

**COUNCIL ON POSTSECONDARY EDUCATION
FINANCE COMMITTEE MEETING**



June 14, 2022 – 2:00 PM, ET

ZOOM teleconferencing for Finance Committee members

Livestream: <https://www.youtube.com/c/KentuckyCouncilOnPostsecondaryEducationFrankfort>

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DRAFT MINUTES
Council on Postsecondary Education

Type: Finance Committee Meeting
Date: April 12, 2022
Time: 2:00 p.m. ET
Location: Virtual Meeting by ZOOM Webinar; Public viewing hosted on CPE YouTube Page

CALL TO ORDER

The Finance Committee met Tuesday, April 12, 2022, at 2:00 p.m., ET. The meeting occurred virtually via ZOOM teleconference. Members of the public were invited to view the livestream on the CPE YouTube page.

Chair Lucas Mentzer presided.

ATTENDANCE

Committee members in attendance: Kellie Ellis, Eric Farris, Lucas Mentzer, and Richard Nelson.

Committee members not in attendance: Colby Birkes, Madison Silvert and Elaine Walker.

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

2022-24 BUDGET OF THE COMMONWEALTH (HB 1)

Dr. Bill Payne, CPE's Vice President of Finance and Administration, and Mr. Shaun McKiernan, Executive Director of Finance and Budget, presented a review HB 1, the 2022-24 Budget of the Commonwealth which passed via Free Conference Committee Report (FCCR) on March 30. Areas reviewed included the campus operating funds, capital investment, trust funds, and the CPE agency budget. In its entirety, the 2022-24 FCCR budget represents one of the best budgets for higher education in decades.

MOTION: Vice Chair Eric Farris moved that staff draft a resolution in which the Council could adopt at the April 15, 2022, Council meeting that commends the Governor and the General Assembly for prioritizing postsecondary education in its budget. Mr. Nelson seconded the motion.

VOTE: The motion passed.

APPROVAL OF THE MINUTES

The minutes of the January 19, 2022, Finance Committee meeting were approved as distributed.

TUITION SETTING FOR ACADEMIC YEAR 2022-23

Dr. Payne presented for approval the Tuition and Mandatory Fee Policy for Academic Year 2022-23. The only change reflected was the year referenced in the header; no substitutive changes were made to the policy. A copy of the tuition setting timeline was included as reference.

MOTION: Mr. Nelson moved the Finance Committee approve the Tuition and Mandatory Fee Policy for Academic Year 2022-23 and recommend approval by the full Council at its April 15, 2022, meeting. Dr. Ellis seconded the motion.

VOTE: The motion passed.

Dr. Payne presented for approval the campus-proposed tuition and mandatory fee rates for Northern Kentucky University (NKU) and the Kentucky Community and Technical College System (KCTCS). The NKU Board of Regents approved the proposed tuition and fee charges at their March 16, 2022, meeting. The KCTCS Board of Regents approved the proposed tuition and fee charges at their March 25, 2022, meeting.

- NKU proposed to increase its annual base-rate charge for resident undergraduate students by \$196.00, or 2.0 percent. NKU will present rates for graduate and doctorate students at the June Council meetings.
- KCTCS proposed to increase its annual base-rate charge for resident students by \$3.00, or 1.7 percent.

Staff reviewed the proposed 2022-23 tuition and fee charges for every degree level, residency, and attendance status and determined that they comply with Council approved ceilings approved at the May 13, 2021, meeting. In addition, staff determined that proposed prices for nonresident undergraduate students adhere to provisions of the Council's Policy, or a previously approved Memorandum of Understanding between the Council and an institution.

MOTION: Mr. Farris moved the Finance Committee approve the tuition and mandatory fee proposals for academic year 2022-23 submitted by Northern Kentucky University and KCTCS and recommend approval by the full Council at its April 15, 2022, meeting. Dr. Ellis seconded the motion.

VOTE: The motion passed.

INTERIM CAPITAL PROJECT – EKU UPGRADE BUILDING MANAGEMENT CONTROL SYSTEMS

Mr. McKiernan presented Eastern Kentucky University's request for an interim capital project to improve building system reliability, and indoor ventilation and air quality. The project will replace an aging system with a security-compliant operating system. Federal funds provided to EKU to respond to the Coronavirus pandemic (i.e., CARES Act, CRRSA, and ARP Act) will be used to fund this \$1,150,000 project, which will upgrade building management system controls at the following buildings: Burnham, Cammack, Campbell, Corbin, Donovan, Moberly, Wallace, and Whitlock. Additional federal funds may become available to expand the scope of this project.

MOTION: Mr. Nelson moved the Finance Committee approve EKU's request to upgrade its building management control systems with federal funds and recommend approval by the full Council at its April 15, 2022, meeting. Mr. Farris seconded the motion.

Dr. Ellis notified the Committee that her office is located in one of the buildings being impacted by the upgrade. It was determined that because the recommendation of the Finance Committee is not the final action, that this fact should not impact the approval of the motion.

VOTE: The motion passed.

KSU SPECIAL APPROPRIATION (HB 250)

Mr. Travis Powell, CPE's Vice President and General Counsel, provided an overview of HB 250 as it pertains to the special appropriation of funds for Kentucky State University. Appropriations in the bill include:

- \$23.0 million non-interest-bearing loan for KSU in the current year (i.e., 2021-22) to address financial instability due to prior year deficits and structural imbalances.
- \$5.0 million in 2022-23 and \$10.0 million in 2023-24 to be distributed as goals and benchmarks are met in accordance with a new management improvement plan.
- \$1.5 million to fund CPE oversight of KSU in 2022-23

HB 250 requires CPE to approve all expenditures by KSU over a \$5,000 threshold and provide periodic updates to the General Assembly on KSU's progress in meeting goals and benchmarks. The bill declares that KSU is in a state of financial exigency, which will allow the institution to take extraordinary measures to meet its budgetary goals. CPE will be engaged in a review of academic programs, faculty, and staff, and will contract with an independent third party, who will make recommendations regarding KSU's governance and operational structures and evaluate the university's performance.

HB 250 also requires CPE to conduct a three-year performance evaluation of KSU based on a new management improvement plan and provide a report on that assessment to LRC staff and the State Auditor by November 1, 2025. HB 250 requires CPE to provide recommendations for a transition plan to a new governance and operational structure for the institution for consideration by the General Assembly, if the analysis finds a continuing significant lack of efficiency and effectiveness. If recommended by the Council, the General Assembly may extend the Council's involvement with, and oversight of, the university beyond 2025.

Mr. Powell stated that several action items related to this bill will be brought before the full Council at its April 15, 2022, meeting.

ADJOURNMENT

The Finance Committee adjourned at 3:10 p.m., ET.

MINUTES REVIEWED AND APPROVED BY THE COMMITTEE: _____

DRAFT

TITLE: 2022-23 Finance Committee Meeting Dates

DESCRIPTION: Staff recommends the Finance Committee approve the proposed meeting dates for the 2022-23 Academic year.

PRESENTER: Lucas Mentzer, Council and Committee Chair

SUPPORTING INFORMATION

The Finance Committee is tasked with reviewing all applicable data and provide recommendations to the full Council in the following areas:

- Biennial budget requests.
- Tuition and mandatory fees.
- Performance funding.
- Capital projects.
- Other college and university finance-related matters.

It is recommended the Committee meet before each scheduled meeting of the full Council. To that end, the following dates and times are proposed for the 2022-23 academic year. All meetings will occur virtually via ZOOM and livestreamed to the CPE YouTube page for public viewing.

- Sept 13, 2022 @ 1pm
- Nov 10, 2022 @ 1pm
- Jan 24, 2023 @ 1pm
- Mar 21, 2023 @ 1pm
- June 6, 2023 @ 1pm

TITLE: 2022-23 Campus Tuition and Mandatory Fee Proposals

RECOMMENDATION: Staff recommends that the Finance Committee approve, and endorse to the full Council, the tuition and mandatory fee proposals for academic year 2022-23.

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

EXECUTIVE SUMMARY

On May 13, 2021, the Council on Postsecondary Education approved tuition and mandatory fee ceilings for academic years 2021-22 and 2022-23. Included among parameters adopted at that meeting is a requirement that base rate increases for resident undergraduate students not exceed 2.0% in any one year at the public universities, nor exceed \$3.00 per credit hour in any one year at KCTCS institutions.

The University of Kentucky, University of Louisville, Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, and Western Kentucky University have submitted undergraduate and graduate tuition and fee proposals for academic year 2022-23 to the Council. Northern Kentucky University has only submitted graduate rates for approval as their undergraduate rates were approved at the April 15, 2022, Council meeting. NKU's proposed graduate tuition and fee charges will be presented to the Board of Regents for approval at their June 15, 2022, meeting. The tuition and fee rates for KCTCS were also approved at the April 15, 2022, Council meeting.

Staff has reviewed each institution's proposed 2022-23 tuition and fee charges for every degree level, residency, and attendance status and determined that they comply with Council approved ceilings.

Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and mandatory fee charges for resident undergraduate and graduate students, nonresident undergraduate and graduate students, and on-line learners for academic year 2022-23 as proposed by the institutions and approved by their governing boards.

COUNCIL APPROVED TUITION AND FEE CEILINGS

On May 13, 2021, the Council adopted resident undergraduate tuition and mandatory fee ceilings that equate to:

- a maximum base rate increase of no more than 3.0 percent over two years, and a maximum increase of no more than 2.0 percent in any one year, for public research and comprehensive universities; and
- a maximum base rate increase of no more than \$5.00 per credit hour over two years, and a maximum increase of no more than \$3.00 per credit hour in any one year, for students attending KCTCS institutions.

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

- Nonresident undergraduate tuition and fee rates that comply with the Council's *2021-22 Tuition and Mandatory Fees Policy*, or otherwise adhere to provisions of an existing Memorandum of Understanding between the Council and an institution.
- Market competitive tuition and fee rates for graduate and online courses.

A top priority for the Council in adopting these parameters was keeping tuition and fee increases to a minimum to help students and families who may have been struggling financially due to the Coronavirus pandemic. While maintaining affordability was the overriding concern, there was also recognition that small increases in tuition and fees are necessary to help institutions maintain quality academic programs, address inflationary cost increases, and continue making progress toward achieving the state's 60x30 college attainment goal. Toward that end, staff believes the adopted ceilings achieved an appropriate balance between resource needs of the institutions and affordability for Kentucky students and families.

As a reminder, the resident undergraduate tuition and fee ceilings approved by the Council apply to each institution's base rate charge. Base rates are defined as total tuition and fee charges, minus any Special Use Fees and Asset Preservation Fees previously approved by the Council, and minus an agency bond fee at KCTCS (i.e., BuildSmart Investment for Kentucky Competitiveness Fee). Council staff deduct these fees from total tuition and fees before applying a percent increase parameter, which keeps the fees at a fixed amount each year until they expire. The paragraphs below contain proposed base rates for academic year 2022-23, current-year base rates, and calculated dollar and percent changes between those rates for each institution.

CAMPUS TUITION AND FEE PROPOSALS

Officials from UK, UofL, ECU, KSU, MoSU, MuSU, and WKU have submitted to the Council undergraduate and graduate tuition and fee proposals for academic year 2022-23, along with tuition and fee revenue estimates for fiscal years 2021-22 and 2022-23. NKU has only submitted proposed graduate tuition and fee charges which are pending approval by the Board of Regents at their June 15, 2022, meeting. NKU's undergraduate rates and tuition and fee charges for KCTCS were approved at the Council's April 15, 2022, meeting.

Staff has reviewed each institution's proposed 2022-23 tuition and fee charges for every degree level, residency, and attendance status and determined that they comply with Council approved ceilings.

University of Kentucky

On June 3, 2022, the University of Kentucky submitted a proposal to the Council, containing planned tuition and mandatory fee charges for academic year 2022-23. As can be seen in Table 1, between academic years 2021-22 and 2022-23, the university is proposing to increase its annual base-rate charge for resident undergraduate students by \$249.⁰⁰, or 2.0 percent. This increase complies with the Council's approved ceiling for resident undergraduate tuition and mandatory fees, which stipulates that base rates cannot increase by more than 2.0 percent in any one year at public research and comprehensive universities. The university's proposed tuition and fee charges for nonresident, graduate, and on-line students also adhere to Council parameters.

The tuition and fee charges included in UK's proposal will be presented for approval to the university's Board of Trustees at their June 17 meeting. Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and fee rates as proposed by the University of Kentucky and contingent upon approval by the university's governing board.

University of Kentucky Proposed Tuition and Fee Base Rates Academic Year 2022-23				Table 1
<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$12,610	\$12,859	\$249	2.0%
Nonresident	\$31,608	\$32,276	\$668	2.1%
Graduate				
Resident	\$13,674	\$13,946	\$272	2.0%
Nonresident	\$33,548	\$34,259	\$711	2.1%
The University of Kentucky does not assess any Special Use Fees or Asset Preservation Fees at this time.				

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

Estimated Tuition Revenue

UK officials estimate that proposed 2022-23 tuition and mandatory fee charges for all categories of students (i.e., every academic level, residency, and full-time or part-time status) will generate about \$592.9 million in gross tuition and fee revenue, which is \$50.1 million more than anticipated revenue for the current year (see Attachment B). The university's E&G fixed costs are projected to increase by \$61.2 million between fiscal years 2021-22 and 2022-23, which represents an increase of about 4.0 percent over current-year costs.

University of Louisville

On June 10, the University of Louisville submitted a proposal to the Council, containing planned tuition and mandatory fee charges for academic year 2022-23. As can be seen in Table 2, between academic years 2021-22 and 2022-23, the university is proposing to increase its annual base-rate charge for resident undergraduate students by \$150.⁰⁰, or 1.2 percent. This increase complies with the Council's approved ceiling for resident undergraduate tuition and mandatory fees, which stipulates that base rates cannot increase by more than 2.0 percent in any one year at public research and comprehensive universities. The university's proposed tuition and fee charges for nonresident, graduate, and on-line students also adhere to Council parameters.

The tuition and fee charges included in UofL’s proposal have not been approved by the university’s Board of Trustees. That approval is expected at the board’s June 23 meeting. Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and fee rates as proposed by the University of Louisville, contingent on forthcoming approval by the university’s governing board.

