to restore agency base funding to the fiscal year 2019-20 level (there was a one-time reduction in CPE's 2020-21 General Fund appropriation, with a planned restoration of those funds in 2021-22)
  - P-20 Strategic Initiatives → \$1,500,000 in recurring General Fund (i.e., \$800k recurring and \$700k nonrecurring) to strengthen the pipeline between K-12 and postsecondary education by developing coordinated outreach and advising strategies, tools for helping students navigate the path from college to career, programs for recruiting and training a more diverse teacher corps, and high-quality dual credit and early learning opportunities
  - Kentucky Education-to-Work (E2W) Initiative → \$850,000 in recurring funds to streamline, improve, and expand education and training that leads to quality jobs, credit for prior learning and work-based learning opportunities, access to short-term credential programs aligned with industry needs, career advising and support, and small business support services



2020-2022 Free Conference Committee Report (FCCR) Budget  
Provisions Pertaining to Postsecondary Education  
March 15, 2021

## **Operating Funds**

### *Fiscal Year 2020-21*

- Fund Swap Reduction = (\$20,000,000)
  - The FCCR budget contains \$20.0 million in total reductions to postsecondary institution appropriations in 2020-21, which are related to a \$20.0 million federal fund swap implemented by the Office of State Budget Director
  - The reductions in General Fund at each institution will be replaced dollar-for-dollar with federal Coronavirus Relief Funds
- KSU Land Grant Program = \$1,061,600
  - The budget includes a \$1,061,600 current year appropriation to meet federal matching requirements for Kentucky State University's land-grant program

### *Fiscal Year 2021-22*

- Fund Swap Restoration = \$20,000,000
  - The 2021-22 numbers reflect the restoration of \$20.0 million in General Fund appropriations for the postsecondary institutions, related to the fund swap
- Distributed Performance Funds (Net \$0)
  - The 2021-22 General Fund appropriation for each institution includes any applicable performance funds earned from running the 2020-21 iteration of the funding model (i.e., \$14,994,800 in total for all institutions)
  - The amounts of earned performance funds added to campus base budgets is subtracted from the Performance Fund in total, so the net monetary impact in 2021-22 is zero
- Pension Funding = \$22,099,200
  - The FCCR budget includes \$22.1 million in additional appropriations to support transition of comprehensive universities (except for NKU) and KCTCS to a level dollar allocation method for determining KERS pension contributions
  - The endorsed level of funding is expected to cover 100% of the marginal cost increase relative to actual 2019-20 employer contributions (21 RS, HB 8)
  - The pension funds are included in each participating institution's regular appropriation, but are also explicitly identified (i.e., line-itemed) as mandated programs, which will result in their exclusion from funding models

- Performance Funding = \$17,307,100
  - Appropriation of \$17.3 million for the Postsecondary Education Performance Fund (PEPF) in fiscal 2021-22
  - This amount represents a 2.0% increase on the originally enacted 2020-21 operating funds base (20 RS, HB 352), plus performance, minus debt service
  - CPE and KCTCS staffs will determine the distribution of these funds among institutions using statutorily defined public university and two-year college funding models (KRS 164.092)

## **Mandated Programs**

- UofL School of Dentistry = \$100,000
  - Appropriation of \$100,000 to support a new mandated program at the University of Louisville's School of Dentistry
- KSU Land Grant Program = \$1,061,600
  - The additional appropriation of \$1,061,600 to KSU's land-grant program in 2020-21 recurs in 2021-22 (both relative to a 2019-20 base)
  - The additional funds in 2020-21 and 2021-22 will result in total state support for KSU's land-grant program of \$8,210,400 each year of the biennium
- MoSU Craft Academy = \$329,000
  - Additional appropriation of \$329,000 in 2021-22 to accommodate increased enrollment at Morehead State University's Craft Academy
  - The additional funds will result in a total appropriation for MoSU's Craft Academy of \$3,480,400 in 2021-22

## **Debt Service**

- UK Debt Service = \$1,013,000
  - Appropriation of \$1,013,000 in 2021-22, representing half a year's debt service on \$14.0 million in bond funds, to support a capital project at the University of Kentucky
- KSU Debt Service = \$182,000
  - Appropriation of \$182,000 in 2021-22, representing half a year's debt service on \$5.0 million in bond funds to support a capital project at Kentucky State University

## **Capital Investment**

- Resurgence Fund = \$0
  - The FCCR budget does not provide debt service or bond funds to support a Resurgence Fund (i.e., Asset Preservation) in the 2020-2022 biennium

- UK Sanders-Brown Center Improvement = \$14,000,000
  - The budget provides \$14.0 million in General Fund supported bond funds to improve the Sanders-Brown Center on Aging and Neuroscience facility at the University of Kentucky (i.e., \$1,013,000 in debt service in 2021-22)
  - The total scope of the project is \$28.0 million, \$14.0 million in General Fund supported bond funds and \$14.0 million in other funds
- KSU Roof Repair and Replacement = \$5,000,000
  - The FCCR budget provides \$5.0 million in General Fund supported bond funds for roof repair and replacement of Education and General facilities at Kentucky State University (i.e., \$182,000 in debt service in 2021-22)
- NKU KERS Cessation = \$320,000,000 (Agency Bond Authority)
  - Agency Bond Authority of \$320.0 million at Northern Kentucky University to support a lump-sum payment for voluntary separation from the Kentucky Employees Retirement System (KERS)
  - NKU's Board of Regents voted to cease participation in KERS at its December 2, 2020 board meeting. NKU will cease participation in the KERS effective June 30, 2021

### **Other Postsecondary Initiatives**

- Better Kentucky Promise Scholarship = \$0
  - The FCCR budget does not provide funding for the proposed Better Kentucky Promise Scholarship program

Kentucky Budget of the Commonwealth  
 Free Conference Committee Report (21 RS, HB 192)  
 General Fund Appropriations for Postsecondary Institution Operations

Draft - For Discussion Purposes  
 March 15, 2021

Fiscal Year 2020-21

(A - B + C)

Institution	A	B	C	D	2020-21 Fund Distributions	
	Enacted Regular General Fund <sup>1</sup>	Fund Swap Reduction <sup>2</sup>	KSU Land-Grant Match Funds <sup>3</sup>	FCCR 2020-21 General Fund	Performance Distribution <sup>4</sup>	Coronavirus Relief Funds <sup>5</sup>
University of Kentucky	\$258,609,200	(\$6,130,000)	\$0	\$252,479,200	\$6,621,600	\$6,130,000
University of Louisville	124,117,900	(2,936,500)	0	121,181,400	2,938,900	2,936,500
Eastern Kentucky University	65,337,000	(1,511,900)	0	63,825,100	394,200	1,511,900
Kentucky State University	25,384,300	(586,700)	1,061,600	25,859,200	0	586,700
Morehead State University	38,332,900	(885,900)	0	37,447,000	0	885,900
Murray State University	43,753,800	(1,011,200)	0	42,742,600	0	1,011,200
Northern Kentucky University	51,280,500	(1,207,500)	0	50,073,000	967,000	1,207,500
Western Kentucky University	72,596,200	(1,695,400)	0	70,900,800	757,900	1,695,400
KCTCS	171,265,800	(4,034,900)	0	167,230,900	3,315,200	4,034,900
Performance Fund	14,994,800	0	0	14,994,800	(14,994,800)	0
<b>Total</b>	<b>\$865,672,400</b>	<b>(\$20,000,000)</b>	<b>\$1,061,600</b>	<b>\$846,734,000</b>	<b>\$0</b>	<b>\$20,000,000</b>

Fiscal Year 2021-22

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Institution	E	F	G	H	I	J	K
	FCCR 2020-21 General Fund	Fund Swap Restoration <sup>2</sup>	Performance Distribution <sup>4</sup>	Pension Funding <sup>6</sup>	Performance Fund Allocation <sup>7</sup>	Other Base Adjustments <sup>8</sup>	FCCR 2021-22 General Fund
University of Kentucky	\$252,479,200	\$6,130,000	\$6,621,600	\$0	\$0	\$1,013,000	\$266,243,800
University of Louisville	121,181,400	2,936,500	2,938,900	0	0	100,000	127,156,800
Eastern Kentucky University	63,825,100	1,511,900	394,200	8,909,700	0	(317,000)	74,323,900
Kentucky State University	25,859,200	586,700	0	558,200	0	182,000	27,186,100
Morehead State University	37,447,000	885,900	0	4,913,000	0	79,000	43,324,900
Murray State University	42,742,600	1,011,200	0	3,270,900	0	0	47,024,700
Northern Kentucky University	50,073,000	1,207,500	967,000	0	0	0	52,247,500
Western Kentucky University	70,900,800	1,695,400	757,900	3,592,500	0	0	76,946,600
KCTCS	167,230,900	4,034,900	3,315,200	854,900	0	0	175,435,900
Performance Fund	14,994,800	0	(14,994,800)	0	17,307,100	0	17,307,100
<b>Total</b>	<b>\$846,734,000</b>	<b>\$20,000,000</b>	<b>\$0</b>	<b>\$22,099,200</b>	<b>\$17,307,100</b>	<b>\$1,057,000</b>	<b>\$907,197,300</b>

<sup>1</sup> Figures obtained from the enacted 2020-21 Budget of the Commonwealth (20 RS, HB 352).

<sup>2</sup> System total \$20 million reduction in General Fund in 2020-21 and system total \$20 million General Fund restoration in 2021-22, resulting from a \$20 million federal fund swap. Figures obtained from a CPE letter sent to campus presidents, dated November 12, 2020.

<sup>3</sup> Recurring \$1,061,600 increase in state General Fund appropriations in both years of the biennium to meet a federal matching requirement for KSU's land-grant program. With these increases, the total amount of state matching funds supporting KSU's land-grant program each year will be \$8,210,400.

- <sup>4</sup> Distribution of \$14,994,800 appropriated to the Performance Fund in 2020-21 (20 RS, HB 352), as communicated in a letter from CPE to the State Budget Director, dated May 28, 2020. The distributed funds are not reflected in each individual institution's 2020-21 revised General Fund appropriation in the FCCR budget, but are added to campus base budgets in 2021-22.
- <sup>5</sup> Federal Coronavirus Relief Funds distributed by the Office of the State Budget Director to postsecondary institutions as part of the \$20 million federal fund swap in 2020-21.
- <sup>6</sup> Funding to offset pension costs as comprehensive universities (except for NKU) and KCTCS transition to a fixed allocation non-hazardous retirement plan's employer contribution. The appropriated amounts are intended to cover 100 percent of estimated cost increases at each institution in fiscal year 2021-22.
- <sup>7</sup> Appropriation of \$17.3 million to the Performance Fund in 2021-22, which will be distributed among institutions using university and KCTCS funding models defined in statute (KRS 164.092).
- <sup>8</sup> In fiscal 2021-22, the FCCR budget provides additional appropriations for four institutions, including: (a) \$1,013,000 in debt service for a capital project at UK; (b) \$100,000 to support a new mandated program at UofL's School of Dentistry; (c) \$182,000 in debt service for a capital project at KSU; and (d) \$329,000 to support an increase in funding for MoSU's Craft Academy. That same year, the FCCR budget reduces funding at two institutions, including: (a) a \$317,000 decrease related to the transfer of debt service from EKU to the Finance Cabinet; and (b) a \$250,000 reduction at MoSU related to the sunset of funding for a Jet Propulsion Lab antenna.