University of Louisville Proposed Tuition and Fee Base Rates Academic Year 2022-23				Table 2
<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$12,174	\$12,324	\$150	1.2%
Nonresident	\$28,520	\$28,670	\$150	0.5%
Graduate				
Resident	\$13,524	\$13,944	\$420	3.1%
Nonresident	\$27,638	\$28,340	\$702	2.5%
Base rates for the University of Louisville do not include a Special Use Fee of \$98.00 per semester, or \$196.00 per year.				

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

Estimated Tuition Revenue

UofL officials estimate that their proposed 2022-23 tuition and mandatory fee charges for all categories of students (i.e., every academic level, residency, and full-time or part-time status) will generate about \$334.2 million in gross tuition and fee revenue, which is \$7.8 million more than projected for the current year (see Attachment D). The university’s E&G fixed costs are projected to increase by \$14.9 million between fiscal years 2021-22 and 2022-23, which represents an increase of about 2.8 percent over current-year costs.

Eastern Kentucky University

On June 1, 2022, Eastern Kentucky University submitted a proposal to the Council, containing planned tuition and mandatory fee charges for academic year 2022-23. As can be seen in Table 3, between academic years 2021-22 and 2022-23, the university is proposing to increase its annual base-rate charge for resident undergraduate

students by \$92.⁰⁰, or 1.0 percent. This increase complies with the Council’s approved ceiling for resident undergraduate tuition and mandatory fees, which stipulates that base rates cannot increase by more than 2.0 percent in any one year at public research and comprehensive universities. The university’s proposed tuition and fee charges for nonresident, graduate, and on-line students also adhere to Council parameters.

The tuition and fee charges included in EKV’s proposal will be presented for approval by the university’s Board of Regents at their June 14 meeting. Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and fee rates as proposed by Eastern Kentucky University contingent upon approval by the university’s governing board.

Eastern Kentucky University Proposed Tuition and Fee Base Rates Academic Year 2022-23				Table 3
<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$9,452	\$9,544	\$92	1.0%
Nonresident	\$19,724	\$19,922	\$198	1.0%
Graduate				
Resident	\$550.00	\$556.00	\$6.00	1.1%
Nonresident	\$750.00	\$758.00	\$8.00	1.1%
Base rates for Eastern Kentucky University do not include a Special Use Fee of \$150.00 per semester, or \$300.00 per year, for full-time students, nor do they include an Asset Preservation Fee of \$10.00 per credit hour, capped at 15 credit hours or \$150.00 per semester, or \$300.00 per year, for full-time students.				

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

Estimated Tuition Revenue

EKV officials estimate that proposed 2022-23 tuition and mandatory fee charges for all categories of students (i.e., every academic level, residency, and full-time or part-time status) will generate about \$144.5 million in gross tuition and fee revenue, which is \$3.8 million more than anticipated revenue for the current year (see Attachment F). The university’s E&G fixed costs are projected to increase by \$11.9 million between

fiscal years 2021-22 and 2022-23, which represents an increase of about 5.0 percent over current-year costs.

Kentucky State University

On June 9, 2022, Kentucky State University submitted a proposal to the Council, containing planned tuition and mandatory fee charges for academic year 2022-23. As can be seen in Table 4, between academic years 2021-22 and 2022-23, the university is proposing to increase its annual base-rate charge for resident undergraduate students by \$154.⁰⁰, or 1.8 percent. This complies with the Council’s approved ceiling for resident undergraduate tuition and mandatory fees, which stipulates that base rates cannot increase by more than 2.0 percent in any one year at public research and comprehensive universities. The university’s proposed tuition and fee charges for nonresident, graduate, and on-line students also adhere to Council parameters.

The tuition and fee charges included in KSU’s proposal will be presented for approval by the university’s Board of Regents at their June 13 meeting. Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and fee rates as proposed by Kentucky State University contingent upon approval by the university’s governing board.

Kentucky State University Proposed Tuition and Fee Base Rates Academic Year 2022-23				Table 4
<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$8,500	\$8,654	\$154	1.8%
Nonresident	\$12,350	\$12,582	\$232	1.9%
Graduate				
Resident	\$10,880	\$11,072	\$192	1.8%
Nonresident	\$15,920	\$16,232	\$312	2.0%
Base rates for Kentucky State University do not include an Asset Preservation Fee of \$150.00 per semester, or \$300.00 per year, for full-time students.				

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

displays mandatory fees separately in Attachment G, however, Council staff included these fees (e.g., Activities Fee; Technology Fee; Safety and Security Fee, Homecoming Fee) in the base rate table (i.e., Table 4).

Estimated Tuition Revenue

KSU officials estimate that proposed 2022-23 tuition and mandatory fee charges for all categories of students (i.e., every academic level, residency, and full-time or part-time status) will generate about \$16.5 million in gross tuition and fee revenue, which is \$4.3 million less than anticipated revenue for the current year (see Attachment H). The university's E&G fixed costs are projected to decrease by \$1.5 million between fiscal years 2021-22 and 2022-23, which represents a decrease of about 4.0 percent over current-year costs.

Morehead State University

On May 18, 2022, Morehead State University submitted a proposal to the Council, containing planned tuition and mandatory fee charges for academic year 2022-23. As can be seen in Table 5, between academic years 2021-22 and 2022-23, the university is proposing to increase its annual base-rate charge for resident undergraduate students by \$98.⁰⁰, or 1.1 percent. This increase complies with the Council's approved ceiling for resident undergraduate tuition and mandatory fees, which stipulates that base rates cannot increase by more than 2.0 percent in any one year at public research and comprehensive universities. The university's proposed tuition and fee charges for nonresident, graduate, and on-line students also adhere to Council parameters.

Morehead State University Proposed Tuition and Fee Base Rates Academic Year 2022-23				Table 5	
<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	
Undergraduate					
Resident	\$9,210	\$9,308	\$98	1.1%	
Nonresident	\$13,854	\$14,034	\$180	1.3%	
Graduate					
Resident	\$577.00 pch	\$574.00 pch	(\$3.00)	-0.5%	
Nonresident	\$577.00 pch	\$574.00 pch	(\$3.00)	-0.5%	
Base rates for Morehead State University do not include a Special Use Fee of \$66.00 per semester, or \$132.00 per year, nor do they include an Asset Preservation Fee of \$60.00 per semester, or \$120.00 per year, for full-time students.					
pch = per credit hour					

The tuition and fees included in MoSU's proposal were approved by the university's Board of Regents at their March 31 meeting. Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and fee rates as proposed by Morehead State University and approved by the university's governing board.

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

Estimated Tuition Revenue

MoSU officials estimate that proposed 2022-23 tuition and mandatory fee charges for all categories of students (i.e., every academic level, residency, and full-time or part-time status) will generate about \$56.0 million in gross tuition and fee revenue, which is \$0.7 million less than anticipated revenue for the current year (see Attachment J). The university's E&G fixed costs are projected to increase by \$1.0 million between fiscal years 2021-22 and 2022-23, which represents an increase of about 1.0 percent over current-year costs.

Murray State University

On May 31, 2022, Murray State University submitted a proposal to the Council, containing planned tuition and mandatory fee charges for academic year 2022-23. As can be seen in Table 6, between academic years 2021-22 and 2022-23, the university is proposing to increase its annual base-rate charge for resident undergraduate students by \$180.⁰⁰, or 1.9 percent. The undergraduate base rates in Table 6 apply to students who enrolled at MuSU during summer term 2020 or after. See Attachment K for proposed base rates assessed to those who enrolled between summer term 2016 and spring 2020.

MuSU's proposed base rate increase for resident undergraduate students complies with the Council's approved ceiling for resident undergraduate tuition and mandatory fees, which stipulates that base rates cannot increase by more than 2.0 percent in any one year at public research and comprehensive universities. The university's proposed tuition and fee charges for nonresident, graduate, and on-line students also adhere to Council parameters.

The tuition and fees included in MuSU's proposal were approved by the university's Board of Regents at their June 3 meeting. Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and fee rates as proposed by Murray State University and approved by the university's governing board.

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

Murray State University Proposed Tuition and Fee Base Rates Academic Year 2022-23				Table 6
<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$9,252	\$9,432	\$180	1.9%
Nonresident	\$18,528	\$18,888	\$360	1.9%
Graduate				
Resident	\$549.00 pch	\$559.50 pch	\$10.50	1.9%
Nonresident	\$808.00 pch	\$559.50 pch	(\$248.50)	-30.8%
Base rates for Murray State University do not include an Asset Preservation Fee of \$10.00 per credit hour, capped at 15 hours or \$150.00 per semester, or \$300.00 per year, for full-time comparison (fall and spring semesters only).				
pch = per credit hour				

Estimated Tuition Revenue

MuSU officials estimate that proposed 2022-23 tuition and mandatory fee charges for all categories of students (i.e., every academic level, residency, and full-time or part-time status) will generate about \$104.5 million in gross tuition and fee revenue, which is \$4.9 million more than anticipated revenue for the current year (see Attachment L). The university's E&G fixed costs are projected to increase by \$7.0 million between fiscal years 2021-22 and 2022-23, which represents an increase of about 4.0 percent over current-year costs.

Northern Kentucky University

On April 6, 2022, Northern Kentucky University submitted a proposal to the Council, containing planned tuition and mandatory fee charges for academic year 2022-23. As can be seen in Table 7, between academic years 2021-22 and 2022-23, the university proposed increasing its annual base-rate charge for resident undergraduate students by \$196.⁰⁰, or 2.0 percent. This increase complied with the Council's approved ceiling for resident undergraduate tuition and mandatory fees, which stipulates that base rates cannot increase by more than 2.0 percent in any one year at public research and comprehensive universities. The proposed undergraduate tuition and fee charges in Attachment M were approved by the Finance Committee at its April 12, 2022, meeting.

Per the approved ceiling, NKU’s maximum possible base rate charge for 2022-23 for resident undergraduate students is \$10,209 (a 3.0 percent increase from \$9,912). The university’s proposed tuition and fee charges for undergraduate nonresident and on-line students also adhere to Council parameters. NKU’s proposed graduate and doctorate student rates will be presented for approval at the Board of Regents meeting on June 15, 2022.

The undergraduate tuition and fees included in NKU’s proposal were approved by the university’s Board of Regents at their March 16 meeting and CPE’s Finance Committee at its April 12, 2022, meeting. Staff recommends that the Finance Committee approve, and endorse to the full Council, the proposed graduate and doctorate student tuition and fee rates as proposed by Northern Kentucky University contingent upon approval by the university’s governing board.

Northern Kentucky University Proposed Tuition and Fee Base Rates Academic Year 2022-23				Table 7	
<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	
Undergraduate					
Resident	\$10,012	\$10,208	\$196	2.0%	
Nonresident	\$20,070	\$20,464	\$394	2.0%	
Graduate					
Resident	\$550.00 pch	\$550.00 pch	\$0	0.0%	
Nonresident	\$845.00 pch	\$845.00 pch	\$0	0.0%	
Base rates for Northern Kentucky University do not include a Special Use Fee of \$192.00 per semester, or \$384 per year, for full-time students.					
pch = per credit hour					

Attachment M contains additional categories of graduate and doctorate student tuition and fee charges, including proposed per-credit-hour rates for part-time graduate students and online rates. Staff recommends approval of these additional rates as proposed by the university contingent upon approval by the university’s governing board.

Estimated Tuition Revenue

NKU officials estimate that proposed 2022-23 tuition and mandatory fee charges for all categories of students (i.e., every academic level, residency, and full-time or part-time status) will generate about \$173.6 million in gross tuition and fee revenue, which is \$1.4 million less than anticipated revenue for the current year (see Attachment N). The university’s E&G fixed costs are projected to increase by \$12.6 million between fiscal

years 2021-22 and 2022-23, which represents an increase of about 5.8 percent over current-year costs.

Western Kentucky University

On June 3, 2021, Western Kentucky University submitted a proposal to the Council, containing planned tuition and mandatory fee charges for academic year 2022-23. As can be seen in Table 8, between academic years 2021-22 and 2022-23, the university is proposing to increase its annual base-rate charge for resident undergraduate students by \$120.⁰⁰, or 1.1 percent. This increase complies with the Council’s approved ceiling for resident undergraduate tuition and mandatory fees, which stipulates that base rates cannot increase by more than 2.0 percent in any one year at public research and comprehensive universities. The university’s proposed tuition and fee charges for nonresident, graduate, and on-line students also adhere to Council parameters.

The tuition and fees included in WKU’s proposal were approved by the university’s Board of Regents at their June 10 meeting. Staff recommends that the Finance Committee approve, and endorse to the full Council, tuition and fee rates as proposed by Western Kentucky University and approved by the university’s governing board.

Western Kentucky University Proposed Tuition and Fee Base Rates Academic Year 2022-23				Table 8	
<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	
Undergraduate					
Resident	\$10,792	\$10,912	\$120	1.1%	
Nonresident	\$26,800	\$26,800	\$0	0.0%	
Graduate					
Resident	\$597.00 pch	\$607.00 pch	\$10.00	1.7%	
Nonresident	\$907.00 pch	\$917.00 pch	\$10.00	1.1%	
<small>Base rates for Western Kentucky University do not include Special Use Fees of \$100.00 per semester, or \$200.00 per year, for full-time students. Special Use fees are also assessed at \$10.00 per credit hour for graduate and part-time students. pch = per credit hour</small>					

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

Estimated Tuition Revenue

WKU officials estimate that proposed 2022-23 tuition and mandatory fee charges for all categories of students (i.e., every academic level, residency, and full-time or part-time status) will generate about \$176.5 million in gross tuition and fee revenue, which is \$0.2 million more than anticipated revenue for the current year (see Attachment P). The university's E&G fixed costs are projected to increase by \$9.4 million between fiscal years 2021-22 and 2022-23, which represents an increase of about 4.0 percent over current-year costs.

STAFF RECOMMENDATION

Council staff has reviewed the tuition and mandatory fee proposals for academic year 2022-23 received from UK, UofL, ECU, KSU, MoSU, MuSU, and WKU and have determined that they comply with the resident undergraduate tuition and fee ceilings for research and comprehensive universities adopted by the Council at their May 13, 2021, meeting. Staff has determined that proposed prices for nonresident undergraduate students adhere to provisions of the Council's *2022-23 Tuition and Mandatory Fee Policy*, or a previously approved Memorandum of Understanding between the Council and an institution. Finally, proposed tuition and fee charges for graduate and on-line students, including those submitted independent from previously approved undergraduate base rates for NKU, also adhere to Council parameters.

Staff recommends that the Finance Committee approve, and endorse to the full Council, all applicable tuition and mandatory fee charges for resident undergraduate and graduate students, nonresident undergraduate and graduate students, and on-line learners for academic year 2022-23 as proposed by the institutions.

**Proposed 2022-23 Tuition and Mandatory Fee Charges
University of Kentucky**

Category	Fall 2022	Spring 2023	Annual 2022-23	Summer and Winter Terms 2023	Full Programs
<i>Undergraduate</i>					
Resident					
Full-time (12 credit hours and above)	\$ 6,429.50	\$ 6,429.50	\$ 12,859.00		
Per Credit Hour	\$ 526.50	\$ 526.50		\$ 526.50	
Nonresident					
Full-time (12 credit hours and above)	\$ 16,138.00	\$ 16,138.00	\$ 32,276.00		
Per Credit Hour	\$ 1,335.00	\$ 1,335.00		\$ 1,335.00	
UK Online Campus (Per Credit Hour)*	\$ 594.50	\$ 594.50		\$ 594.50	
Active Military (Per Credit Hour)	\$ 296.50	\$ 296.50		\$ 296.50	
Global ESL Pathway Program					
Resident	\$ 6,429.50	\$ 6,429.50	\$ 12,859.00	\$ 526.50	
Nonresident	\$ 16,138.00	\$ 16,138.00	\$ 32,276.00	\$ 1,335.00	
Global Wildcats (Per Credit Hour)	\$ 594.50	\$ 594.50		\$ 594.50	
UK Next Generation Dual Credit (Per Credit Hour)					
Per Credit Hour - to be determined by KCTCS/CPE	TBD	TBD		TBD	
<i>Graduate**</i>					
Resident					
Full-time	\$ 6,973.00	\$ 6,973.00	\$ 13,946.00		
Per Credit Hour	\$ 762.00	\$ 762.00		\$ 762.00	
Enrolled in Distance Education Courses Only	\$ 6,427.00	\$ 6,427.00	\$ 12,854.00	\$ 715.50	
Nonresident					
Full-time	\$ 17,129.50	\$ 17,129.50	\$ 34,259.00		
Per Credit Hour	\$ 1,890.50	\$ 1,890.50		\$ 1,890.50	
Enrolled in Distance Education Courses Only	\$ 6,427.00	\$ 6,427.00	\$ 12,854.00	\$ 715.50	
<i>Master or Graduate Certificate, Health Professional</i>					
Resident					
Full-time	\$ 7,516.00	\$ 7,516.00	\$ 15,032.00		
Per Credit Hour	\$ 822.00	\$ 822.00		\$ 822.00	
Nonresident					
Full-time	\$ 17,761.50	\$ 17,761.50	\$ 35,523.00		
Per Credit Hour	\$ 1,960.50	\$ 1,960.50		\$ 1,960.50	
<i>Master or Graduate Certificate, Professional</i>					
Resident					
Full-time	\$ 7,313.50	\$ 7,313.50	\$ 14,627.00		
Per Credit Hour	\$ 799.00	\$ 799.00		\$ 799.00	
Nonresident					
Full-time	\$ 17,527.00	\$ 17,527.00	\$ 35,054.00		
Per Credit Hour	\$ 1,934.50	\$ 1,934.50		\$ 1,934.50	
<i>Professional Practice Doctoral</i>					
Resident					
Full-time	\$ 9,112.50	\$ 9,112.50	\$ 18,225.00		
Per Credit Hour	\$ 999.50	\$ 999.50		\$ 999.50	
Nonresident					
Full-time	\$ 23,697.50	\$ 23,697.50	\$ 47,395.00		
Per Credit Hour	\$ 2,620.50	\$ 2,620.50		\$ 2,620.50	
<i>College Specific Graduate Degrees & Certificates</i>					
College of Education					
Master of Education in Educational Leadership					
Education Specialist in Teacher Leadership					
Education Specialist in Principal Preparation					
Superintendent Certification Program					
Graduate Certificate in Leadership for Deeper Learning					
Graduate Certificate in Instructional Coaching					
Graduate Certificate in School Technology Leadership					
Graduate Certificate in Executive Education Leadership					
Resident and Non-Resident, Per Credit Hour	\$ 624.00	\$ 624.00		\$ 624.00	

**Proposed 2022-23 Tuition and Mandatory Fee Charges
University of Kentucky**

<i>Category</i>	Fall 2022	Spring 2023	Annual 2022-23	Summer and Winter Terms 2023	Full Programs
College of Medicine					
Master of Forensic Toxicology and Analytical Genetics Resident and Non-Resident, Per Credit Hour	\$ 1,017.00	\$ 1,017.00		\$ 1,017.00	
College of Public Health					
Master of Public Health, Online Resident and Non-Resident, Per Credit Hour	\$ 731.00	\$ 731.00		\$ 731.00	
Gatton College of Business and Economics					
Master of Science in Finance Resident, Per Credit Hour Only	\$ 948.00	\$ 948.00		\$ 948.00	
Nonresident, Per Credit Hour Only	\$ 1,326.50	\$ 1,326.50		\$ 1,326.50	
Master of Science in Marketing					
Master of Science in Strategic Human Resource Management and Analytics					
Master of Science in Supply Chain Management					
Graduate Certificate in Analytics					
Graduate Certificate in Human Resource Management Resident, Per Credit Hour Only	\$ 913.50	\$ 913.50		\$ 913.50	
Nonresident, Per Credit Hour Only	\$ 1,254.50	\$ 1,254.50		\$ 1,254.50	
Dentistry					
Resident			\$ 36,703.00		
Nonresident			\$ 79,133.50		
Reduced Curriculum load					
Resident			\$ 19,123.50		
Nonresident			\$ 40,339.00		
Doctor of Pharmacy					
Resident			\$ 29,187.00		
Nonresident			\$ 54,755.50		
Reduced curriculum load					
Resident			\$ 15,365.50		
Non-Resident			\$ 28,150.00		
Doctorate of Physical Therapy					
Resident			\$ 22,665.50		
Nonresident			\$ 46,488.00		
Reduced curriculum load					
Resident			\$12,105.50		
Non-Resident			\$24,016.00		
Law					
Resident			\$ 25,747.50		
Nonresident			\$ 51,380.00		
Reduced curriculum load					
Resident			\$ 13,645.50		
Non-Resident			\$ 26,462.00		

**Proposed 2022-23 Tuition and Mandatory Fee Charges
University of Kentucky**

<u>Category</u>	<u>Fall 2022</u>	<u>Spring 2023</u>	<u>Annual 2022-23</u>	<u>Summer and Winter Terms 2023</u>	<u>Full Programs</u>
<i>Medicine</i>					
Students - entering class of fall 2018					
Resident			\$ 38,920.00		
Nonresident			\$ 69,648.00		
Students - entering class of fall 2019					
Resident			\$ 40,042.00		
Nonresident			\$ 72,373.00		
Students - entering class of fall 2020					
Resident			\$ 40,462.00		
Nonresident			\$ 73,854.00		
Students - entering class of fall 2021					
Resident			\$ 40,866.00		
Nonresident			\$ 74,592.00		
Students - entering class of fall 2022					
Resident			\$ 41,265.50		
Nonresident			\$ 75,328.50		
Reduced Curriculum load					
Resident			\$ 21,405.00		
Nonresident			\$ 38,436.50		
<i>Master of Science in Accounting</i>					
Resident			\$ 23,464.00		
Nonresident			\$ 32,107.00		
Reduced Curriculum load					
Resident			\$8,851.00		
Nonresident			\$11,732.50		
<i>Master of Business Administration (MBA)</i>					
One-Year, Full-Time					
Resident					\$ 36,916.00
Nonresident					\$ 43,660.50
Professional Evening Two-Years (full-time)					
Students - entering classes of Fall 2021					
Resident					\$ 37,284.00
Nonresident					\$ 43,875.00
Students - entering classes of Fall 2022					
Resident					\$ 38,047.50
Nonresident					\$ 44,784.50
Professional Evening Three-Years (part-time)					
Students - entering classes of Fall 2020					
Resident					\$ 36,361.00
Nonresident					\$ 42,888.00
Students - entering classes of Fall 2021					
Resident					\$ 36,764.00
Nonresident					\$ 43,356.00
Students - entering classes of Fall 2022					
Resident					\$ 37,588.50
Nonresident					\$ 44,326.00

*Fully online certificates and degree programs (i.e., Internet, web-based) are only offered through UKOnline. Undergraduate students enrolled only in an UKOnline certificate or degree program are assessed the Undergraduate Online Learning Tuition Rate for all credit hours. There is no full-time tuition cap for UKOnline undergraduate certificate and degree programs. The Undergraduate Online Learning Tuition Rate is the same for resident and non-resident undergraduate students.

**Graduate students enrolled exclusively in courses offered through distance learning are assessed tuition using the applicable resident rate, regardless of residency status. Distance learning courses include delivery modes of fully online (i.e., Internet, web-based), hybrid, off-campus, TV, and compressed video.

ATTACHMENT B

Estimated 2022-23 Gross Tuition and Mandatory Fee Revenue University of Kentucky

<u>Category</u>	<u>Estimated 2021-22</u>	<u>Estimated 2022-23</u>
<i>Undergraduate</i>		
Resident	\$ 158,317,696	\$ 159,497,500
Nonresident	173,121,511	210,353,700
<i>Graduate</i>		
Resident	22,607,223	30,072,800
Nonresident	43,274,554	55,644,000
<i>First-Professional</i>		
Resident	52,935,678	56,197,900
Nonresident	29,687,840	29,132,300
<i>Online*</i>	27,217,510	15,741,400
<i>Mandatory Fees**</i>	35,565,100	36,215,900
<i>Total</i>	<u>\$ 542,727,112</u>	<u>\$ 592,855,500</u>

*Tuition revenue from online graduate course offerings is not separately recorded. Graduate students enrolled in only online courses are assessed the Kentucky resident rate regardless of residency status.

**Mandatory fees between Undergraduate, Graduate and First-Professional classifications are not separately recorded.

Proposed 2022-23 Tuition and Mandatory Fee Charges
University of Louisville

<i>Category</i>	Fall 2022	Spring 2023	Annual 2022-23	Summer 2023
<i>Undergraduate (applies to in-person and online courses; excluding online programs)</i>				
Resident				
Full-time (12 credit hours and above)	\$ 6,162	\$ 6,162	\$ 12,324	\$ 6,162
Per Credit Hour	514	514		514
Nonresident				
Full-time (12 credit hours and above)	14,335	14,335	28,670	14,335
Per Credit Hour	1,195	1,195		1,195
Military*				
Per Credit Hour (includes online courses)	250	250		250
<i>Graduate (applies to in-person and online courses; excluding online programs)</i>				
Resident				
Full-time	6,972	6,972	13,944	6,972
Per Credit Hour	775	775		775
Nonresident				
Full-time	14,170	14,170	28,340	14,170
Per Credit Hour	1,575	1,575		1,575
Graduate - Equine Graduate Certificate	800	800		800
Military*				
Per Credit Hour	250	250		250
Master's of Engineering in Engineering Management	690	690		690
Franchise Management Certificate	600	600		600
Distilled Spirits Certificate	600	600		600
Equine Certificate	600	600		600
<i>Distance Education (per credit hour)</i>				
Undergraduate	514	514		514
Undergraduate - RN to Bachelor of Science in Nursing	375	375		375
CBE-Healthcare Leadership	514	514		514
Graduate	775	775		775
Graduate - Urban Planning & Public Admin	946	946		946
Graduate - Advanced Educator Preparation	575	575		575
Graduate - Distilled Spirits Certificate	800	800		800
Graduate - Franchise Management Certificate	800	800		800
Law, full-time	1,228	1,228		1,228
Law, part-time	1,228	1,228		1,228
<i>Professional MBA Cohort Program</i>				
Resident - 6 consecutive semesters including summer terms				
Full-time	5,333	5,333	16,000	5,333
Nonresident - 6 consecutive semesters including summer terms				
Full-time	5,333	5,333	16,000	5,333
Military*				
Full-time	3,750	3,750	11,250	3,750
Dual MBA				
Resident - 13 month program				
Full-time	8,667	8,667	26,600	8,667
Nonresident - 13 month program				
Full-time	8,667	8,667	26,600	8,667

Proposed 2022-23 Tuition and Mandatory Fee Charges
University of Louisville

<i>Category</i>	Fall 2022	Spring 2023	Annual 2022-23	Summer 2023
<i>Full-time MBA Cohort Program</i>				
Resident - 13 month program				
Full-time	10,667	10,667	32,000	10,667
Nonresident - 13 month program				
Full-time	10,667	10,667	32,000	10,667
Military*				
Full-time	7,500	7,500	22,500	7,500
<i>Global MBA</i>				
Resident - 4 semesters				
Full-time	5,333	5,333	32,000	5,333
Nonresident - 4 semesters				
Full-time	5,333	5,333	32,000	5,333
Military*				
Full-time	3,750	3,750	22,500	3,750
<i>IMBA Cohort Program</i>				
Resident - 6 consecutive semesters including summer terms				
Full-time	5,333	5,333	16,000	5,333
Nonresident - 6 consecutive semesters including summer terms				
Full-time	5,333	5,333	16,000	5,333
Military*				
Full-time	3,750	3,750	22,500	3,750
<i>Master's in Accountancy Cohort Program</i>				
Resident - 3 consecutive semesters including summer terms				
Full-time	8,333	8,333	25,000	8,333
Nonresident - 3 consecutive semesters including summer terms				
Full-time	8,333	8,333	25,000	8,333
<i>Master's in Business Analytics Program</i>				
Resident - 13 month program				
Full-time	10,000	10,000	30,000	10,000
Nonresident - 13 month program				
Full-time	10,000	10,000	30,000	10,000
<i>Certificate Program in Accounting</i>				
Resident (7 undergraduate courses over 2-3 semesters)				
Full-time	6,162	6,162	12,324	6,162
Nonresident (7 undergraduate courses over 2-3 semesters)				
Full-time	14,335	14,335	28,670	14,335
<i>Ed. D. Practitioner</i>				
Resident - 9 consecutive semesters including summer terms				
Full-time	1,800	1,800	5,400	1,800
Nonresident - 9 consecutive semesters including summer terms				
Full-time	1,800	1,800	5,400	1,800
<i>Principal Preparator</i>				
Per credit hour	500	500		500
<i>M.S. in Human Resources and Organization Development</i>				
Resident - 6 consecutive semesters including summer terms				
Full-time	2,750	2,750	8,250	2,750
Nonresident - 6 consecutive semesters including summer terms				
Full-time	2,750	2,750	8,250	2,750