# Performance Funding Update

# Overview

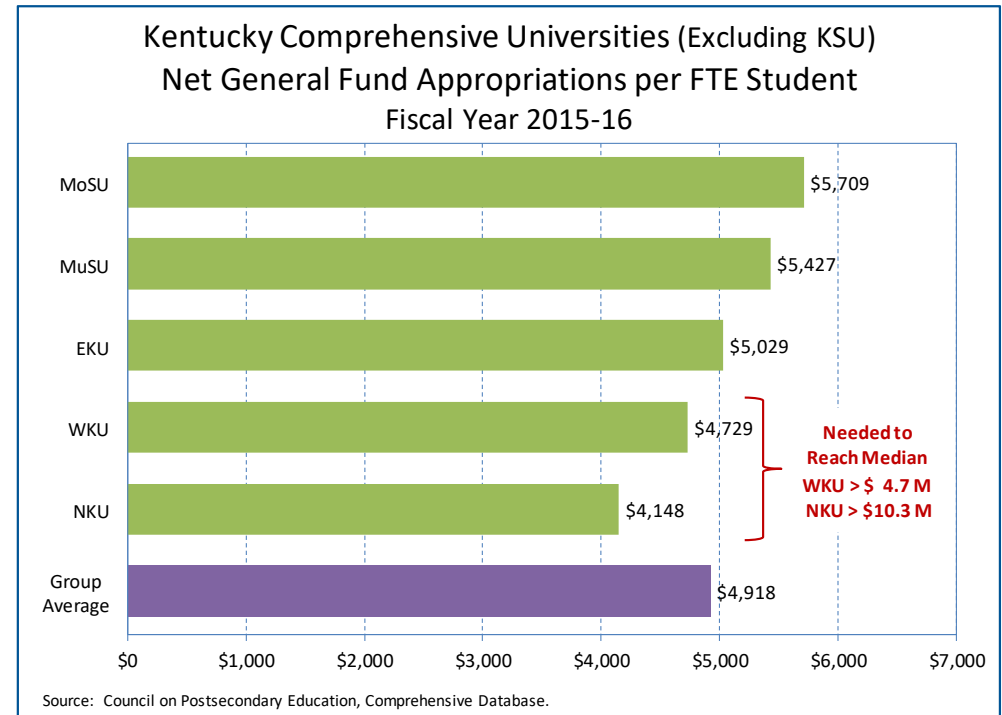


- Background Information
- Postsecondary Education Working Group
- Models Functioning as Expected
- Unintended Consequences
- Recommended Adjustments
- Current Status

# Background Information

## *Impetus for Funding Models*

- Accelerate progress toward attainment of state goals for postsecondary education
- Address limitations of previous funding method (base +, base -)
- Rectify funding disparities that had developed over time
- Respond to legislative mandate to convene working group and develop models (HB 303, 2016)



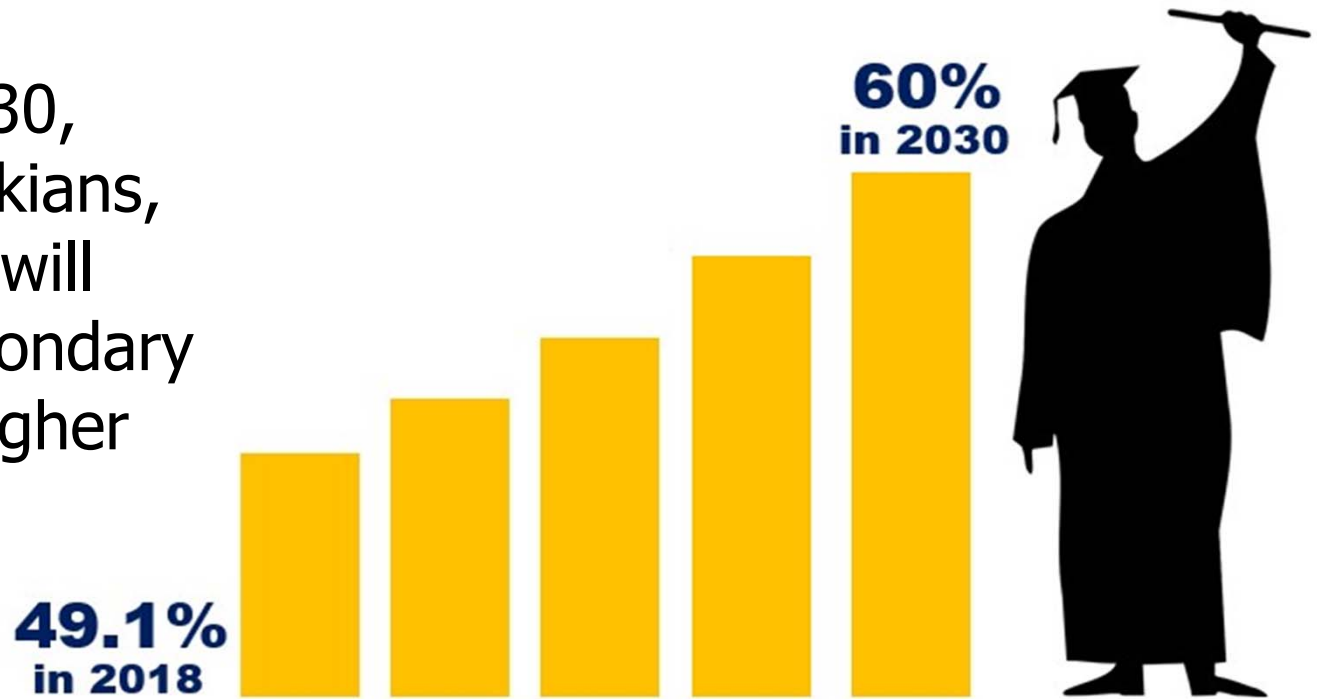


# Background Information

## *Kentucky's 60x30 Attainment Goal*

To expand opportunity and strengthen our workforce

- By the year 2030, 60% of Kentuckians, ages 25 to 64, will have a postsecondary certificate or higher



Source: The Lumina Foundation's "A Stronger Nation"

# Background Information

## *Benefits of College Attainment*

- **Increased Lifetime Earnings**

In Kentucky, associate degree holders earn 14% more than high school graduates, and bachelor's degree holders earn 64% more.

- **Greater Job Security**

Kentucky's workforce participation rate is 20 percentage points higher for bachelor's degree holders than for high school graduates.

- **Addresses Workforce Needs**

By 2030, over 60% of jobs will require some form of postsecondary education. Currently, only 49% of Kentuckians have credentials beyond high school.

- **Makes Jobs Recession Resistant**

Following the 2008 recession, 99% of all new jobs created required some postsecondary education.

- **Enhances Economic Development**

Low levels of college attainment can be a deterrent to prospective businesses and industries. Kentucky currently ranks 47<sup>th</sup> in the nation in educational attainment and 42<sup>nd</sup> in workforce participation.

- **Facilitates Lifetime Learning**

Today's workforce needs a higher learning system that allows education and skill development over a lifetime, not just in the four to six years following high school.

- **Supports Changing Job Demands**

Automation or outsourcing has eliminated the need for thousands of traditional blue-collar jobs that were once the backbone of the state's economy. Postsecondary education provides a means for retooling and retraining Kentucky's workforce.

# Background Information

## *State Goals for Higher Education*

- Increase retention and progression of students toward timely completion
- Increase numbers of bachelor's degrees and two-year college credentials awarded
- Produce more degrees and credentials in fields that garner higher wages upon completion (STEM+H, high-demand, and targeted industries)
- Close achievement gaps by growing degrees and credentials earned by minority, low income, and underprepared students

# Postsecondary Education Working Group

## *Membership*

➔ KRS 164.092, Section 11(a)

The Council on Postsecondary Education is hereby directed to establish a postsecondary education working group composed of the following:

1. The president of the council;
2. The president or designee of each public postsecondary institution, including the president of KCTCS;
3. The Governor or designee;
4. The Speaker of the House or designee; and
5. The President of the Senate or designee.

# Postsecondary Education Working Group

## *Role and Responsibilities*

➔ KRS 164.092, Section 11(b)(c)

Beginning in fiscal year 2020-21 and every three fiscal years thereafter, the postsecondary education working group shall convene to:

- determine if the comprehensive funding model is functioning as expected
- identify any unintended consequences of the model
- recommend any adjustments to the model

The results of the review and recommendations of the working group shall be reported to the Governor, the Interim Joint Committee on A&R, and the Interim Joint Committee on Education

# Postsecondary Education Working Group

## *Timeline and Meetings*

First Working  
Group Meeting  
July 30, 2020



December 15 - Final  
Recommendations Due

Short Session of  
General Assembly  
January 5, 2021

### Meetings and Activities:

- July 30 - Reviewed trends in student success data and results of a performance funding survey completed by campus presidents
- September 2 – HCM Strategists provided an update on national trends in performance funding; KCTCS presented proposed changes to their model
- October 7 – Reviewed financial impact data, campus assessments of funding models, and proposals to address fiscal cliffs and limit redistribution of base funding among institutions

# Postsecondary Education Working Group

## *Timeline and Meetings (Cont'd)*

### Meetings and Activities (Cont'd):

- November 4 – Reviewed and discussed major decision points, including:
  - Appropriate Stop-Loss Percentage
  - Small School Adjustment
  - Nonresident Student Weighting
  - Premiums for Underserved Populations
  - Weighting Between Sectors
- November 20 – Continued discussion of major decision points; reviewed and discussed proposed adjustments to funding models
- December 2 - Final discussion and agreement on recommendations

# Models Functioning as Expected

## *Summary of Findings*

- State funding is no longer being distributed based on historical share, but on student success outcomes produced (new approach reflects changes in enrollment, program mix, degrees awarded)
- Institutions that achieved growth in student success outcomes above the sector average increased their funding share
- Within university and KCTCS models, institutions have progressed toward funding parity (equilibrium achieved at 5 of 8 universities and ten of 16 KCTCS institutions)
- Models are providing incentives for student progression and timely completion, and premiums for STEM+H, URM, and LI degrees