**Proposed 2022-23 Tuition and Mandatory Fee Charges
University of Louisville**

<i>Category</i>	Fall 2022	Spring 2023	Annual 2022-23	Summer 2023
<i>Urban Planning and Public Administration Programs</i>				
Resident				
Full-time	7,872	7,872	15,744	7,872
Nonresident				
Full-time	15,070	15,070	30,140	15,070
<i>Advanced Educator Preparation Master's and Graduate Programs</i>				
Resident				
Full-time	5,229	5,229	10,458	5,229
Per Credit Hour	581	581		581
Nonresident				
Full-time	10,627	10,627	21,254	10,627
Per Credit Hour	1,181	1,181		1,181
<i>Law</i>				
Resident				
Full-time	12,275	12,275	24,550	12,275
Per Credit Hour	1,228	1,228		1,228
Nonresident (returning students)				
Full-time	14,775	14,775	29,550	14,775
Per Credit Hour	1,478	1,478		1,478
Nonresident (new AY 20-21 students)				
Full-time	n/a	n/a		n/a
Per Credit Hour	n/a	n/a		n/a
<i>Medicine</i>				
Resident	21,805	21,805	43,610	21,805
Nonresident	33,120	33,120	66,240	33,120
<i>Dentistry</i>				
Resident (see above)	18,558	18,558	37,116	18,558
Nonresident	38,634	38,634	77,268	38,634
Special Use Fee	98	98	196	98
Doctoral / Masters Candidacy	1,503	1,503	3,006	1,503

* Active Duty Military and qualifying members of the Reserves and National Guard

ATTACHMENT D

**Estimated 2022-23 Gross Tuition and Mandatory Fee Revenue
University of Louisville**

<i>Category</i>	Estimated 2021-22	Estimated 2022-23
<i>Undergraduate</i>		
Resident	\$ 131,711,150	\$ 133,183,632
Nonresident	43,685,944	44,174,337
Online	9,812,905	9,922,610
<i>Graduate</i>		
Resident	40,035,575	40,400,536
Nonresident	6,482,040	6,541,130
Online	9,992,385	10,083,475
<i>First-Professional</i>		
Resident	32,591,807	33,971,350
Nonresident	35,128,193	36,615,096
Other Tuition	5,780,000	4,805,066
Mandatory Fees	8,010,000	11,091,620
Student Recreation Center Special Use Fee	3,156,426	3,420,000
<i>Total</i>	\$ 326,386,426	\$ 334,208,852

**Proposed 2022-23 Tuition and Mandatory Fee Charges
Eastern Kentucky University**

<i>Category</i>	Fall 2022	Spring 2023	Annual 2022-23	Summer 2023	Winter 2022
<i>Undergraduate</i>					
Resident					
Full-time (12 credit hours and above)	\$ 4,772	\$ 4,772	\$ 9,544		
Per Credit Hour	398	398		398	398
Nonresident					
Full-time (12 credit hours and above)	9,961	9,961	\$ 19,922		
Per Credit Hour	831	831		433	433
Nonresident - Targeted Areas					
Full-time					
Per Credit Hour					
Online (non-program) Per Credit Hour	421	421	421	421	421
<i>Online Programs</i>					
General Education	421	421	421	421	421
Child and Family Studies	421	421	421	421	421
Corrections and Juvenile Justice	421	421	421	421	421
Emergency Medical Care	421	421	421	421	421
Fire Arson Explosion Investigation	421	421	421	421	421
Fire Protection Administration Online	421	421	421	421	421
Fire Protection and Safety Engineering Technology	421	421	421	421	421
Homeland Security	421	421	421	421	421
Occupational Safety	421	421	421	421	421
Paralegal	421	421	421	421	421
Police Studies	421	421	421	421	421
Political Science	421	421	421	421	421
Psychology	421	421	421	421	421
RN to BSN	465	465	465	465	465
Other Online Program					
<i>Graduate - Master's</i>					
Resident					
Full-time					
Per Credit Hour	556	556	556	556	556
Nonresident					
Full-time					
Per Credit Hour	758	758	758	758	758
Online (non-program) Per Credit Hour	421	421	421	421	421
<i>Online Programs (per credit hour)</i>					
College of Letters, Arts and Social Sciences (CLASS)					
M.S. in General Psychology - ABA Concentration	669	669	669	669	669
All other eCampus CLASS programs	617	617	617	617	617
College of Science, Technology, Engineering and Mathematics	617	617	617	617	617
College of Education - MAT Traditional	515	515	515	515	515
College of Education - All Other Programs	399	399	399	399	399
College of Business and Technology	617	617	617	617	617
M.B.A.	669	669	669	669	669
College of Health Sciences	669	669	669	669	669
College of Justice and Safety	617	617	617	617	617
<i>Graduate - Doctorate (per credit hour)</i>					
Doctorate in Education	581	581	581	581	581
Doctorate Nursing Practice	682	682	682	682	682
Doctorate in Occupational Therapy	682	682	682	682	682
Doctorate in Psychology	682	682	682	682	682
<i>EKU Now (High School)</i>					
Per Credit Hour - to be determined by KCTCS/CPE	TBD	TBD	TBD	TBD	TBD

ATTACHMENT F

**Estimated 2022-23 Gross Tuition and Mandatory Fee Revenue
Eastern Kentucky University**

<i>Category</i>	Estimated 2021-22	Estimated 2022-23
<i>Undergraduate</i>		
Resident		
Fall	\$ 34,185,400	\$ 35,404,000
Spring	\$ 28,569,400	\$ 30,304,000
Summer	\$ 3,135,200	\$ 2,941,000
Nonresident		
Fall	\$ 10,534,600	\$ 9,995,000
Spring	\$ 9,347,400	\$ 8,870,000
Summer	\$ 475,000	\$ 776,000
Online Courses		
Winter	\$ 1,111,600	\$ 1,123,000
Online Programs		
Fall	\$ 10,107,800	\$ 10,209,000
Spring	\$ 10,226,100	\$ 10,328,000
Summer	\$ 3,164,400	\$ 3,196,000
<i>Graduate - Master's</i>		
Resident		
Fall	\$ 3,089,300	\$ 2,921,000
Spring	\$ 3,007,300	\$ 2,862,000
Summer	\$ 1,297,200	\$ 1,319,000
Nonresident		
Fall	\$ 797,700	\$ 730,000
Spring	\$ 759,300	\$ 775,000
Summer	\$ 77,600	\$ 254,000
Online Courses		
Winter	\$ 64,900	\$ 66,000
Online Programs		
Fall	\$ 4,735,300	\$ 4,777,000
Spring	\$ 4,773,100	\$ 4,686,000
Summer	\$ 3,133,400	\$ 3,293,000
<i>Graduate - Doctorate</i>		
Resident		
Fall	\$ 521,300	\$ 423,000
Spring	\$ 490,400	\$ 421,000
Summer	\$ 239,100	\$ 241,000
Non residency		
Fall	\$ 27,400	\$ 106,000
Spring	\$ 25,800	\$ 114,000
Summer	\$ 12,600	\$ 47,000
Online Programs		
Fall	\$ 318,000	\$ 327,000
Spring	\$ 232,000	\$ 369,000
Summer	\$ 309,300	\$ 184,000
<i>Special Use Fee</i>	\$ 3,645,000	\$ 3,700,000
<i>Asset Preservation Fee</i>	\$ 2,285,000	\$ 3,700,000
	\$ 140,697,900	\$ 144,461,000

Proposed 2022-23 Tuition and Mandatory Fee Charges Kentucky State University

<i>Category</i>	Fall 2022	Spring 2023	Annual 2022-23	Summer 2023
<i>Undergraduate</i>				
Resident				
Full-time (15 credit hours)*	3,927	3,927	7,854	
Per Credit Hour**	332	332		332
Nonresident				
Full-time (15 credit hours)*	5,891	5,891	11,782	
Per Credit Hour**	498	498		498
Online Programs				
Per Credit Hour**	408	408		408
<i>Graduate</i>				
Resident				
Full-time*				
Per Credit Hour**	428	428		428
Nonresident				
Full-time*				
Per Credit Hour**	643	643		643
Undergraduate				
Online Programs				
Per Credit Hour**				
Graduate				
Online Programs				
Per Credit Hour**	510	510		510

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

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

ATTACHMENT H

Estimated 2022-23 Gross Tuition and Mandatory Fee Revenue Kentucky State University

<i>Category</i>	Estimated 2021-22	Estimated 2022-23
<i>Undergraduate</i>		
Resident	\$ 6,650,000	\$ 4,158,936
Nonresident	10,478,000	8,231,274
Online	1,300,000	1,500,000
<i>Graduate</i>		
Resident	789,000	418,278
Nonresident	195,000	463,386
Online	669,000	864,937
<i>Summer</i>	685,000	864,063
Total	\$ 20,766,000	\$ 16,500,874

**Proposed 2022-23 Tuition and Mandatory Fee Charges
Morehead State University**

<u>Category</u>	<u>Fall 2022</u>	<u>Spring 2023</u>	<u>Annual 2022-23</u>	<u>Winter & Summer 2023</u>
<i>Undergraduate</i>				
Resident				
Full-time	4,654	4,654	9,308	-
Per Credit Hour	389	389	-	389
Nonresident				
Full-time	7,017	7,017	14,034	-
Per Credit Hour	586	586	-	586
International				
Full-time	11,742	11,742	23,484	-
Per Credit Hour	980	980	-	980
<i>Graduate</i>				
Resident				
Full-time	-	-	-	-
Per Credit Hour	574	574	-	574
Volgenau College of Education (600-level) Per Credit Hour	389	389	-	389
Nonresident				
Full-time	-	-	-	-
Per Credit Hour	574	574	-	574
International				
Full-time	-	-	-	-
Per Credit Hour	574	574	-	574
<hr/>				
Asset Preservation Fee				
Full-time	60	60	120	-
Per Credit Hour	5	5	-	5
Special Use Fee				
Full-time	66	66	132	-
Per Credit Hour	5	5	-	5

ATTACHMENT J

Estimated 2022-23 Gross Tuition and Mandatory Fee Revenue Morehead State University

<u>Category</u>	<u>Estimated 2021-22</u>	<u>Estimated 2022-23</u>
<i>Undergraduate</i>		
Resident	40,372,000	40,114,600
Nonresident	8,454,800	8,323,000
International	1,207,600	848,100
<i>Graduate</i>		
Resident	4,267,100	4,258,000
Nonresident	907,300	916,100
International	87,800	115,200
Asset Preservation Fee	659,700	650,000
Special Use Fee	746,900	741,600
Total	<u>\$ 56,703,200</u>	<u>\$ 55,966,600</u>

**Proposed 2022-23 Tuition and Mandatory Fee Charges
Murray State University**

Category	Students admitted Summer 2016 to Spring 2020				Students admitted Summer 2020 and after			
	Fall 2022	Spring 2023	Annual 2022-23	Summer 2023	Fall 2022	Spring 2023	Annual 2022-23	Summer 2023
<i>Undergraduate</i>								
Resident								
Full-time (up to 15 hours)	4,716.00	4,716.00	9,432.00		4,716.00	4,716.00	9,432.00	
Per Credit Hour	393.00	393.00		393.00	393.00	393.00		393.00
(Online Courses Resident) Per Credit Hour	393.00	393.00		393.00	393.00	393.00		393.00
Nonresident*								
Full-time (up to 15 hours)	12,762.00	12,762.00	25,524.00					
Per Credit Hour	1,063.50	1,063.50		1,063.50				
(Online Courses Resident) Per Credit Hour	1,063.50	1,063.50		1,063.50				
Regional/Nonresident*								
Full-time (up to 15 hours)	9,444.00	9,444.00	18,888.00		9,444.00	9,444.00	18,888.00	
Per Credit Hour	787.00	787.00		787.00	787.00	787.00		787.00
(Online Courses Resident) Per Credit Hour	787.00	787.00		787.00	787.00	787.00		787.00
Programs that are 100% Online Per Credit Hour	393.00	393.00		393.00	393.00	393.00		393.00

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

	All Graduate Students			
	Fall 2022	Spring 2023	Annual 2022-23	Summer 2023
<i>Graduate-All programs not defined below</i>				
Resident				
Per Credit Hour	559.50	559.50		559.50
Nonresident				
Per Credit Hour	559.50	559.50		559.50
Regional				
Per Credit Hour	559.50	559.50		559.50
Online Per Credit Hour, regardless of residency	559.50	559.50		559.50
<i>Graduate-Education</i>				
Resident				
Per Credit Hour	385.50	385.50		385.50
Nonresident				
Per Credit Hour	559.50	559.50		559.50
Regional				
Per Credit Hour	559.50	559.50		559.50
Online Per Credit Hour, regardless of residency	559.50	559.50		559.50
<i>Graduate-below programs</i>				
Occupational Therapy				
Speech-Language Pathology				
Applied Engineering and Technology Management				
Resident				
Per Credit Hour	617.50	617.50		617.50
Nonresident				
Per Credit Hour	617.50	617.50		617.50
Regional				
Per Credit Hour	617.50	617.50		617.50
Online Per Credit Hour, regardless of residency	559.50	559.50		559.50
<i>Graduate-below programs</i>				
Master of Business Administration				
Master of Science Cybersecurity Management				
Master of Science Mass communications with a Concentration in Public Relations				
Master of Science in Information Systems with a Concentration in Business Analytics				
On-campus and Online Per Credit Hour, regardless of residency	548.50	548.50		548.50
<i>Graduate-below programs</i>				
Master of Public Administration				
On-campus and Online Per Credit Hour, regardless of residency	427.00	427.00		427.00
<i>Doctor of Education</i>				
Per Credit Hour, regardless of residency	607.00	607.00		607.00
Online Per Credit Hour, regardless of residency	559.50	559.50		559.50
<i>Doctor of English</i>				
Per Credit Hour, regardless of residency	607.00	607.00		607.00
Online Per Credit Hour, regardless of residency	559.50	559.50		559.50
<i>Doctor of Nursing Practice - Nursing</i>				
Per Credit Hour, regardless of residency	607.00	607.00		607.00
Online Per Credit Hour, regardless of residency	559.50	559.50		559.50
<i>Doctor of Nursing Practice - Family Nurse Practitioner</i>				
Per Credit Hour, regardless of residency	607.00	607.00		607.00
Online Per Credit Hour, regardless of residency	559.50	559.50		559.50
<i>Doctor of Nursing Practice - Nurse Anesthetist</i>				
Per Credit Hour, regardless of residency	720.50	720.50		720.50
Online Per Credit Hour, regardless of residency	559.50	559.50		559.50