# Models Functioning as Expected

## *Summary of Findings (Cont'd)*


- Institutions have reacted to the models strategically:
  - Increased alignment between campus and state goals
  - Adopted internal budget allocation models to reward performance
  - Expanded emphasis on need-based aid and completion grants
- Since 2014, bachelor's degrees awarded have grown by 12% in total, 30% in STEM+H fields, and 40% among URM students
- Since 2016, KCTCS credentials have increased by 28% in total, 29% in STEM+H fields, and 40% among URM students
- Kentucky's postsecondary system is making progress toward the state's 60x30 educational attainment goal

# Models Functioning as Expected

## *Incentives for Above Average Performance*

 Bachelor's Degrees (Normalized) Pool Size = <b>\$46.6 M</b> in 2020-21	2019-20	2020-21	Volume	Percent	Status	Institution	2019-20	2020-21
	Iteration	Iteration	Change	Change			Share	Share
University of Kentucky	7,754	8,191	437	5.6%	Above	UK	32.7%	33.7%
University of Louisville	4,920	5,167	247	5.0%	Above	UofL	20.7%	21.2%
Eastern Kentucky University	2,642	2,706	64	2.4%	Below	EKU	11.1%	11.1%
Kentucky State University	284	237	(47)	-16.5%	Below	KSU	1.2%	1.0%
Morehead State University	1,256	1,214	(42)	-3.4%	Below	MoSU	5.3%	5.0%
Murray State University	1,799	1,733	(66)	-3.7%	Below	MuSU	7.6%	7.1%
Northern Kentucky University	2,228	2,161	(66)	-3.0%	Below	NKU	9.4%	8.9%
Western Kentucky University	2,849	2,910	61	2.1%	Below	WKU	12.0%	12.0%
Sector	23,734	24,320	586	2.5% =	Average		100.0%	100.0%

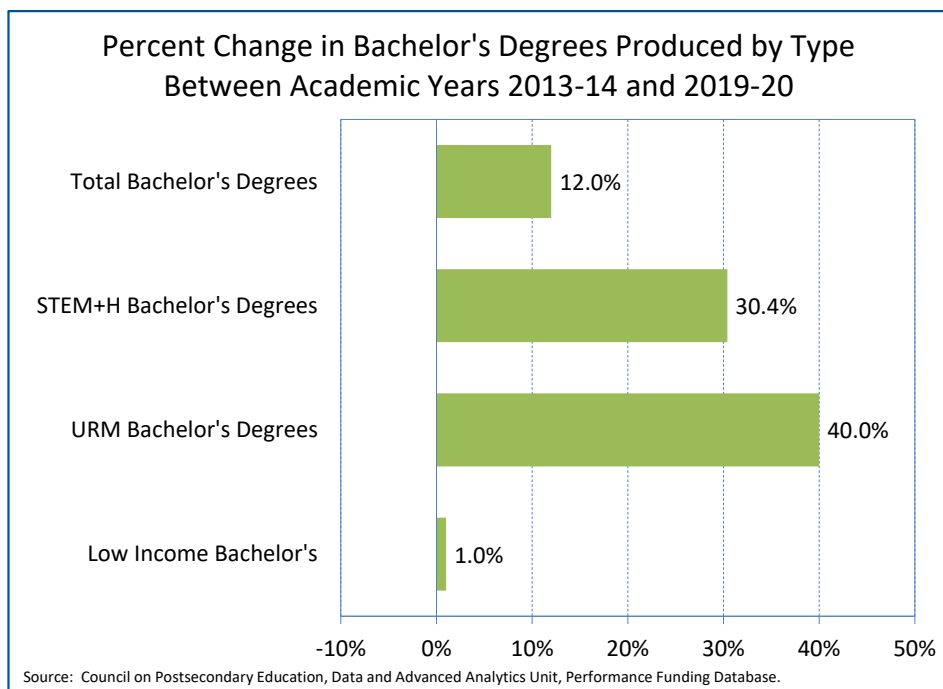
  

 Student Credit Hours Earned Pool Size = <b>\$181.1 M</b> in 2020-21	2019-20	2020-21	Volume	Percent	Status	Institution	2019-20	2020-21
	Iteration	Iteration	Change	Change			Share	Share
University of Kentucky	1,348,256	1,391,065	42,809	3.2%	Above	UK	30.6%	31.3%
University of Louisville	1,017,022	1,027,807	10,785	1.1%	Above	UofL	23.1%	23.1%
Eastern Kentucky University	514,109	506,415	(7,694)	-1.5%	Below	EKU	11.7%	11.4%
Kentucky State University	40,074	37,950	(2,124)	-5.3%	Below	KSU	0.9%	0.9%
Morehead State University	241,295	235,150	(6,145)	-2.5%	Below	MoSU	5.5%	5.3%
Murray State University	289,065	278,768	(10,297)	-3.6%	Below	MuSU	6.6%	6.3%
Northern Kentucky University	396,255	409,154	12,899	3.3%	Above	NKU	9.0%	9.2%
Western Kentucky University	565,626	562,907	(2,719)	-0.5%	Below	WKU	12.8%	12.7%
Sector	4,411,703	4,449,217	37,513	0.9% =	Average		100.0%	100.0%

14

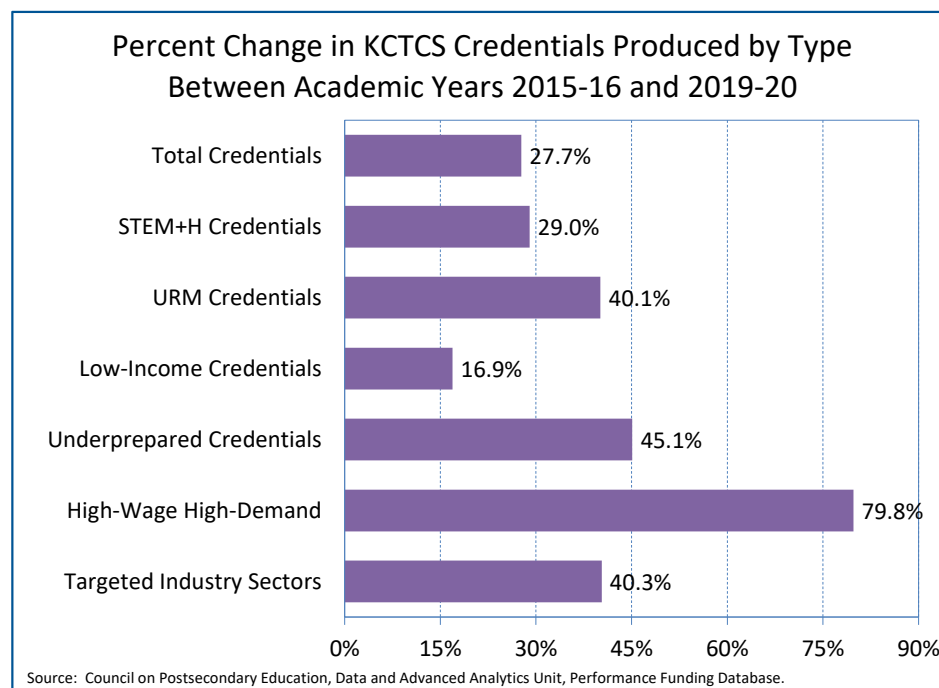
# Models Functioning as Expected

## *Bachelor's Degrees and KCTCS Credentials*



- Over the past six years, STEM+H and URM bachelor's degrees grew by 30% and 40%, respectively
- Despite a premium in the model, bachelor's degrees awarded to low income students grew by only 1.0%

- At KCTCS, High-Wage High-Demand, Underprepared, URM, and Targeted Industry credentials grew at rates above 40%
- Despite a premium in the model, credentials awarded to low-income students grew far less than other credentials



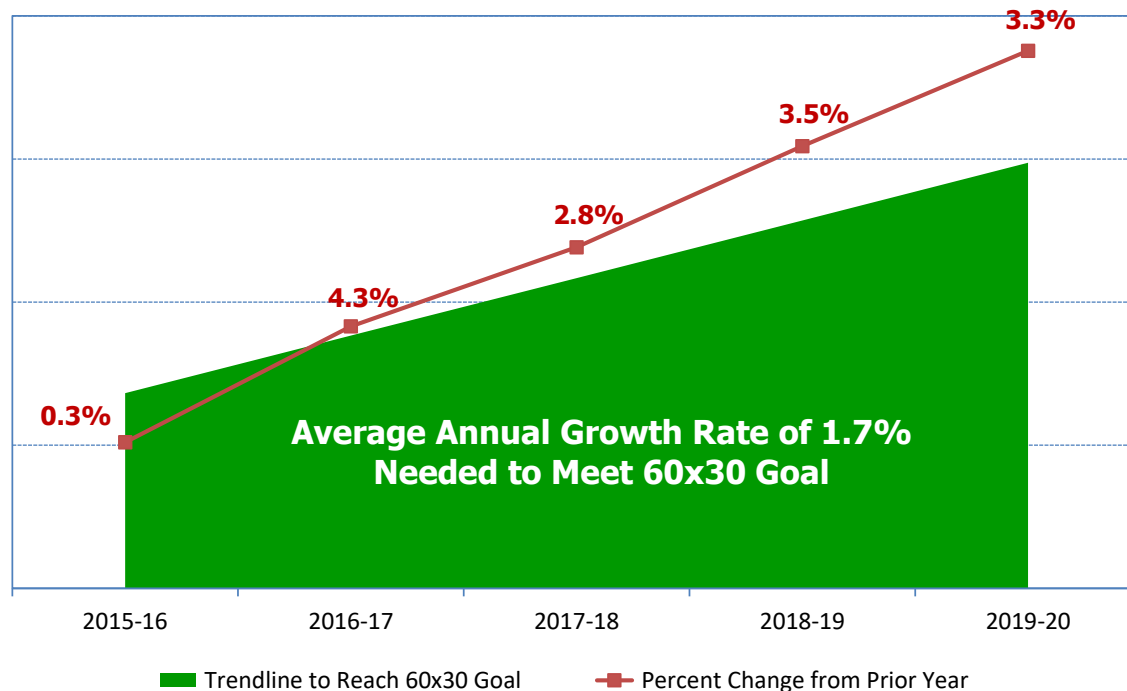
15

# Models Functioning as Expected

## *Making Progress Toward 60x30 Goal*

- Performance funding and student success initiatives have supported degree and credential production despite recent enrollment declines
- Increases in unduplicated, undergraduate degrees and credentials are exceeding the growth needed for Kentucky to achieve its 60x30 goal

Kentucky Public and Private Postsecondary Institution  
Undergraduate Degrees and Credentials<sup>1</sup> Surpassing Growth Rate Needed  
Academic Years 2015-16 Through 2019-20

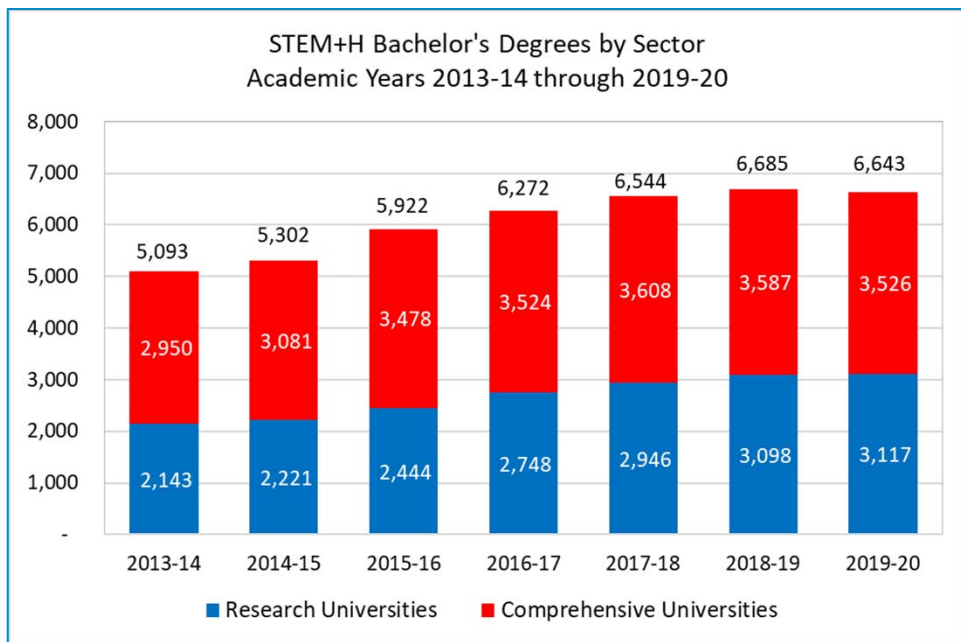


Source: Kentucky Postsecondary Education Data System (KPEDS).

<sup>1</sup> Unduplicated Completers.

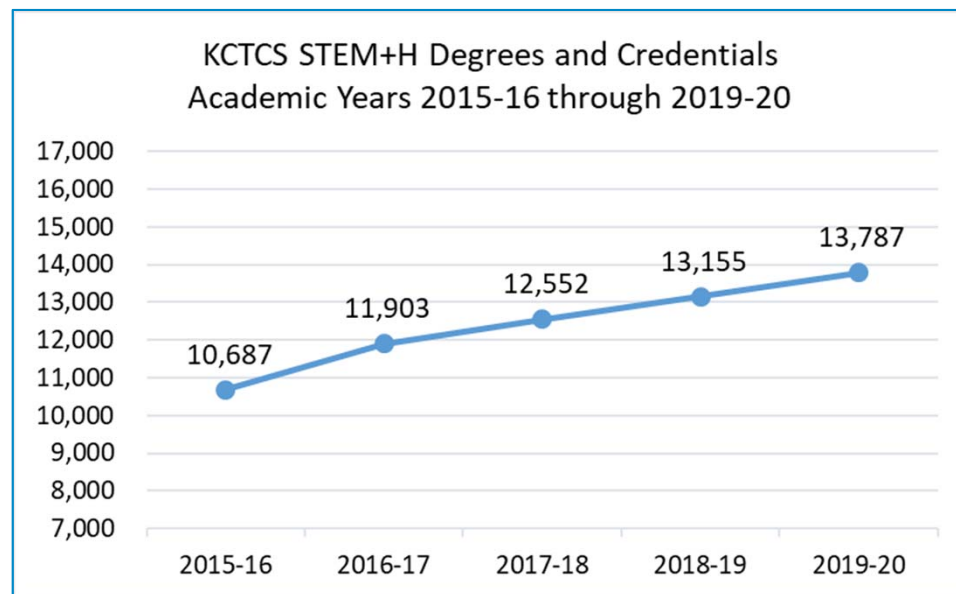
# Models Functioning as Expected

## *STEM+H Degrees and Credentials*



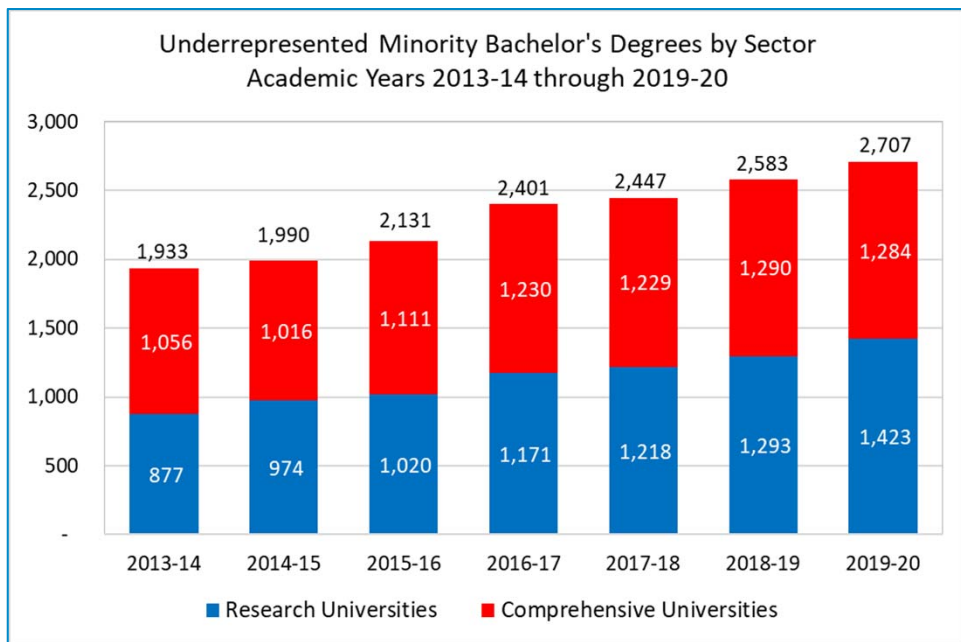
- Between 2014 and 2020, STEM+H bachelor's degrees grew by 1,550 degrees, or by 30%
- The research sector accounted for 63% of that increase, with STEM+H degrees growing by 45% at the research universities and by 20% at comprehensive universities

- Between 2016 and 2020, STEM+H degrees and credentials at KCTCS increased by 3,100 awards, or by 29%
- This represents an average annual growth rate of 6.6% in STEM+H degrees and credentials



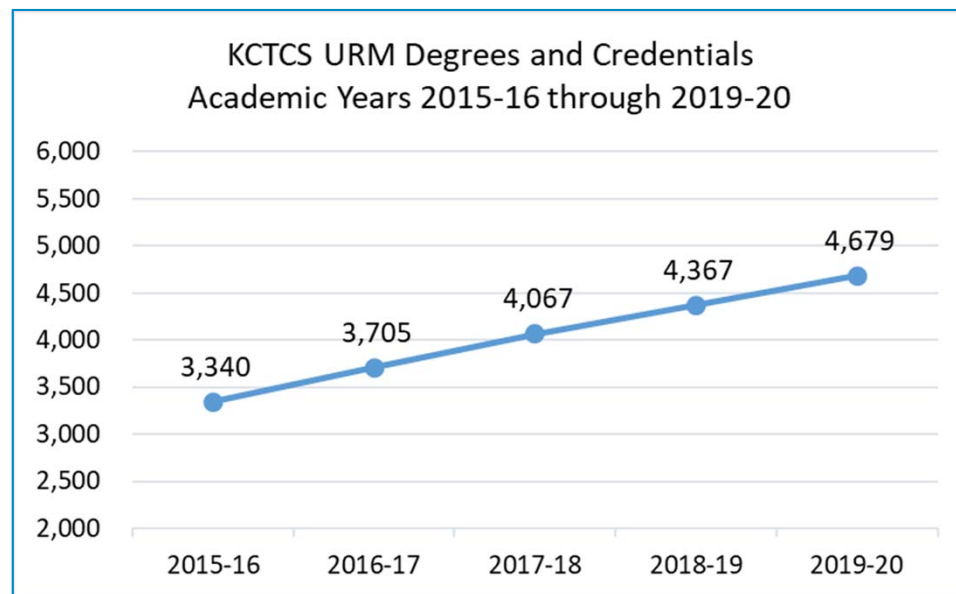
# Models Functioning as Expected

## *URM Degrees and Credentials*



- Between 2014 and 2020, bachelor's degrees awarded to URM students grew by 774 degrees, or by 40%
- The research sector accounted for 71% of that increase, with URM degrees growing by 62% at the research universities and by 22% at comprehensive universities

- Between 2016 and 2020, KCTCS degrees and credentials awarded to URM students increased by 1,339, or by 40%
- This represents an average annual growth rate of 8.8% in URM degrees and credentials



# Unintended Consequences

## *Summary of Findings*

### **Lack of Funding**

- For the past four years, Kentucky's performance funding models have been implemented with no new funding
  - All funding in the Performance Fund came from campus stop-loss contributions
  - The lack of state support resulted in limited redistribution of the General Fund base among institutions
  - It also slowed progress toward achieving funding parity among institutions
- *In 2021-22, the FCCR budget includes \$17.3 M for performance*

# Unintended Consequences

## *Summary of Findings (Cont'd)*

### **Budget Cuts**

- Stop loss provisions represent carve outs of campus operating funds that are transferred to the Performance Fund
- If applied in the same year as a General Fund reduction, stop loss contributions can result in a second budget cut for some

### **Fiscal Cliffs**

- By statute, hold harmless and stop loss provisions end in 2021-22
- Unless action is taken, KSU, MoSU, MuSU, and six KCTCS colleges are facing fiscal cliffs in 2021-22

➤ *These issues have been addressed with passage of SB 135*



# Unintended Consequences

## *Performance Appropriations by Source*

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

<u>Timeline</u>	<u>Fiscal Year</u>	<u>Institution Contribution</u>	<u>New Funding</u>	<u>Total Funding</u> <sup>1</sup>
Year 0	2017-18	\$42.9	\$0.0	\$42.9
Year 1	2018-19	31.0	0.0	31.0
Year 2	2019-20	38.7	0.0	38.7
Year 3	2020-21	\$14.9	0.0	\$14.9
Year 4	2021-22	TBD	TBD	TBD

<sup>1</sup> Represents total appropriations to the Postsecondary Education Performance Fund, which were distributed among institutions based on outcomes produced.