Notes:

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

ATTACHMENT L

**Estimated 2022-23 Gross Tuition and Mandatory Fee Revenue
Murray State University**

<u>Category</u>	<u>Estimated 2021-22</u>	<u>Estimated 2022-23</u>
<i>Undergraduate</i>		
Resident	\$ 40,207,562	\$ 42,318,849
Nonresident	44,781,040	45,161,172
Online	(a) 781,155	1,041,746
<i>Graduate</i>		
Resident	2,338,589	2,852,900
Nonresident	5,685,780	3,810,164
Online	3,209,546	6,608,896
<i>Doctoral</i>		
Resident	523,658	573,880
Nonresident	589,818	448,149
Online	1,484,427	1,688,859
Total	<u>\$ 99,601,575</u>	<u>\$ 104,504,615</u>

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

**Proposed 2022-23 Tuition and Mandatory Fee Charges
Northern Kentucky University**

<i>Category-Tuition</i>	Fall 2022	Spring 2023	Annual 2022-23	Summer 2023	Winter 2022
<i>Undergraduate</i>					
<i>Credit Hour</i>					
Resident, Ohio Reciprocity, Indiana Rate	\$425	\$425	N/A	\$425	\$425
Metro (returning)	\$643	\$643	N/A	\$643	\$643
Nonresident	\$853	\$853	N/A	\$853	\$853
Online (accelerated and all other)	\$461	\$461	N/A	\$461	\$461
RN-BSN Online Partner (Note 1)	\$300	\$300	N/A	\$300	\$300
School Based Scholars (Note 2)	\$91	\$91	N/A	\$91	\$91
<i>Full-Time 12-16 Hours (Semester)</i>					
Resident, Ohio Reciprocity, Indiana Rate	\$5,104	\$5,104	\$10,208	N/A	N/A
Metro (returning)	\$7,724	\$7,724	\$15,448	N/A	N/A
Nonresident	\$10,232	\$10,232	\$20,464	N/A	N/A
<i>Graduate/Doctorate - Per Credit Hour</i>					
Resident	\$550	\$550	N/A	\$550	\$550
Ohio/Indiana	\$670	\$670	N/A	\$670	\$670
Nonresident	\$845	\$845	N/A	\$845	\$845
Nonresident & Resident - Online	\$653	\$653	N/A	\$653	\$653
<i>College of Informatics - Per Credit Hour</i>					
Master of Science in Health Informatics - accelerated online	\$520	\$520	N/A	\$520	\$520
Master of Science in Cybersecurity - accelerated online	\$460	\$460	N/A	\$460	\$460
<i>Master of Education - Per Credit Hour</i>					
Master of Arts in Education - in person	\$400	\$400	N/A	\$400	\$400
Master of Arts in Education - accelerated online	\$400	\$400	N/A	\$400	\$400
Alternative Certification in Special Ed - accelerated online	\$400	\$400	N/A	\$400	\$400
Master of Arts in Teaching - accelerated online	\$400	\$400	N/A	\$400	\$400
<i>Education Post Masters - Per Credit Hour</i>					
Education Specialist T&L - accelerated online	\$400	\$400	N/A	\$400	\$400
Education Specialist - other than accelerated online	\$400	\$400	N/A	\$400	\$400
Graduate Certifications/Rank 1	\$400	\$400	N/A	\$400	\$400
<i>Education Doctorate- Per Credit Hour</i>					
Resident	\$684	\$684	N/A	\$684	\$684
Ohio/Indiana	\$803	\$803	N/A	\$803	\$803
Nonresident	\$998	\$998	N/A	\$998	\$998
<i>Business Graduate - Per Credit Hour</i>					
Resident	\$565	\$565	N/A	\$565	\$565
Ohio/Indiana	\$664	\$664	N/A	\$664	\$664
Nonresident	\$921	\$921	N/A	\$921	\$921
Master of Business - accelerated online	\$460	\$460	N/A	\$460	\$460
Master of Accountancy - accelerated online	\$490	\$490	N/A	\$490	\$490
Face to Face Master of Accountancy - Resident	\$510	\$510	N/A	\$510	\$510
Face to Face Master of Accountancy - Ohio/Indiana	\$599	\$599	N/A	\$599	\$599
Face to Face Master of Accountancy - Nonresident	\$832	\$832	N/A	\$832	\$832
Master of Business in Leadership & Innovation - MBLI (Note 3)	N/A	N/A	\$28,950	N/A	N/A
MBA International Partnership (Note 4)	N/A	N/A	\$10,000	N/A	N/A

**Proposed 2022-23 Tuition and Mandatory Fee Charges
Northern Kentucky University**

<i>Category-Tuition</i>	Fall 2022	Spring 2023	Annual 2022-23	Summer 2023	Winter 2022
<i>College of Health and Human Services (Nursing Grad Cohort Programs) - Per Credit Hour</i>					
Doctor of Nursing Practice (DNP) - accelerated online	\$570	\$570	N/A	\$570	\$570
DNP - Post Masters - in person	\$673	\$673	N/A	\$673	\$673
DNP - Nursing Anesthesia (resident)	\$746	\$746	N/A	\$746	\$746
DNP - Nursing Anesthesia (non-resident)	\$954	\$954	N/A	\$954	\$954
DNP - Nurse Anesthesia Post Masters - in person	\$673	\$673	N/A	\$673	\$673
Master of Science in Nursing (MSN) - accelerated	\$550	\$550	N/A	\$550	\$550
Master of Science in Nursing (MSN) - in person	\$645	\$645	N/A	\$645	\$645
MS - Health Science - accelerated online	\$520	\$520	N/A	\$520	\$520
MS - Health Administration - accelerated online	\$520	\$520	N/A	\$520	\$520
Master of Science in Exercise Science - in person	\$450	\$450	N/A	\$450	\$450
Master of Science in Athletic Training (resident)	\$450	\$450	N/A	\$450	\$450
Master of Science in Athletic Training (non-resident)	\$550	\$550	N/A	\$550	\$550
Master of Social Work - resident	\$613	\$613	N/A	\$613	\$613
Master of Social Work - graduate metro	\$630	\$630	N/A	\$630	\$630
Master of Social Work - non-resident	\$943	\$943	N/A	\$943	\$943
Master of Social Work - accelerated online	\$599	\$599	N/A	\$599	\$599
Occupational Therapy Doctorate	\$845	\$845	N/A	\$845	\$845
MA School Counseling and/or MS Clinical Mental Health Counseling (resident)	\$613	\$613	N/A	\$613	\$613
MA School Counseling and/or MS Clinical Mental Health Counseling (non-resident)	\$943	\$943	N/A	\$943	\$943
MA School Counseling and/or MS Clinical Mental Health Counseling (graduate metro)	\$630	\$630	N/A	\$630	\$630
Graduate Certificate in Healthcare Commercialization	\$550	\$550	N/A	\$550	\$550
Cardiovascular Perfusion	\$850	\$850	N/A	\$850	\$850
<i>Chase College of Law- Per Credit Hour</i>					
Resident					
Full-time (13 - 16 credit hours)	\$888	\$888	N/A	\$888	\$888
Nonresident	\$1,436	\$1,436	N/A	\$1,436	\$1,436
Resident by year	N/A	N/A	\$23,088	N/A	N/A
Non-resident by year	N/A	N/A	\$37,336	N/A	N/A
MLS - accelerated online	\$653	\$653	N/A	\$653	\$653
MLS - in person	\$854	\$854	N/A	\$854	\$854
Program Rate					
LLM - Master in Law for International Students (Note 5)	N/A	N/A	\$30,108	N/A	N/A
<i>Mandatory Fee (Special Use) Campus Recreation</i>					
Per credit hour - caps at 12 hrs/semester (\$192)	\$192	\$192	N/A	\$192	\$192

Note 1: Rates for students enrolled through Academic Partnerships agreement.

Note 2: Rate for high school students taking an NKU college course. Rate is the ceiling set by the Kentucky Higher Education Assistance Authority to participate in the Dual Credit Scholarship program.

Note 3: Master of Business in Leadership and Innovation (MBLI) is a 2-year program.

Note 4: Program rate for NKU MBA in partnership with Indian universities. Courses will be jointly taught by NKU and Indian partner faculty.

Note 5: LLM (master in law for international students) is a one-year program.

**Estimated 2022-23 Gross Tuition and Mandatory Fee Revenue
Northern Kentucky University**

<i>Category - Tuition</i>	Estimated 2021-22	Estimated 2022-23
<i>Undergraduate</i>		
Resident	62,581,366	65,562,706
Nonresident	48,413,563	48,797,969
<i>Graduate</i>		
Resident	31,370,542	31,280,287
Nonresident	27,675,718	23,281,749
<i>Total Gross Tuition</i>	170,041,189	168,922,711
<i>Category - Mandatory Fee</i>		
Special Use Fee (Campus Rec Fee)	4,909,107	4,659,500
Total	\$ 174,950,296	\$ 173,582,211

ATTACHMENT O

**Proposed 2022-23 Tuition and Mandatory Fee Charges
Western Kentucky University**

<i>Category</i>	Fall 2022	Spring 2023	Annual 2022-23	Winter & Summer 2023
<i>Undergraduate</i>				
Resident				
Full-time (12-18 credit hours)	5,556	5,556	11,112	463
Military at Resident Rate	5,556	5,556	11,112	
Part-time (Per Credit Hour)	463	463		463
Dual Credit (Per Credit Hour)	91	91		
Nonresident				
Full-time (12-18 credit hours)	13,500	13,500	27,000	607
Full-time - Tuition Incentive Program (12-18 credit hours)	7,068	7,068	14,136	
Part-time (Per Credit Hour)	1,125	1,125		1,125
Part-time - Tuition Incentive Program (Per Credit Hour)	589	589		589
Part-time - Distance Learning (Online Courses)	551	551		551
International				
Full-time (12-18 credit hours)	13,824	13,824	27,648	
Part-time (Per Credit Hour)	1,152	1,152		1,152
<i>Graduate</i>				
Resident				
Per Credit Hour	607	607	607	607
Military at Resident Rate	607	607	607	607
Kentucky P-12 Educator	350	350	350	350
Nonresident				
Domestic Per Credit Hour	917	917	917	917
International Per Credit Hour	953	953	953	953
Distance Learning (Online Courses)	707	707	707	707
Doctorate, Nurse Practitioner				
Resident (Per Credit Hour)	663	663	663	663
Nonresident (Per Credit Hour)	858	858	858	858
Doctorate, Physical Therapy				
Resident (Per Credit Hour)	643	643	643	643
Nonresident (Per Credit Hour)	909	909	909	909
Professional MBA (Per 6 credit hours)				
Active Military (Per Credit Hour)	250	250	250	250
Included in the above:				
Special Use Fee (FT)	100	100	200	
Special Use Fee (PT) pro-rated by credit hour	10	10	10	10

ATTACHMENT P

**Estimated 2022-23 Gross Tuition and Mandatory Fee Revenue
Western Kentucky University**

<i>Category</i>	Estimated 2021-22	Estimated 2022-23
<i>Undergraduate</i>		
Resident	\$ 91,000,500	\$ 92,000,300
Nonresident	43,500,000	42,500,000
Online	19,000,000	20,000,000
<i>Graduate (incl practice based doctoral)</i>		
Resident	5,500,000	5,000,000
Nonresident	4,300,000	4,193,500
Online	4,352,000	4,352,000
<i>Student Athletics Fee</i>	5,100,000	5,000,000
<i>Centers Fee (Auxiliary Enterprises)</i>	1,375,000	1,351,900
<i>Special Use Fees</i>	2,185,000	2,150,000
Total	\$ 176,312,500	\$ 176,547,700

TITLE: 2022-24 Asset Preservation Pool Guidelines
Delegation of Authority for Capital Project Approval

RECOMMENDATION: Staff recommends that the Finance Committee review and endorse for full Council approval the attached *2022-24 Asset Preservation Pool Guidelines*. Staff also recommends that the committee and the Council delegate to staff the authority to approve capital projects funded from the pool.

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

SUPPORTING INFORMATION

As part of its 2022-24 budget recommendation, the Council on Postsecondary Education requested \$700.0 million in state funds to address a projected \$7.3 billion collective need for renovation, renewal, and preservation of Education and General facilities at Kentucky colleges and universities. The Governor and General Assembly supported the request and the enacted Budget of the Commonwealth (22 RS, HB 1) authorized \$683.5 million in General Fund supported bond funds for a Postsecondary Education Asset Preservation Pool to provide funding for individual asset preservation, renovation, and maintenance projects at Kentucky public postsecondary institutions.

In addition to funds appropriated to the Asset Preservation Pool, the enacted budget authorized \$16.5 million for a stand-alone preservation project at KCTCS. Combined, the \$683.5 million pool and \$16.5 million KCTCS project total \$700.0 million, the amount of asset preservation funding requested in the Council's biennial budget submission.

The \$683.5 million appropriated to the Asset Preservation Pool was allocated among institutions based on each institution's share of system total Category I and II square feet. Pool funds were allocated to institutions in both years of the biennium, with each institution receiving an appropriation for half (50%) of its allocation in 2022-23 and receiving an appropriation for the other half (50%) of its allocation in 2023-24. A table showing the allocation of pool funds among institutions can be found on page 2 of the attached *2022-24 Asset Preservation Pool Guidelines*.