# Unintended Consequences

## *Institutions Facing Fiscal Cliffs*

Estimated Budgetary Impact of Discontinuing the 2% Stop Loss Provision  
Fiscal Year 2021-22

<u>Sector</u>	<u>Institution</u>	<u>Fiscal 2020-21 Formula Base <sup>1</sup></u>	<u>Hold Harmless Allocation <sup>2</sup></u>	<u>Estimated Budget Impact</u>
<i>University</i>	Kentucky State University	18,235,500	(6,885,400)	-38%
	Morehead State University	34,931,500	(2,826,900)	-8%
	Murray State University	40,553,800	(675,800)	-2%
<i>KCTCS</i>	Ashland Community and Technical College	8,599,200	(836,100)	-10%
	Big Sandy Community and Technical College	9,735,900	(1,823,900)	-19%
	Hazard Community and Technical College	11,049,500	(3,519,100)	-32%
	Henderson Community College	4,231,400	(369,300)	-9%
	Madisonville Community College	7,898,500	(633,700)	-8%
	Southeast Community and Technical College	9,248,600	(2,166,800)	-23%

<sup>1</sup> The formula base, also referred to as the adjusted net General Fund, is calculated by subtracting debt service and mandated program funding from each institution's total direct appropriation.

<sup>2</sup> Estimated reduction in each institution's formula base that could occur if stop loss and hold harmless provisions sunset. These numbers represent the calculated hold harmless allocations in fiscal 2020-21.

# Recommended Adjustments

- Establish a General Fund floor equal to each institution's 2020-21 regular appropriation, plus any performance distribution, minus debt service and mandated programs
- Policymakers should prioritize maintaining the General Fund floor over providing new funds to the Performance Fund
- Going forward, there should be no redistribution of base funding among postsecondary institutions
- All funding in the Performance Fund will come from appropriations provided by the General Assembly, rather than campus stop loss contributions (i.e., 0% stop loss)

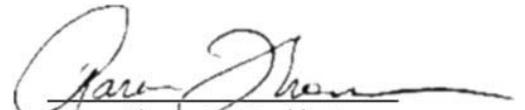
## Recommended Adjustments (Cont'd)

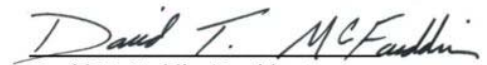
- CPE and KCTCS will use existing funding models with no changes to distribute any new funds appropriated to the Performance Fund
- Performance distributions will be nonrecurring to institutions that earn those funds, so that appropriated funds will be recurring to the Performance Fund in subsequent years
- CPE will reconvene the working group and submit recommended revisions to the models by no later than December 1, 2023

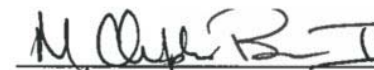
# Recommended Adjustments


## *Consensus Achieved*


- On December 2, the work group reached consensus on a set of recommendations that, if codified in statute, will govern application of university and KCTCS funding models going forward
- As indicated by their signatures, the campus presidents and Council president acknowledge their participation in the development of these recommendations and fully support their implementation

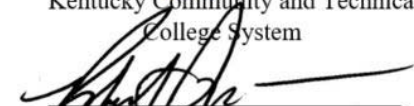
  
Aaron Thompson, President  
Kentucky Council on Postsecondary Education

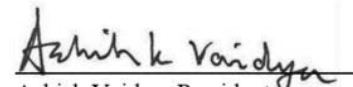
  
David McFaddin, President  
Eastern Kentucky University


  
M. Christopher Brown II, President  
Kentucky State University

  
Paul Czarapata, Int. President  
Kentucky Community and Technical  
College System

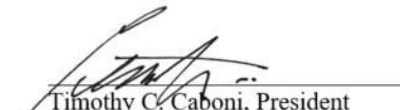
  
Jay A. Morgan, President  
Morehead State University

  
Robert Jackson, President  
Murray State University

  
Ashish Vaidya, President  
Northern Kentucky University

  
Eli Capilouto, President  
University of Kentucky

  
Neeli Bendapudi, President  
University of Louisville

  
Timothy C. Caboni, President  
Western Kentucky University

## Current Status

- In response to working group recommendations, SB 135 was introduced to effect changes in the performance funding statute
- SB 135 passed the House and Senate and was signed into law by the Governor on March 18
- CPE staff ran the 2021-22 iteration of the university funding model and shared the resulting preliminary distribution with campus CBOs
- Postsecondary institution CBOs and IR Directors are in the process of validating the performance data and model calculations
- CPE staff established a March 31 deadline for verifying data and calculations and finalizing the 2021-22 performance distribution



# Tuition and Fee Discussion

# Overview

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- Key Issues for 2021-22
  - State Funding
  - Fixed and Unavoidable Costs
  - Pension Costs (State Funds)
  - COVID-19 Related Costs (Federal Relief Funds)
  - Enrollment Trends (Council Resolution)
- Other Policy Relevant Data



# Key Issues

## State Funding

The FCCR budget shows an increase of \$60.5 million from this year to next, but most of the increase is **not relevant** for tuition setting:

- Fund Swap Restoration – restores \$20.0 million in General Fund that was part of a federal fund swap reduction in 2020-21
  - Performance Distribution – adds \$14.9 million to base budgets in 2021-22 of institutions that earned the funds in 2020-21 (net \$0)
  - Pension Funding – new appropriation of \$22.1 million, which is offset by an expected equivalent increase in pension costs
- *Performance Fund Allocation – new appropriation of \$17.3 million to Performance Fund pending distribution using funding models*

# Key Issues

## Fixed and Unavoidable Costs

Kentucky Public Postsecondary Institution  
 Estimated Increase in Fixed and Unavoidable Costs  
 Fiscal Year 2021-22

Draft - For Discussion Purposes  
 March 20, 2021

Campus	A	Fixed and Unavoidable Cost Components <sup>2</sup>					B	(B ÷ A)
	Fiscal 2020-21 E&G Expenses <sup>1</sup>	Salaries and Personnel	FICA and Retirement	Maintenance & Operations	Financial Aid/ Scholarships	Other Costs	Total Cost Increases	% of E&G Expenses
UK	\$1,477,026,128	\$5,145,839	\$51,740,030	\$1,607,740	\$1,840,378	\$0	\$60,333,987	4.1%
UofL	516,599,903	3,469,752	188,284	2,193,053	1,644,284	0	7,495,373	1.5%
EKU	222,261,300	(5,306,800)	1,544,800	400,000	7,450,000	0	4,088,000	1.8%
KSU	40,623,086	1,780,895	224,103	1,899,347	265,000	0	4,169,345	10.3%
MoSU	101,485,737	598,991	0	244,572	93,278	321,654	1,258,495	1.2%
MuSU	157,691,002	1,854,057	519,882	1,035,984	435,750	150,000	3,995,673	2.5%
NKU	206,622,305	3,254,741	(14,686,251)	0	3,000,000	20,768,000	12,336,490	6.0%
WKU	266,928,996	300,000	0	1,576,870	2,104,453	0	3,981,323	1.5%
KCTCS	644,227,400	5,787,100	1,226,100	3,613,900	8,422,300	0	19,049,400	3.0%
Total	\$3,633,465,857	\$16,884,575	\$40,756,948	\$12,571,466	\$25,255,443	\$21,239,654	\$116,708,086	3.2%

<sup>1</sup> Budgeted Education and General (E&G) expenses for fiscal year 2020-21.

<sup>2</sup> Estimated increases in fixed and unavoidable cost components between fiscal years 2020-21 and 2021-22.

Source: Kentucky Public Postsecondary Institution, Chief Budget Officers.

5-Year Average Annual Growth in HEPI = 2.4% 30

# Key Issues

## *Pension Costs (State Funds)*

- Comprehensive universities (except for NKU) and KCTCS are moving to a fixed allocation method for determining KERS retirement plan contributions
- The FCCR budget includes additional appropriations for five universities and KCTCS totaling \$22.1 million
- The funds are intended to cover 100% of projected pension cost increases in 2021-22
- Thus, the monetary impact of rising pension costs on participating institutions should be negligible
- Since appropriated funds are designated mandated programs, they are excluded from funding models

<u>Campus</u>	<u>FCCR Budget Pension Funds</u>
UK	\$0
UofL	0
EKU	8,909,700
KSU	558,200
MoSU	4,913,000
MuSU	3,270,900
NKU	0
WKU	3,592,500
KCTCS	854,900
Total	<u>\$22,099,200</u>

# Key Issues

## COVID-19 Related Costs (Federal Relief Funds)

Kentucky Public Postsecondary Institution  
 Coronavirus Aid, Relief, and Economic Security (CARES) Act and Coronavirus Recovery and Relief Supplemental Appropriations Act (CRRSAA) Funding  
 Comparison of Federal Funding for Institutions and COVID-19 Related Costs and Applicable Forgone Revenue

Draft - For Discussion Purposes  
 March 18, 2021

### Public Universities

Campus	CARES Act Funding				CRRSAA Funding			CARES Act and CRRSAA Funds for Institutions	COVID-19 Related Costs and Forgone Revenue				Total Costs and Lost Revenue
	HEERF I - Institution Maximum	HBCU and SIP Funds I	GEERF I	Coronavirus Relief Funds	HEERF II - Institution Maximum	HBCU and SIP Funds II	GEERF II		Fiscal 2019-20		Fiscal 2020-21		
									COVID Costs	Forgone Revenue	COVID Costs	Forgone Revenue	
UK	\$8,905,529	\$0	\$2,082,600	\$6,130,000	\$17,823,891	TBD	TBD	\$34,942,020	TBD	TBD	TBD	TBD	TBD
UofL	6,239,395	0	1,577,300	2,936,500	14,194,890	TBD	TBD	24,948,085	TBD	TBD	TBD	TBD	TBD
EKU	5,271,383	521,773	997,700	1,511,900	13,139,803	TBD	TBD	21,442,559	TBD	TBD	TBD	TBD	TBD
KSU	686,038	2,358,412	608,200	586,700	2,131,863	TBD	TBD	6,371,213	TBD	TBD	TBD	TBD	TBD
MoSU	3,008,220	298,311	762,300	885,900	8,111,458	TBD	TBD	13,066,189	TBD	TBD	TBD	TBD	TBD
MuSU	3,135,384	0	814,100	1,011,200	7,100,880	TBD	TBD	12,061,564	TBD	TBD	TBD	TBD	TBD
NKU	3,999,481	0	900,900	1,207,500	9,714,429	TBD	TBD	15,822,310	TBD	TBD	TBD	TBD	TBD
WKU	5,318,246	530,796	1,056,900	1,695,400	13,430,166	TBD	TBD	22,031,508	TBD	TBD	TBD	TBD	TBD
Totals	\$36,563,676	\$3,709,292	\$8,800,000	\$15,965,100	\$85,647,380	TBD	TBD	\$150,685,448	TBD	TBD	TBD	TBD	TBD

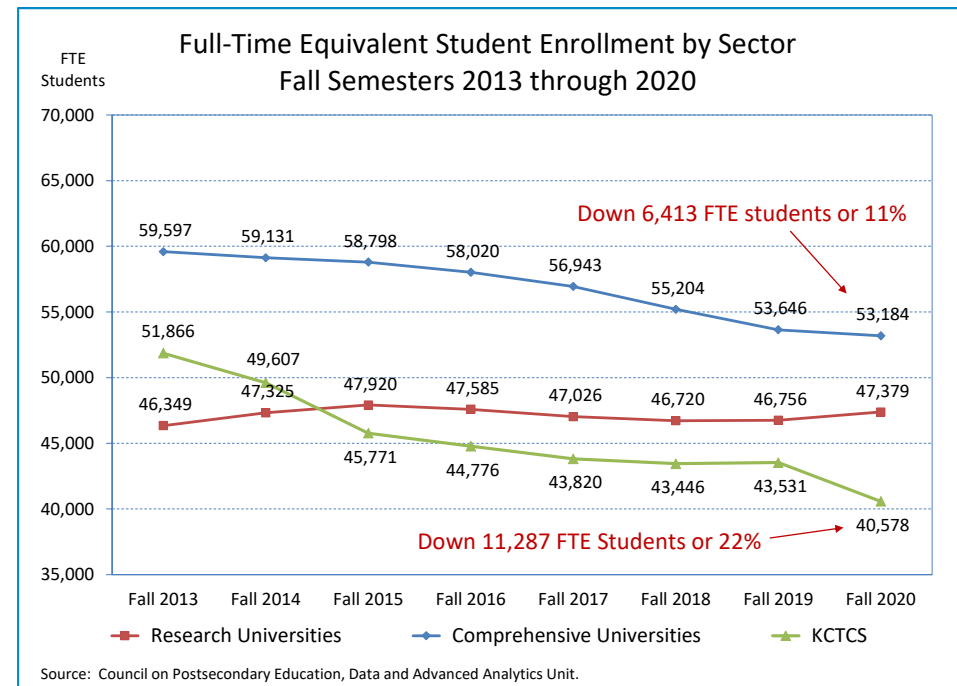
### KCTCS Institutions

Campus	CARES Act Funding				CRRSAA Funding			CARES Act and CRRSAA Funds for Institutions	COVID-19 Related Costs and Forgone Revenue				Total Costs and Lost Revenue
	HEERF I - Institution Maximum	HBCU and SIP Funds I	GEERF I	Coronavirus Relief Funds	HEERF II - Institution Maximum	HBCU and SIP Funds II	GEERF II		Fiscal 2019-20		Fiscal 2020-21		
									COVID Costs	Forgone Revenue	COVID Costs	Forgone Revenue	
Ashland	\$948,563	TBD	TBD	TBD	\$3,049,245	TBD	TBD	\$3,997,808	TBD	TBD	TBD	TBD	TBD
Big Sandy	904,887	TBD	TBD	TBD	3,571,345	TBD	TBD	4,476,232	TBD	TBD	TBD	TBD	TBD
Bluegrass	2,480,560	TBD	TBD	TBD	8,556,333	TBD	TBD	11,036,893	TBD	TBD	TBD	TBD	TBD
Elizabethtown	1,213,367	TBD	TBD	TBD	5,122,461	TBD	TBD	6,335,828	TBD	TBD	TBD	TBD	TBD
Gateway	898,892	TBD	TBD	TBD	3,350,300	TBD	TBD	4,249,192	TBD	TBD	TBD	TBD	TBD
Hazard	624,167	TBD	TBD	TBD	2,485,523	TBD	TBD	3,109,690	TBD	TBD	TBD	TBD	TBD
Henderson	403,329	TBD	TBD	TBD	1,403,855	TBD	TBD	1,807,184	TBD	TBD	TBD	TBD	TBD
Hopkinsville	699,663	TBD	TBD	TBD	2,856,964	TBD	TBD	3,556,627	TBD	TBD	TBD	TBD	TBD
Jefferson	2,589,847	TBD	TBD	TBD	10,210,495	TBD	TBD	12,800,342	TBD	TBD	TBD	TBD	TBD
Madisonville	534,526	TBD	TBD	TBD	2,402,177	TBD	TBD	2,936,703	TBD	TBD	TBD	TBD	TBD
Maysville	996,198	TBD	TBD	TBD	3,595,203	TBD	TBD	4,591,401	TBD	TBD	TBD	TBD	TBD
Owensboro	894,862	TBD	TBD	TBD	3,477,302	TBD	TBD	4,372,164	TBD	TBD	TBD	TBD	TBD
Somerset	1,514,723	TBD	TBD	TBD	5,557,782	TBD	TBD	7,072,505	TBD	TBD	TBD	TBD	TBD
Southcentral	1,212,244	TBD	TBD	TBD	4,197,814	TBD	TBD	5,410,058	TBD	TBD	TBD	TBD	TBD
Southeast	808,497	TBD	TBD	TBD	3,030,973	TBD	TBD	3,839,470	TBD	TBD	TBD	TBD	TBD
West Kentucky	1,222,257	TBD	TBD	TBD	4,857,957	TBD	TBD	6,080,214	TBD	TBD	TBD	TBD	TBD
Totals	\$17,946,582	\$1,769,811	\$2,500,000	\$4,034,900	\$67,725,729	TBD	TBD	\$85,672,311	TBD	TBD	TBD	TBD	TBD
System Totals	\$54,510,258	\$5,479,103	\$11,300,000	\$20,000,000	#####	TBD	TBD	\$236,357,759	TBD	TBD	TBD	TBD	TBD

# Key Issues

## Enrollment Trends (Council Resolution)

- Kentucky comprehensive and KCTCS sectors have experienced steady enrollment declines
- Caused by declining numbers of high school graduates and falling college going rates, and exacerbated by the COVID-19 pandemic
- On March 3, the Council adopted a resolution:
  - expressing concern about the effect of further enrollment decline on the ability to meet 2030 Strategic Agenda goals
  - calling on CPE and campus leaders to implement bold actions and strategies to mitigate near term enrollment effects of COVID-19
- Maintaining affordability for Kentucky student and families represents one possible strategy for encouraging enrollment in the near term

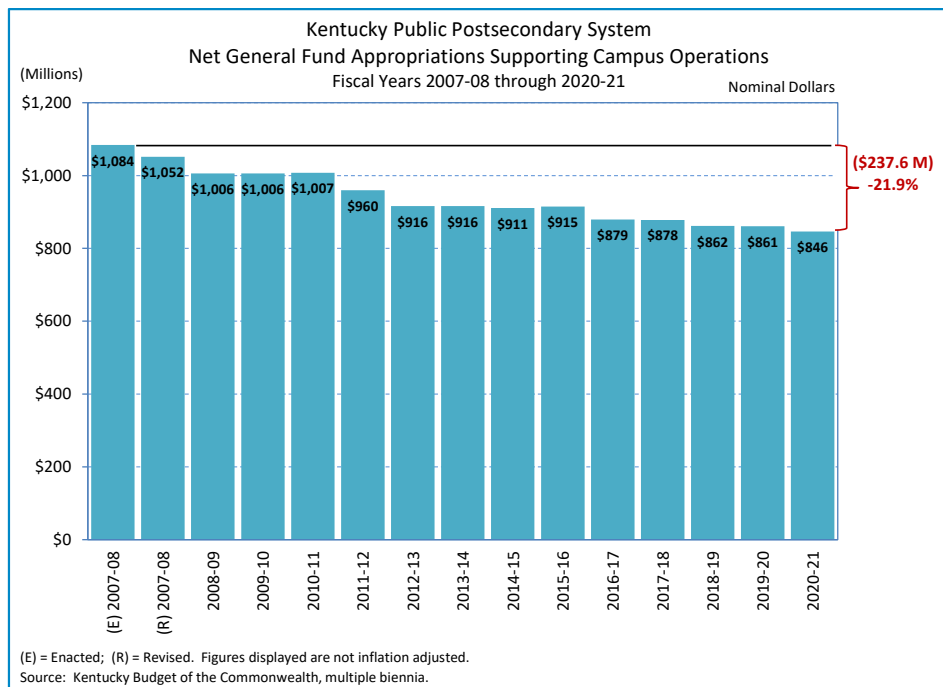


- Since 2013, FTE student enrollment has declined by an average annual rate of -1.6% at comprehensives and -3.4% at KCTCS
- The only institution to record an increase in FTE enrollment during this period was the University of Kentucky +4.0%

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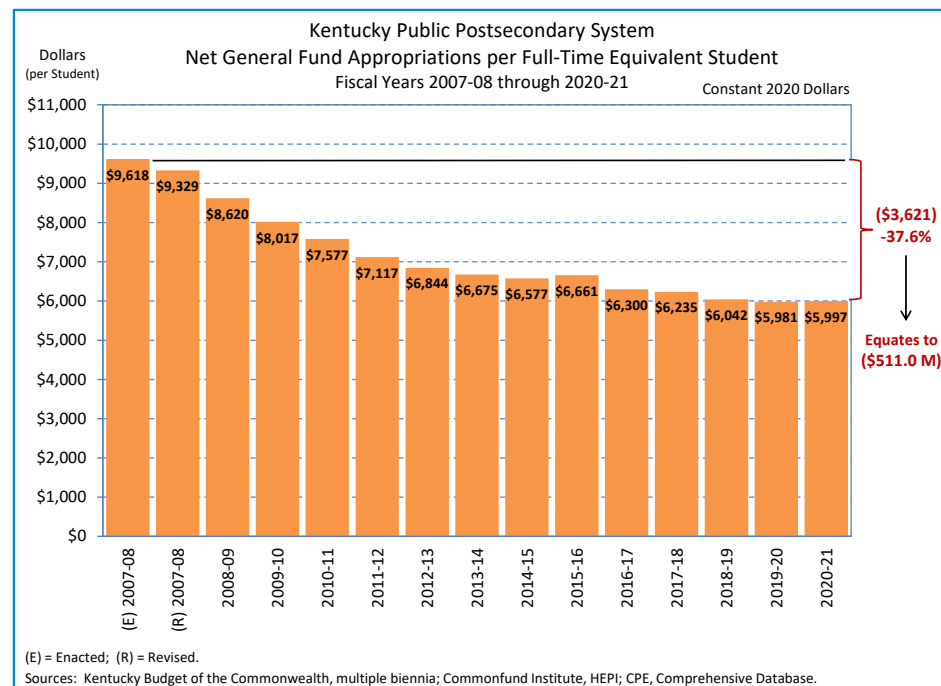
# Other Policy Relevant Data