Included in the enacted budget (22 RS, HB 1) is language, specifying campus matching requirements for accessing allocated Asset Preservation Pool funds:

- each project for research institutions shall be matched at 30 percent from funds provided by each research institution, and
- each project for comprehensive institutions and the Kentucky Community and Technical College System shall be matched at 15 percent from funds provided by each comprehensive institution and the Kentucky Community and Technical College System (pages 167-168).

The General Assembly operationalized these requirements by requiring research universities to spend 30 cents for every state dollar used to complete an individual asset preservation project and by requiring the comprehensive universities and KCTCS to spend 15 cents for every state dollar used to complete an individual asset preservation project.

In addition to specifying the amount of bond funds appropriated to each institution, the budget bill (22 RS, HB 1) identifies the amount of agency bond fund authority provided to each university and the amount of restricted funds authority provided to KCTCS to meet state matching requirements. A table showing the agency bond and restricted funds authority provided to the universities and KCTCS each year of the upcoming biennium can be found on page 3 of the attached guidelines. Although universities are authorized to issue agency bonds to finance asset preservation projects, they can also use cash, private funds, grants, or other institutional funds to achieve the match.

Language included in the budget bill (22 RS, HB 1) indicates that Asset Preservation Pool funds “are provided for individual asset preservation, renovation, and maintenance projects at Kentucky’s public postsecondary institutions in Education, General, and state-owned and operated residential housing facilities” (p.167). Using this language, CPE staff worked with campus officials to identify eligible uses of pool funds. Projects that preserve, renovate, or renew E&G facilities or state-owned and operated residential housing facilities will be eligible to receive funds from the Asset Preservation Pool.

Staff also worked with campus officials to develop a process for identifying eligible projects, certifying expenditures, and requesting reimbursement from the Office of State Budget Director. This process is described in the Project Identification, Expenditure Certification, and Reimbursement Process sections of the attached guidelines. It has been reviewed and is supported by CPE staff, campus officials, and OSBD staff.

- *Staff recommends that the Finance Committee review and endorse for full Council approval the attached 2022-24 Asset Preservation Pool Guidelines.*

The enacted state budget (22 RS, HB 1) contains language stating that capital projects, as defined in KRS 45.750(1)(f), which are funded from the Asset Preservation Pool or from a combination of pool and campus matching funds, are authorized. This means capital projects funded from the pool that meet or exceed a \$1.0 million threshold for construction or a \$200,000 threshold for an item of equipment already have approval from the General Assembly. For this reason and to expedite the reimbursement request process, it is recommended that the Council delegate authority for interim capital project approval to staff, for projects funded from the Asset Preservation Pool.

- *Staff recommends that the Finance Committee and Council delegate to staff the authority to approve capital projects funded from the pool.*

The budget bill (22 RS, HB 1) requires institutions to report capital projects funded from the pool (i.e., those that meet or exceed the \$1.0 million threshold for construction and the \$200,000 threshold for an item of equipment) to the Capital Projects and Bond Oversight Committee. Campus officials should report such projects as they become active and include the projects in quarterly reports to committee.

Staff will provide the Council with periodic updates regarding the status of Asset Preservation Pool distributions and campus matching funds by project and institution. It is anticipated that much of the information for these updates will come from project identification templates and certification letters submitted by institutions as part of the reimbursement request process. Staff will work with campus officials to develop the format of reports provided to the Council.

Council on Postsecondary Education 2022-24 Asset Preservation Pool Guidelines

Introduction

In 2005, the Council on Postsecondary Education (CPE) and Kentucky colleges and universities contracted with Vanderweil Facilities Advisors, Inc. (VFA), Paulien & Associates, and NCHEMS to conduct a comprehensive review and assessment of the state's public postsecondary facilities. Evaluators took more than a year and examined over 700 Education and General (E&G) facilities located on college and university campuses across the system and concluded in early 2007 that Kentucky's facilities inventory was in relatively poor condition compared to industry standards.

Most buildings at the time were over 30 years old and their condition and utility was consistent with their age. Heating, ventilation, and air conditioning (HVAC) systems, plumbing, and electrical wiring in many buildings had far exceeded their useful life expectancies and many buildings no longer adequately supported the academic programming for which they were originally intended. Overall, evaluators identified a cumulative amount of \$6.1 billion in asset preservation needs for the postsecondary system, projected to come due by 2018 (*Facility Condition Assessment & Space Study*, VFA, 2007).

During the six years following the VFA study, a combination of factors, including a growing inventory of aging facilities, infrastructure, and systems in need of renovation and renewal, increasing construction costs, and minimal state investment in asset preservation resulted in more than a \$1.0 billion increase in asset preservation need. In a 2013 update to the original VFA Study, researchers found that the cumulative cost of bringing the state's postsecondary education facilities up to industry standards was projected to reach to \$7.3 billion by 2021.

Every biennium since 2008, the Council has included a relatively large request for asset preservation in its biennial budget recommendation. Between 2008 and 2022, the state appropriated \$282.0 million for asset preservation projects. For 2022-2024, the Council requested \$700.0 million in state funding to address the estimated \$7.3 billion cumulative need for asset preservation and renovation on state college and university campuses. The Governor and General Assembly supported this request and the 2022-2024 state budget (22 RS, HB 1) funded the Council's proposal in its entirety.

Program Funding

In the *2022-2024 Budget of the Commonwealth* (22 RS, HB 1), the Kentucky General Assembly authorized \$683.5 million in General Fund supported bond funds for a Postsecondary Education Asset Preservation Pool to provide funding for individual asset preservation, renovation, and maintenance projects at Kentucky public postsecondary institutions. In addition to funds appropriated to the pool, the budget bill appropriated \$16.5 million for a stand-alone asset preservation project at KCTCS. Combined, the \$683.5 million pool and the line-itemed \$16.5 million KCTCS project total \$700.0 million, which was the amount of asset preservation funding requested in the Council's biennial budget submission.

Allocation of Funds

The \$683.5 million Asset Preservation Pool was allocated among institutions based on each institution's share of system total Category I and II square feet. Allocated pool funds were

appropriated to institutions in both years of the biennium, with each institution receiving an appropriation for half (50%) of its allocation in 2022-23 and receiving an appropriation for the other half (50%) of its allocation in 2023-24. The resulting allocation of Asset Preservation Pool funds is shown in the table below.

Asset Preservation Pool Allocations

Institution	Fiscal Year 2022-23	Fiscal Year 2023-24	Biennial Total
University of Kentucky	\$77,098,000	\$77,098,000	\$154,196,000
University of Louisville	40,943,000	40,943,000	81,886,000
Eastern Kentucky University	27,403,000	27,403,000	54,806,000
Kentucky State University	8,039,000	8,039,000	16,078,000
Morehead State University	17,611,000	17,611,000	35,222,000
Murray State University	23,588,000	23,588,000	47,176,000
Northern Kentucky University	23,397,000	23,397,000	46,794,000
Western Kentucky University	34,040,000	34,040,000	68,080,000
KCTCS	89,631,000	89,631,000	179,262,000
Total Appropriation	\$341,750,000	\$341,750,000	\$683,500,000

In addition to the \$683.5 million appropriated to the Asset Preservation Pool, the General Assembly authorized a stand-alone asset preservation project for \$16.5 million at KCTCS. This bond funded project was appropriated as a line-item for KCTCS and is not included in the Asset Preservation Pool. For this reason, it is not subject to campus matching requirements.

Matching Requirements

Included in the 2022-2024 budget bill (HB 1) is language, specifying institutional matching requirements for accessing allocated Asset Preservation Pool funds:

- each project for research institutions shall be matched at 30 percent from funds provided by each research institution, and
- each project for comprehensive institutions and the Kentucky Community and Technical College System shall be matched at 15 percent from funds provided by each comprehensive institution and the Kentucky Community and Technical College System (pages 167-168).

Also included in the budget bill is the amount of state bond funds appropriated to each institution for asset preservation, along with the amount of agency bond or restricted funds authority provided to each institution to meet state matching requirements. Although universities are authorized to issue agency bonds to finance asset preservation projects and meet matching requirements, they can also use cash, private funds, grants, or other institutional funds to achieve the required match.

For KCTCS, the General Assembly provided a restricted fund appropriation (i.e., authority for the institution to use its own resources) each year of the upcoming biennium to meet its required match. The table below shows the amount of agency bond authority provided to each university and the amount of restricted funds authority provided to KCTCS each year of the upcoming biennium, which can be used to meet the match on Asset Preservation Pool funds.

As can be seen in the table below, the General Assembly operationalized the Asset Preservation Pool matching requirement by requiring research universities to spend thirty cents (\$0.30) for every state dollar (\$1.00) used to complete an individual asset preservation project and by requiring the comprehensive universities and KCTCS to spend fifteen cents (\$0.15) for every state dollar (\$1.00) used to complete an individual asset preservation project.

Agency Bond and Restricted Funds Authority

Institution	Fiscal Year 2022-23	Fiscal Year 2023-24	Biennial Total
University of Kentucky	\$23,130,000	\$23,130,000	\$46,260,000
University of Louisville	12,283,000	12,283,000	24,566,000
Eastern Kentucky University	4,111,000	4,111,000	8,222,000
Kentucky State University	1,206,000	1,206,000	2,412,000
Morehead State University	2,642,000	2,642,000	5,284,000
Murray State University	3,539,000	3,539,000	7,078,000
Northern Kentucky University	3,510,000	3,510,000	7,020,000
Western Kentucky University	5,106,000	5,106,000	10,212,000
KCTCS	13,445,000	13,445,000	26,890,000
Total Matching Funds	\$68,972,000	\$68,972,000	\$137,944,000

These ratios, when applied using an expenditure and reimbursement approach for accessing pool funds (i.e., described in the Reimbursement Process section of these guidelines) result in campus matching fund rates of 23.08% (i.e., $30/130 = .2308$) at the research universities and 13.04% ($15/115 = .1304$) at comprehensive universities and KCTCS. In addition, the match ratios result in state reimbursement rates of 76.92% (i.e., $1 - .2308 = .7692$) and 86.96% (i.e., $1 - .1304 = .8696$), respectively, which are the reciprocals of campus matching rates.

Uses of Funds

Language included in the budget bill (22 RS, HB 1) stipulates that Asset Preservation Pool funds are to be used for individual asset preservation, renovation, and maintenance projects at Kentucky’s public postsecondary institutions in Education and General, and state-owned and operated residential housing facilities.

Eligibility Criteria

In order for an asset preservation project and related expenditures to be eligible for reimbursement, the following criteria must be met:

- Projects that preserve, renovate, or renew Education and General facilities are eligible to receive funds from the Asset Preservation Pool.
- Projects that preserve, renovate, or renew state-owned and operated residential housing facilities are eligible to receive funds from the Asset Preservation Pool. Housing facilities owned and operated by a university, or its affiliated corporations are state-owned.
- For the purposes of these guidelines, “facilities” includes buildings, building systems, and campus infrastructure, such as roads, walkways, electrical grids, steam tunnels, and water chiller plants, that support current and ongoing use of eligible facilities.

- Projects that renovate or renew non-Education and General athletics facilities, hospitals, or auxiliary enterprise facilities are not eligible to receive funds from the pool.
- Only project expenditures made after April 15, 2022, can be used to meet state matching requirements.
- Sources of campus matching funds for a project must be cash, agency bonds, private funds, grants, or other institutional funds. General Fund appropriations cannot be used as a match.
- New construction and expansion projects are not eligible to receive funds from the Asset Preservation Pool. However, if renovation costs exceed the total cost of demolition and replacement, asset preservation funds may be used for demolition and reconstruction.
- Routine maintenance and repair projects and ongoing building maintenance and operations (M&O) costs, typically funded through an institution's operating budget, are not eligible to receive funds from the Asset Preservation Pool.

Project Approval

Generally, a number of boards, agencies, and committees are involved in the postsecondary institution capital project approval process in Kentucky, including campus governing boards, the Council on Postsecondary Education, Capital Projects and Bond Oversight Committee, the Office of State Budget Director (OSBD), and the Kentucky General Assembly. Identified below are actions that each of these entities either have taken or will undertake in the review, approval, and oversight of projects funded from the Asset Preservation Pool.

- Asset preservation, renovation, and maintenance projects that are listed in the *2022-2024 Budget of the Commonwealth* (22 RS, HB 1) are authorized by the General Assembly.
- If an asset preservation project is not specifically listed in the enacted budget, language included in the bill authorizes capital projects, as defined in KRS 45.750(1)(f), funded from the Asset Preservation Pool (22 RS, HB 1, p. 168).
- Capital projects funded from the pool that meet or exceed the \$1.0 million threshold for construction or the \$200,000 threshold for an item of equipment (defined in KRS 45.750) must be reported to the Capital Projects and Bond Oversight Committee.
- All asset preservation, renovation, and maintenance projects that were identified by an institution and included in the Council's 2022-2024 biennial budget submission already have CPE approval.
- Previously unidentified projects above the threshold (i.e., those that were not listed in the Council's budget submission) require Council approval. Given that the General Assembly has authorized capital projects (i.e., those that exceed the threshold) from Asset Preservation Pool funds in HB 1, CPE staff will recommend that the Council delegate authority to staff to approve asset preservation and renovation capital projects.
- Asset preservation projects that fall below the threshold do not require Council approval, however, CPE staff will review all planned projects and certify that they meet eligibility criteria to receive Asset Preservation Pool funds.
- CPE staff will also review campus reimbursement requests and certify to OSBD that they comply with budget bill language (HB 1) and Council approved guidelines.

- Once CPE has signed off on a reimbursement request, OSBD staff will initiate the transfer of funds using the existing reimbursement process for capital projects.
- Regardless of funding source, campus governing board approval is required for all projects funded from the Asset Preservation Pool that meet or exceed an anticipated scope of \$1.0 million for construction and \$200,000 for an item of equipment.