## State Appropriations



- Between 2008 and 2021, state support for Kentucky's public postsecondary system decreased by \$238 million or 22%
- In 2021, state funding for the institutions was reduced by \$20 million and replaced with Coronavirus relief funds

- Between 2008 and 2021, state funding for the institutions decreased by \$3,621 per student or about 38%
- Kentucky was one of only a handful of states that had not reinvested in higher education following the Great Recession



# Other Policy Relevant Data

## *Published Tuition and Mandatory Fees*

Kentucky Public Postsecondary Institution  
 Annual Tuition and Mandatory Fees for Full-Time Resident Undergraduate Students  
 Academic Years 2010-11 through 2020-21

Institution	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year AAGR	10-Year AAGR
University of Kentucky	8,735	9,260	9,816	10,110	10,616	10,936	11,483	11,941	12,245	12,360	12,484	2.7%	3.6%
University of Louisville	8,424	9,126	9,662	9,946	10,432	10,738	11,264	11,264	11,656	11,928	12,162	2.5%	3.7%
Eastern Kentucky University	6,624	6,960	7,320	7,536	7,920	8,150	8,868	9,296	9,596	9,866	9,866	3.9%	4.1%
Kentucky State University	6,216	6,534	6,858	7,061	7,014	7,364	7,796	8,186	8,800	8,800	8,800	3.6%	3.5%
Morehead State University	6,492	6,942	7,284	7,498	7,866	8,098	8,530	8,950	9,070	9,290	9,290	2.8%	3.6%
Murray State University	6,264	6,576	6,840	7,044	7,392	7,608	8,172	8,580	8,838	9,336	9,468	4.5%	4.2%
Northern Kentucky University	7,128	7,584	8,064	8,376	8,856	9,120	9,384	9,744	10,032	10,296	10,296	2.5%	3.7%
Western Kentucky University	7,560	8,084	8,472	8,722	9,140	9,482	9,912	10,203	10,602	10,802	10,802	2.6%	3.6%
KCTCS	3,900	4,050	4,200	4,320	4,530	4,650	4,920	5,100	5,310	5,460	5,610	3.8%	3.7%
Research Sector Average	8,580	9,193	9,739	10,028	10,524	10,837	11,374	11,603	11,951	12,144	12,323	2.6%	3.7%
Comprehensive Average	6,714	7,113	7,473	7,706	8,031	8,304	8,777	9,160	9,490	9,732	9,754	3.3%	3.8%
KCTCS	3,900	4,050	4,200	4,320	4,530	4,650	4,920	5,100	5,310	5,460	5,610	3.8%	3.7%
System Average	6,816	7,235	7,613	7,846	8,196	8,461	8,925	9,252	9,572	9,793	9,864	3.1%	3.8%

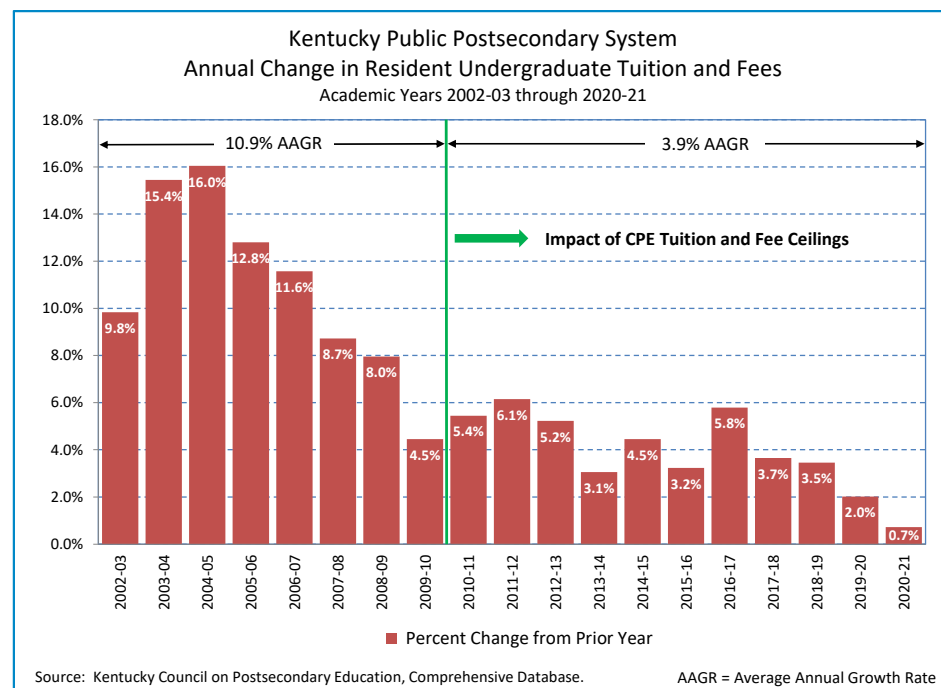
Source: Council on Postsecondary Education, Finance and Administration Unit.

AAGR = Average Annual Growth Rate

# Other Policy Relevant Data

## *Annual Change in Tuition and Fees*

- The Council on Postsecondary Education is vested with authority to determine tuition at Kentucky's public institutions (KRS 164.020)
- During early 2000s, it devolved responsibility for setting tuition to campus governing boards
- In eight years that followed, every institution recorded double digit average yearly increases
- Beginning in 2010-11, the Council resumed its statutory role in tuition setting and initiated annual (or biennial) tuition and fee ceilings
- As a result, the average annual increase in tuition over the past 11 years is below 4.0%
- Planning for college costs has become more predictable for Kentucky students and families

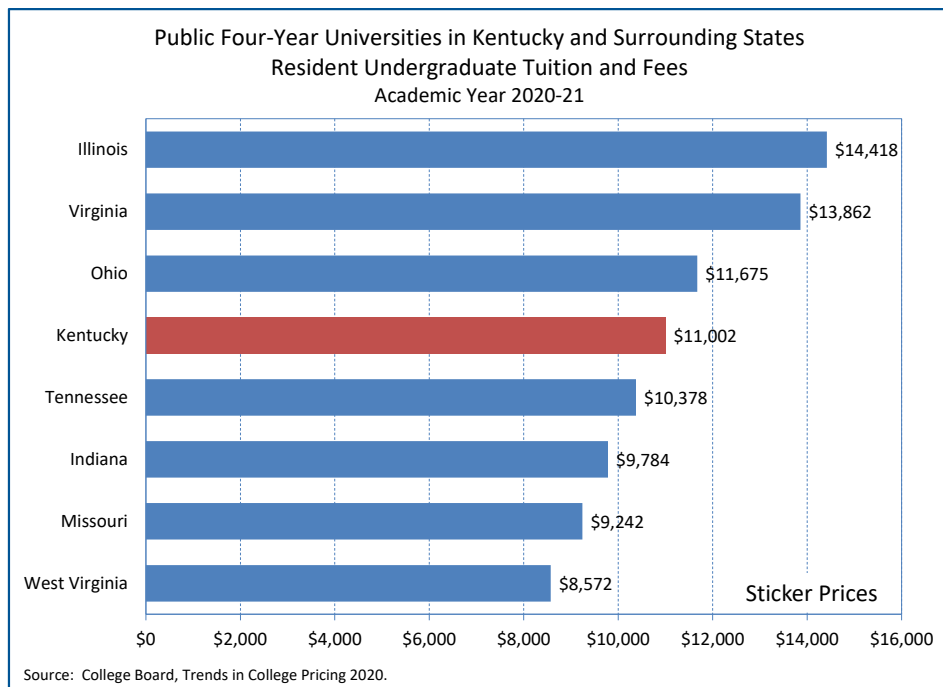


- In 2020-21, five universities did not increase tuition and fees and three others had increases between 1.0% and 2.0%
- As a result, the system average increase was 0.7%, which represents the lowest increase in more than two decades

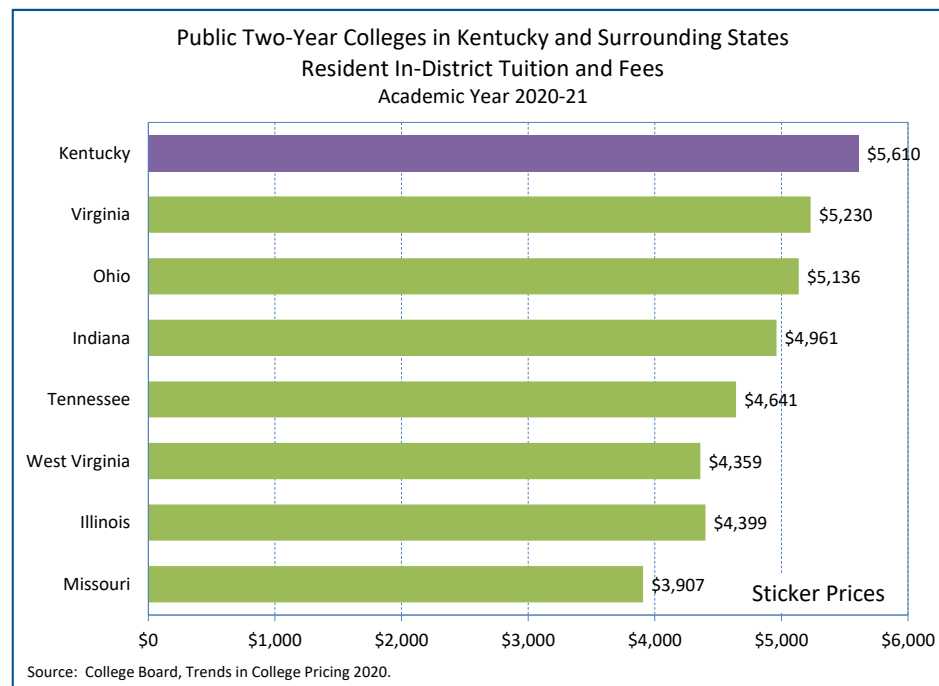


# Other Policy Relevant Data

## *Interstate Price Comparison*



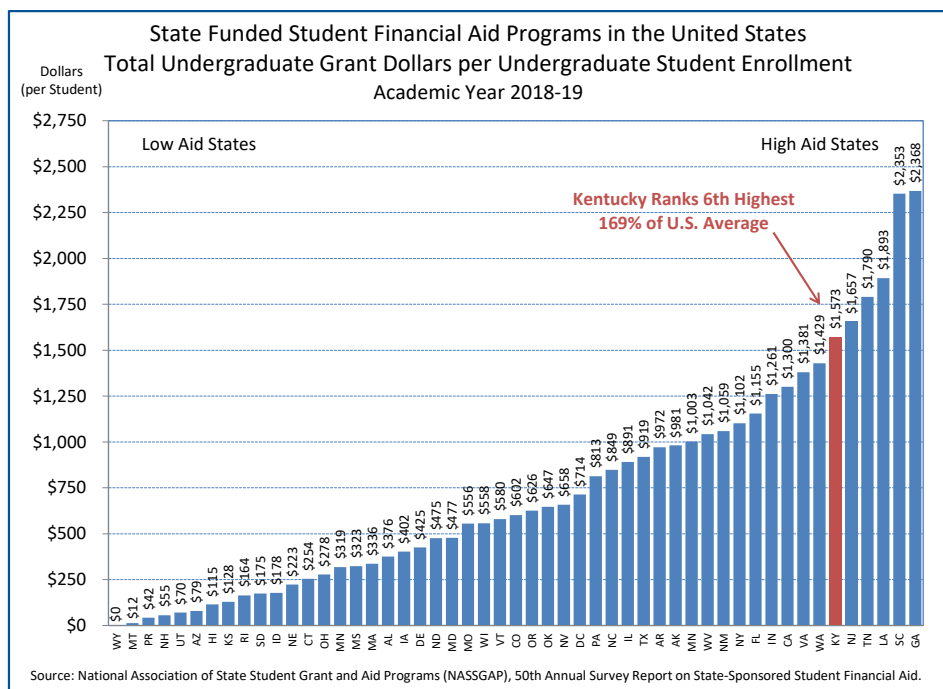
- Resident tuition and fees at KCTCS institutions rank highest among similar institutions in surrounding states
- Unlike many peer institutions, KCTCS does not receive local appropriations, which helps explain their tuition ranking



- Compared to surrounding states, resident undergraduate tuition and fees in Kentucky are just above the median
- Average published price at Kentucky's public universities has ranked near the median for the past five years

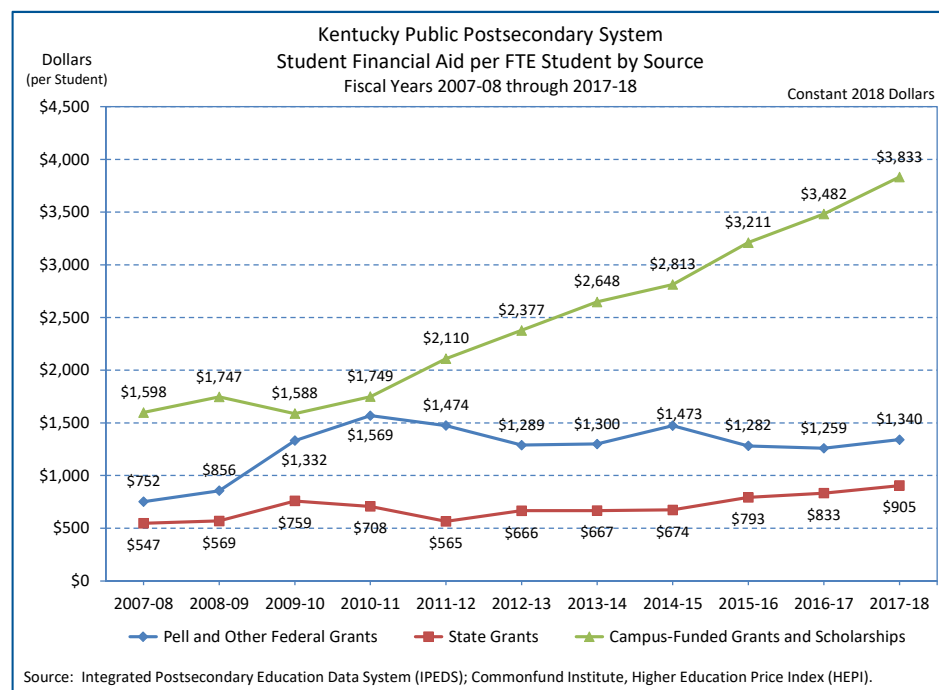
# Other Policy Relevant Data

## Student Financial Aid



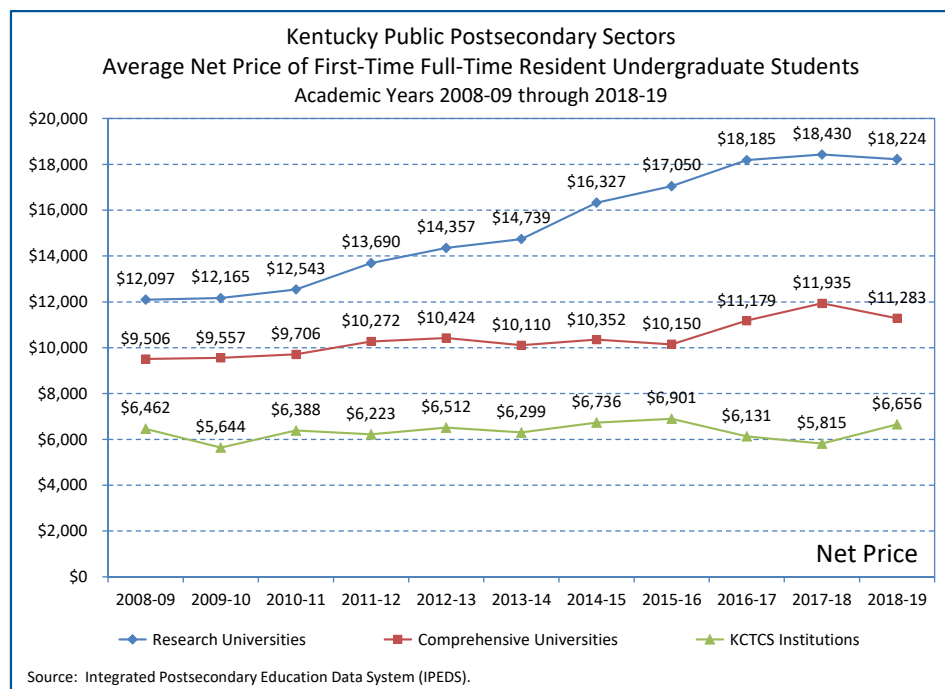
- For over a decade, Kentucky has ranked as a high aid state, landing in the top quintile among state funded programs
- In 2018-19, the state spent \$1,573 per student in total undergraduate grant dollars, ranking 6<sup>th</sup> highest in the U.S.

- Federal aid per student trended down after hitting a peak in 2011, while state aid has grown steadily since 2012
- Campus-funded aid per student is larger than federal and state sources combined and has grown by 141% since 2010



# Other Policy Relevant Data

## Net Price of College Attendance



- During fall semester 2016, the University of Kentucky implemented a campus-funded scholarship program called “UK Leads” to target students with unmet financial need
- Between 2017 and 2019, the average net price for resident undergraduate students decreased by \$2,787 or 19% for those in the bottom income quintile and fell by \$2,446 or 16% for those in the 2<sup>nd</sup> lowest income quintile

### University of Kentucky

Average Net Price for First-Time, Full-Time, Degree-Seeking Undergraduates Who Paid In-State Rate and Received Title IV Aid

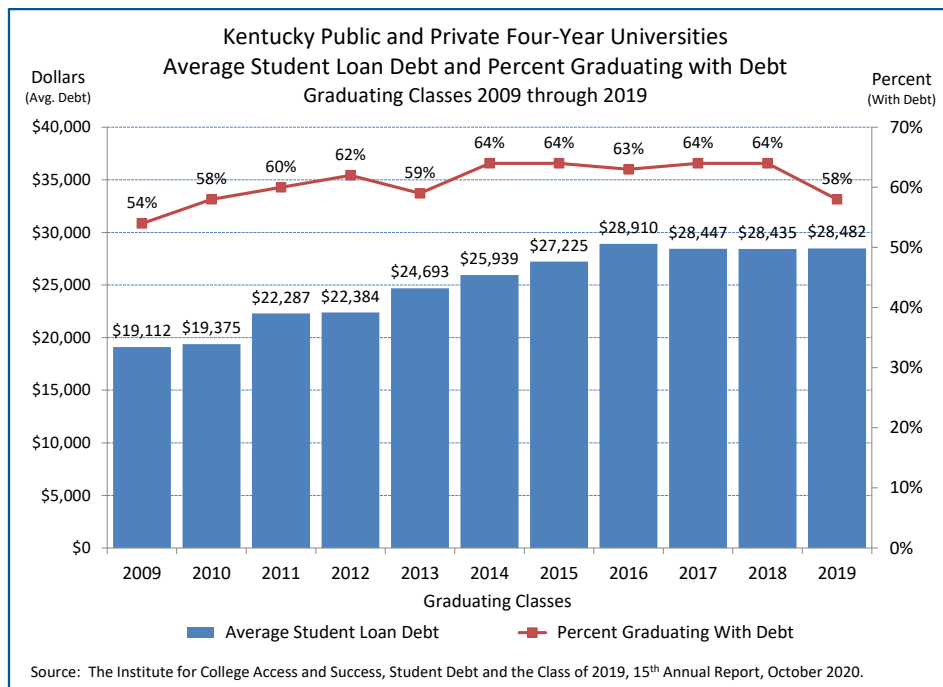
Income	2016-17	2017-18	2018-19
\$0 - \$30,000	14,635	13,419	11,848
\$30,001 - \$48,000	15,318	14,478	12,872
\$48,001 - \$75,000	17,447	18,436	15,733
\$75,001 - \$110,000	21,778	22,043	20,337
\$110,001 and More	23,523	24,066	23,189

Source: Integrated Postsecondary Data System (IPEDS).

- After eight years of steady growth since 2010, the average net price at research institutions decreased in 2019
- After remaining flat for five years, average net price at the comprehensive universities trended up in 2017 and 2018

# Other Policy Relevant Data

## Student Loan Debt



- After peaking at \$28,910 for the class of 2016, average student loan debt has remained flat for three years
- The percent of students graduating with debt decreased by six percentage points and reached a 10-year low in 2019

- Average student loan debt of graduating students in Kentucky ranks 3<sup>rd</sup> lowest out of eight surrounding states
- Although Kentucky no longer ranks in the bottom quintile of U.S. states, it's student loan debt is low for the region