Reimbursement Process

Asset Preservation Pool funds will be distributed to postsecondary institutions primarily using an expenditure and reimbursement approach. Specifically, an institution will be required to expend its own agency bond funds, cash, private funds, grants, or other institutional funds on eligible asset preservation projects before seeking reimbursement from the state. Under this approach, the state will reimburse 76.92% (i.e., 1.0 - 0.2308) of eligible asset preservation project expenditures at research universities (i.e., or about \$0.77 for every \$1.00 spent) and 86.96% (i.e., 1.0 - 0.1304) of eligible asset preservation project expenditures at comprehensive universities and KCTCS (i.e., or about \$0.87 for every \$1.00 spent), up to the total amount of Asset Preservation Pool funds allocated to each institution.

A different process will be used for asset preservation project expenditures made between April 15, 2022 and June 30, 2022. Although campus spending during this period can be used to match Asset Preservation Pool funds, only the amount spent up to the level of the required match on each individual project is eligible for that purpose. For example, if a research university initiates a \$1.3 million project after April 15 and spends \$300,000 on the project before July 1, then the entirety of that expenditure can be used as a match. Upon project completion, if \$1.3 million in total was spent on the project, the institution would be able to request \$1.0 million in state funds (or one state dollar for every thirty cents in campus match). However, in this example, any expenditure made above \$300,000 between April 15 and June 30 would not count toward the match or be eligible to be used as a match for another project, due to the “individual project” language included in the budget bill.

Project Identification

Before seeking reimbursement for asset preservation project expenditures, each institution will submit to the Council a list (or several lists) of projects that it plans to initiate, or already has initiated, for which it intends to request funding from the Asset Preservation Pool. CPE staff will work with campus officials to develop a Project Identification Template for submitting project lists, which will include a unique identifier, title, and description for each individual project, building numbers and building names associated with each project, the anticipated scope, state funds, and campus matching funds for each project, sources of matching funds, and anticipated start and completion dates for each project. Listed below is additional information regarding the project identification process.

- Each institution will be allowed flexibility to submit a single list (or several lists) to CPE, identifying planned asset preservation projects, with the total combined scope of the projects not to exceed its Asset Preservation Pool allocation.
- Project lists can be adjusted as needed. An additional project or projects can be added at a later time, or a project or projects can be removed from the list.

- The timing for submitting a project list to the Council is at the institution's discretion, however it may be helpful for an institution to know whether projects are eligible early in the process. At a minimum, project identification must precede reimbursement requests.
- Projects do not need to reach a given cost threshold to be eligible for Asset Preservation Pool funding, but all planned projects and related buildings must be identified and submitted to the Council, and the required campus match must be maintained on each individual project.
- For the purposes of these guidelines, an individual project can either be one type of renovation or renewal activity undertaken in a single building or across several buildings, or multiple types of renovation and renewal activities within a single building. Roof replacement, HVAC and mechanical systems, plumbing, and electrical wiring are examples of renovation and renewal activity types.
- To qualify as an individual project, the project must be bid and awarded as a complete project and be overseen and administered by a single prime or general contractor or be completed pursuant to another delivery method as allowed by statute (KRS 45A), such as employing the construction management-at-risk (CMR) method.
- As indicated in the Project Approval section of these guidelines, projects that meet or exceed the \$1.0 million threshold for construction and the \$200,000 threshold for an item of equipment must be approved by an institution's governing board.
- Before seeking reimbursement, each institution must submit documentation of board approval to the Council for each project that meets or exceeds the threshold.
- During the project identification phase, CPE staff will review project lists and certify to submitting institutions that the projects are eligible for reimbursement from the Asset Preservation Pool.

Expenditure Certification

As institutions incur expenses on eligible asset preservation, renovation, and maintenance projects, they can submit requests for reimbursement to the Council on Postsecondary Education (CPE) and Office of State Budget Director (OSBD), which will include a certification letter with expenditures listed by project. CPE staff will review the requests, verify that the projects and related expenditures meet guideline requirements, and notify OSBD staff that project expenditures are eligible to be reimbursed.

Once campus spending has been certified, OSBD staff will transfer funds to a requesting institution's 2022-2024 Capital Projects Pool account and then institutions can request Statewide Accounting to wire them the funds. If an institution is using agency bond funds to finance a project (or projects), it will also need to request those funds in the reimbursement letter. This process is consistent with the existing reimbursement process for capital projects that use agency bond funds. Listed below is additional information regarding the expenditure certification process.

- Requests for reimbursement of asset preservation expenditures will be submitted to both CPE and OSBD staffs.
- Request submissions will include a certification letter with expenditures listed by project.

- In the certification letter, campus officials will indicate that project expenditures are eligible to be reimbursed in accordance with language included in the *2022-2024 Budget of the Commonwealth* (22 RS, HB 1) and the Council's Asset Preservation Pool Guidelines.
- The letter will identify the total amount of project expenditures made during the request period, state funds requested, and campus matching funds.
- Requests can be submitted on an ongoing basis, as asset preservation expenditures are made. The timing of submissions is flexible, although the Council encourages institutions to accumulate expenditures and submit no more than one request per month.
- CPE staff will review requests and certify to OSBD staff that project expenditures are eligible for reimbursement.
- As indicated in the Reimbursement Process section of these guidelines, the state will reimburse 76.92% of eligible asset preservation project expenditures at the research universities and 86.96% of eligible expenditures at comprehensive universities and KCTCS.
- In terms of reimbursement timing, distributions from the Asset Preservation Pool cannot begin until July 1, 2022. However, as indicated in the Reimbursement Process section of these guidelines, some asset preservation expenditures made between April 15, 2022 and June 30, 2022 may count toward an institution's matching requirement.

The process described above will be different for Kentucky State University and KCTCS. Capital projects at these institutions are administered by the Finance Cabinet. Instead of submitting reimbursement requests to CPE and OSBD, KSU and KCTCS will deposit campus matching funds into project specific eMars accounts and the Finance Cabinet will expend state and campus matching funds for requested projects.

Reporting

The *2022-2024 Budget of the Commonwealth* (22 RS, HB 1, p. 168) requires postsecondary institutions to report capital projects funded from the Asset Preservation Pool that meet or exceed the \$1.0 million threshold for construction and the \$200,000 threshold for an item of equipment (as defined in KRS 45.750) to the Capital Projects and Bond Oversight Committee (CPBOC). Campus officials should report such projects to CPBOC as they become active (i.e., after project bids are received or after projects are approved by campus governing boards) and begin including the projects in their quarterly reports to CPBOC.

Since capital projects at Kentucky State University and KCTCS are administered by the Finance Cabinet, the existing process will remain in place, whereby cabinet staff will report capital projects funded from the Asset Preservation Pool for these institutions to CPBOC upon request of the institution.

CPE staff will provide the Council on Postsecondary Education with periodic updates regarding the status of Asset Preservation Pool distributions and campus matching funds by project and institution. Much of the information for these updates will come from Project Identification Templates and certification letters previously submitted by institutions. Staff will work with campus officials to develop the format of asset preservation reports provided to the Council.

TITLE: 2022-24 Endowment Match Program Guidelines

RECOMMENDATION: Staff recommends that the Finance Committee endorse for full Council approval the attached *2022-24 Endowment Match Program Guidelines*.

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

SUPPORTING INFORMATION

As part of its 2022-24 budget submission, the Council on Postsecondary Education recommended \$30.0 million in 2022-23 and another \$30.0 million in 2023-24 to support a fifth round of funding for the Bucks for Brains program. If authorized, these funds would have been allocated \$50.0 million to the Research Challenge Trust Fund (RCTF) for the research universities and \$10.0 million to the Comprehensive University Excellence Trust Fund (CUETF) for the comprehensive universities. Both trust funds were created with passage of the Postsecondary Education Improvement Act of 1997.

The Bucks for Brains program is frequently referred to as the Endowment Match Program due to an inherent dollar-for-dollar matching feature. The program matches public dollars with private donations to encourage research at the University of Kentucky and the University of Louisville, and to strengthen key programs at Kentucky's comprehensive universities. All funds, both public and private, are typically endowed, with investment proceeds used to provide a perpetual source of funding for research related activities.

In the 2022-2024 Budget of the Commonwealth (22 RS, HB 1), the General Assembly authorized \$40.0 million in state bond funds for Bucks for Brains, with \$30.0 million of that amount appropriated to the RCTF and \$10.0 million allocated to the CUETF. In accordance with statutes governing the trust funds (KRS 164.7917 and KRS 164.7919, respectively), the appropriation to the RCTF will be allocated two-thirds to the University of Kentucky (i.e., \$20.0 million) and one-third to the University of Louisville (i.e., \$10.0 million). The appropriation to the CUETF will be allocated among the comprehensive universities based on each institution's share of sector total General Fund, excluding debt service and specialized, noninstructional appropriations (i.e., mandated programs).

Tables showing the allocation of \$30.0 million between the research universities and the allocation of \$10.0 million among the comprehensive universities can be found on page 2 of the attached 2022-24 Endowment Match Program Guidelines. A unique feature of the trust funds is that appropriated funds do not lapse at the end of the year but are available until accessed by institutions. As such, these funds will remain in the trust funds until matched and distributed.

The Endowment Match Program was conceived as a way to bring new money from external sources into the Commonwealth's system of postsecondary education. In order to access state funds, the universities must document that they have dollar-for-dollar matching funds that are newly generated (i.e., received after November 15, 2021) from external sources, such as businesses, non-governmental foundations, hospitals, corporations, and alumni or other individuals. All funds, both state and private source funds, must be endowed.

Proceeds from endowments can be used to support endowed chairs, professorships, and research scholars, research staffs and infrastructure, graduate fellowships and undergraduate scholarships, and mission support activities as permitted in Council guidelines. At the research universities, at least 70 percent of program funds must be endowed for the purpose of supporting chairs, professorships, or research scholars, or research staff and infrastructure that directly support the research activities of an endowed chair, professor, or research scholar. No more than 30 percent of program funds may be endowed for the purpose of supporting mission support activities or graduate fellowships.

At the comprehensive universities, at least 50 percent of program funds must be endowed for the purpose of supporting chairs or professorships, or research staff and infrastructure that directly support the research activities of an endowed chair or professor. No more than 50 percent of program funds may be endowed for the purpose of supporting mission support activities or graduate fellowships or undergraduate scholarships.

Language included in the enacted budget (22 RS, HB 1) requires that program funds "support efforts to grow endowments for initiatives in the fields of science, technology, engineering, mathematics, and health" (p.168). Toward that end, the guidelines stipulate that at both the research and comprehensive universities 100 percent of program funds must be endowed to support initiatives in STEM+H fields. A copy of the Council's official STEM+H Classification of Instructional Program (CIP) list is available upon request.

The Council on Postsecondary Education has statutory authority to determine the criteria and process by which public universities may submit an application to access RCTF appropriations (KRS 164.7917) and CUETF appropriations (KRS 164.7919). For

2022-23, CPE staff worked collaboratively with campus officials to review a previous set of guidelines (i.e., 2008-10) and identify any proposed changes for the upcoming year.

The only significant change in the 2022-24 iteration of the guidelines was eliminating the option to use program funds to finance capital projects. Language had been included in the enacted 2008-10 Budget of the Commonwealth (HB 406) that provided the research institutions flexibility “to address research related capital needs through the Research Challenge Trust Fund” and stated that a comprehensive institution “may fund a capital project with CUETF bond funds, if the board of regents of the institution authorizes the use of funds for that purpose.” No such language was included in 2022-24 budget bill (HB 1) and stakeholders agreed to exclude capital projects from eligible uses of funds. No other substantive changes were made to either the uses of program funds or areas of concentration sections of the guidelines, or to the processes for request submission, approval, and distribution of program funds. CPE staff and campus officials support the 2022-24 guidelines as presented.

- *Staff recommends that the Finance Committee endorse for full Council approval the attached 2022-24 Endowment Match Program Guidelines.*

Institutions will provide a report to the Council by November 1 every odd numbered year (i.e., coinciding with the Council’s biennial budget submission), documenting how state and campus matching funds were used. The institutions will also continue to provide FD-21 reports as part of their annual Comprehensive Database submissions to the Council. CPE staff will work with campus officials to identify any additional information that should be included in reports provided to the Council.

Council on Postsecondary Education 2022-24 Endowment Match Program Guidelines

Introduction

Kentucky recognizes the importance of research to the economic well being of its citizens. The Endowment Match Program encourages private investment in public higher education research activities to stimulate business development, generate increases in externally sponsored research, create better jobs and a higher standard of living, and facilitate Kentucky's transition to a knowledge-based economy. The program matches public money with private gifts to fund chairs, professorships, research scholars, staffs and infrastructure, fellowships and scholarships, and mission support at the public universities. This collaborative approach is critical to advancing Kentucky's research presence into national prominence.

Program Funding

State funding for the Endowment Match Program is appropriated to the Research Challenge Trust Fund (RCTF) for the research universities and to the Comprehensive University Excellence Trust Fund (CUETF) for the comprehensive institutions. Both trust funds were created with passage of the Postsecondary Education Improvement Act of 1997 (HB 1).

Prior to 2022, there were four rounds of funding for the Endowment Match Program. In fiscal year 1998-99, the program received surplus General Fund appropriations of \$110 million (i.e., \$100 for the research universities and \$10 million for comprehensive institutions). In 2000-01, the General Assembly authorized \$120 million for the program (i.e., \$100 million for the RCTF and \$20 million for the CUETF). The legislature debt financed another \$120 million for the program in 2003-04 (i.e., \$100 million for the RCTF and \$20 million for the CUETF). Finally, the General Assembly authorized \$60 million in state supported bond funds for the program in 2008-09, with \$50 million appropriated to the research universities and \$10 million appropriated to the comprehensive universities.

For the upcoming 2022-2024 biennium, the General Assembly authorized \$40 million in bond funds for the Bucks for Brains program, with \$30 million appropriated to the Research Challenge Trust Fund and \$10 million appropriated to the Comprehensive University Excellence Trust Fund (22 RS, HB 1).

Program Administration

The Council on Postsecondary Education oversees and administers the Endowment Match Program. The Council establishes areas of concentration within which program funds are used, develops guidelines for the distribution of program funds, and reviews reports from the institutions on uses of program funds and results achieved.

The boards of trustees and boards of regents of the Commonwealth's public universities are responsible for the Endowment Match Program on their respective campuses. The governing boards are required by Council guidelines to review and approve all donations, gifts, and pledges that will be matched with state funds and used to establish new endowments or expand existing endowments under the Bucks for Brains program. Furthermore, the boards are charged with ensuring that the purposes of each endowment and sources of matching funds comply with Council guidelines and serve the public good.

Documentation of board approval must be submitted with each endowment request. In addition, the governing boards are required to review and approve Endowment Match Program reports that are submitted annually to the Council.

Allocation of Program Funds

In the *2022-2024 Budget of the Commonwealth* (22 RS, HB 1), the General Assembly authorized \$30 million in General Fund supported bond funds in fiscal year 2022-23 for the Research Challenge Trust Fund (RCTF) to support efforts to grow endowments for initiatives in fields of science, technology, engineering, mathematics, and health (i.e., STEM+H fields) at Kentucky public research universities. In accordance with KRS 164.7917, funding appropriated to the RCTF will be allocated two-thirds (2/3) to the University of Kentucky and one-third (1/3) to the University of Louisville, as shown in the table below. These funds will remain in the trust fund until matched and distributed.

University of Kentucky	\$20,000,000
University of Louisville	<u>10,000,000</u>
Total RCTF	\$30,000,000

In that same budget, the General Assembly also authorized \$10 million in state-supported bond funds in 2022-23 for the Comprehensive University Excellence Trust Fund (CUETF) to support endowment growth in STEM+H fields at Kentucky comprehensive universities. In keeping with KRS 164.7919, these funds will be apportioned among the comprehensive universities based on each institution’s share of sector total General Fund appropriations, excluding debt service and specialized, noninstructional appropriations (i.e., mandated programs). The resulting allocations are shown below. These funds will remain in the trust fund until matched and distributed.

Eastern Kentucky University	\$2,227,800
Kentucky State University	667,800
Morehead State University	1,279,000
Murray State University	1,484,900
Northern Kentucky University	1,864,600
Western Kentucky University	<u>2,475,900</u>
Total CUETF	\$10,000,000

Matching Requirements

The Endowment Match Program was conceived as a way to bring new money from external sources into the Commonwealth’s system of postsecondary education. In order to receive state funds, the universities must provide dollar-for-dollar matching funds that satisfy the following requirements:

- Gifts and pledges must be newly generated to be eligible for state match. Newly generated contributions are those received by the university after November 15, 2021 (i.e., the date of the Council’s 2022-2024 biennial budget submission).
- Gifts and pledges must be from external sources to be eligible for state match. External source contributions are those that originate outside the university and its affiliated corporations. Eligible sources of funding include, but are not limited to, businesses, non-governmental foundations, hospitals, corporations, and alumni or other individuals. Funds received from federal, state, and local government sources are not eligible for state match.

- General Fund appropriations and student-derived revenues (e.g., tuition and fees revenue) are not eligible for state match.
- The minimum institutional request amount is \$50,000. A university may combine smaller donations from businesses, nongovernmental foundations, hospitals, corporations, and alumni or other individuals to meet the \$50,000 minimum.
- All funds, both state and private, must be endowed. “Endowed” means that state and donated funds will be held in perpetuity and invested to create income for the institution, with endowment proceeds eligible for expenditure, in accordance with donor restrictions and university endowment spending policies.
- Requests for state funds must identify the matching funds that are cash and the matching funds that are pledges.
- Pledges, or promises of future payment, are eligible for state match provided they are based on a written contract or agreement and include a payment schedule, which does not exceed five years from the initial pledge date. Pledge payment schedules showing receipts to date and scheduled future payments are to be included in the audited financial statements of either the institution or the foundation.
- If pledged funds are not received within five years of the initial pledge date, the university must replace the portion of private funds not received with another eligible cash gift or the unmatched portion of the state funds plus an allowance for accrued interest will revert to the trust fund for reallocation. In such cases, a time frame for the replacement or return of state funds will be negotiated between Council staff and institutional representatives.
- University officials must notify the Council staff of unpaid pledges six months before the end of the five-year deadline, or immediately when a gift has been revoked.

Uses of Program Funds

Proceeds from the endowments can be used to support various activities including endowed chairs and professorships, research scholars, research staff, graduate fellowships, undergraduate scholarships, research infrastructure, and mission support as described below.

Chairs: New faculty positions, salary supplements to existing faculty positions, and associated expenses for those positions, including start-up costs, salaries, benefits, travel, and other professional expenses as permitted by university policy.

Professorships: New faculty positions, salary supplements to existing faculty positions, and associated expenses for those positions, including start-up costs, salaries, benefits, travel, and other professional expenses as permitted by university policy.

Research Scholars: Salaries, benefits, and other personnel related expenses associated with non-tenured, medical school faculty who exhibit the potential to assume a chair or professorship position once tenure has been awarded. Research scholars should have clearly defined research agendas that relate specifically to the fields of study envisioned for the ultimate occupants of the chairs or professorships. Funding for this purpose is time limited. Each research scholar may be supported with endowment proceeds for a maximum of six years. At the end of that time, if the research scholar has not been appointed to the

identified chair or professorship, university officials should fill the position with an appropriately qualified, tenured faculty member.

Research Staff: Salaries, benefits, and other personnel related expenses associated with full-time or part-time staff assistants who directly support the research activities of an endowed chair or professor.

Graduate Fellowships: Fellowship stipends for outstanding graduate or professional students, which may include travel and other expenses as permitted by university policy.

Undergraduate Scholarships: At the comprehensive universities only, program funds can be used to support scholarships for outstanding undergraduate students, which may include travel and other expenses as permitted by university policy.

Research Infrastructure: Start-up and operating expenses that directly support the research activities of an endowed chair or professor, including equipment, materials and supplies, and other research related expenses as permitted by university policy.

Mission Support: Program funds can be used to support research and graduate missions at all institutions, and programs of distinction or applied research programs approved by the Council at the comprehensive institutions. Consideration will be given to mission support activities such as: (1) expenditures that enhance the research capability of university libraries (i.e., books, journals, research materials, media, and equipment); (2) start-up costs, equipment, and supplies that support faculty, graduate student, or undergraduate student research activities; (3) funding for visiting scholars, lecture series, and faculty exchange; and (4) expenditures for the dissemination of research findings (i.e., nationally prominent publications and presentations at conferences, symposiums, seminars, or workshops). However, priority will be given to mission support expenditures that encourage the research related activities of faculty and students. Expenditures for general personnel expenses that are not directly linked to an endowed chair or professor do not qualify as mission support activities.

Use of Funds Requirements

- At the research universities, at least 70 percent of program funds must be endowed for the purpose of supporting chairs, professorships, or research scholars, or research staff and infrastructure that directly support the research activities of an endowed chair, professor, or research scholar. No more than 30 percent of program funds may be endowed for the purpose of supporting mission support activities or graduate fellowships.
- At the comprehensive institutions, at least 50 percent of program funds must be endowed for the purpose of supporting chairs or professorships, or research staff and infrastructure that directly support the research activities of an endowed chair or professor. No more than 50 percent of program funds may be endowed for the purpose of supporting mission support activities or graduate fellowships or undergraduate scholarships.

Areas of Concentration

- At both research and comprehensive universities, 100 percent of program funds must be endowed to support initiatives in STEM+H fields (22 RS, HB 1). These areas are of strategic benefit to Kentucky and are core components of a knowledge-based economy. A copy of the

Council's official STEM+H Classification of Instructional Program (CIP) code list is available upon request.

- At the research universities, the Council expects state and external matching funds to be substantially directed toward supporting research that leads to the creation, preservation, or attraction of businesses that will increase the number of good jobs in Kentucky. For these purposes, "good jobs" are defined as jobs that yield income at or above the national per capita income.
- The Council recognizes that strong research programs are clustered around related academic disciplines and encourages campus officials to create a critical mass of scholars who can influence the nation's research and academic agendas.
- The Council recognizes that the boundaries of traditional disciplines are increasingly permeable and encourages the use of endowment funds for interdisciplinary, problem solving, or applied research activities.
- The Council recognizes the importance of cooperation between universities and corporations and encourages partnerships in the technologies, engineering, and applied sciences.
- Program funds cannot be used for positions that are primarily administrative. However, chairs, professors, or scholars with active research agendas who may have an appointment such as department chair, center director, or dean are eligible.

Program Diversity

The Council on Postsecondary Education and participating universities are committed to ensuring the gender and ethnic diversity of Endowment Match Program faculty, professional staff, and financial aid recipients. The universities shall develop and implement plans to achieve reasonable diversity in the recruitment and retention of women, African Americans, and other underrepresented minorities for positions funded by the Endowment Match Program, including scholarship and fellowship recipients. In addition, the universities will report annually to the Council the race and gender of program faculty, professional staff, and financial aid recipients.

Reporting

Institutions will provide a report to the Council by November 1 every odd numbered year (i.e., coinciding with the Council's biennial budget submission), documenting how state and campus matching funds were used. These reports will include such items as the number of endowed chairs, professorships, and research scholars created or expanded using program funds, the gender and race of program faculty, research staff, and financial aid recipients, and the impact of the program in terms of job creation, increases in sponsored research attributable to the program, and generation and profitable use of intellectual property.

The institutions will also continue to provide FD-21 reports as part of their Comprehensive Database submissions to the Council. CPE staff will work with campus officials to identify any additional information that should be included in reports provided to the Council.

TITLE: 2022-24 Workforce Development Trust Fund Guidelines

RECOMMENDATION: Staff recommends that the Finance Committee endorse for full Council approval the attached *2022-24 Workforce Development Trust Fund Guidelines*.

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

SUPPORTING INFORMATION

As part of its 2022-2024 biennial budget submission, the Council on Postsecondary Education recommended \$2.2 million in 2022-23 and \$4.5 million in 2023-24 to support a Competitive Workforce Initiative at KCTCS, which if authorized would be housed in the Workforce Development Trust Fund (WDTF). The primary objectives of the initiative are to increase credential production capacity and address skills and supply gaps in five targeted industry sectors, including healthcare, transportation and logistics, advanced manufacturing, business services and information technology, and construction and trades. These sectors were projected to have increases in annual job demand that exceed the number of KCTCS graduates in related fields, creating supply gaps.

In the *2022-2024 Budget of the Commonwealth* (22 RS, HB 1), the General Assembly appropriated \$2,225,000 in fiscal year 2022-23 to the Workforce Development Trust Fund. The stated purpose of the funds was to increase credential production capacity for identified supply gaps and support program offerings in targeted industry sectors. While this appropriation equaled the amount of funding requested by the Council in the first year of the biennium, the legislature chose not to provide funding for the program in the second year (i.e., the funds are one-time or nonrecurring, at this time).

The Workforce Development Trust Fund was one of six Strategic Investment and Incentive Trust Funds created with passage of the *Kentucky Postsecondary Education Improvement Act of 1997* (HB 1). The purpose of the trust funds was to bring about change and improvement in Kentucky colleges and universities by providing strategic financial incentives for institutions to pursue desired state goals for postsecondary education. The specific objectives of the WDTF were to further cooperation among community colleges and technical institutions and support the acquisition of equipment and technology necessary to provide quality education programs (KRS 164.7925).

When the General Assembly authorizes appropriations for trust fund programs, the funds are maintained and administered by the Council, but represent resources that are passed through to institutions based on compliance with Council approved guidelines and procedures. Previous rounds of funding for workforce programs have operated this way, as will the Workforce Development Trust Fund appropriation for 2022-23.

The Council on Postsecondary Education has statutory authority to determine the criteria and process by which KCTCS may submit an application to access Workforce Development Trust Fund appropriations (KRS 164.7925). For 2022-23, CPE staff worked collaboratively with campus officials to determine the process by which funds would be allocated among KCTCS institutions, to identify eligible and appropriate uses of workforce funds, to specify targeted areas of concentration, and to develop a process for request submission, approval, and distribution of program funds.

As a result of that cooperation, the guidelines attached to this agenda item and presented for Finance Committee review and approval are supported both by CPE staff and KCTCS officials.

- *Staff recommends that the Finance Committee endorse for full Council approval the attached 2022-24 Workforce Development Trust Fund Guidelines.*

The enacted budget (22 RS, HB 1) requires the Council to submit a report to the Interim Joint Committee on Appropriations and Revenue by September 1, 2023, detailing the expenditure of workforce funds and describing how KCTCS used the funds to address supply gaps in targeted industry sectors. Toward that end, the proposed guidelines require KCTCS to produce and submit to the Council by no later than August 1, a report documenting expenditures by program and institution, increases in student enrollment and credentials produced, and program impact on local and regional supply gaps.

CPE staff will provide the Council on Postsecondary Education with periodic updates regarding the status of Workforce Development Trust Fund distributions by institution and academic program.

Council on Postsecondary Education 2022-24 Workforce Development Trust Fund Guidelines

Introduction

The Workforce Development Trust Fund was one of six Strategic Investment and Incentive Trust Funds created with passage of the *Kentucky Postsecondary Education Improvement Act of 1997* (HB 1). The purpose of the trust funds was to bring about change and improvement in Kentucky colleges and universities by providing strategic financial incentives for institutions to pursue desired state goals for postsecondary education. The specific objectives of the workforce trust fund were to further cooperation among community colleges and technical institutions and support the acquisition of equipment and technology necessary to provide quality education programs (KRS 164.7925) in the two-year sector.

When the General Assembly authorizes appropriations for trust fund programs, they are maintained and administered by the Council on Postsecondary Education but represent resources that are passed through to postsecondary institutions based on compliance with Council approved guidelines and procedures. Previous rounds of funding for workforce programs have operated this way, as will the Workforce Development Trust Fund (WDTF) appropriation for fiscal year 2022-23. A unique feature of the trust funds is that appropriated funds do not lapse at the end of the year but are available until accessed by institutions.

Every two years, CPE staff works collaboratively with campus presidents, chief budget officers, and Council members to identify programs and recommend funding that will provide incentives for Kentucky colleges and universities to pursue and achieve state goals for postsecondary education. For the upcoming biennium, stakeholders to the budget development process agreed that the Council's 2022-24 budget recommendation should include a Workforce Development Trust Fund request supporting a Competitive Workforce Initiative at KCTCS.

Competitive Workforce Initiative

On September 10, 2021, KCTCS submitted a proposal to Council staff, requesting \$17.8 million in recurring operating funds to help Kentucky reestablish a competitive workforce through expanded educational and training opportunities at KCTCS institutions. The new program, named the Competitive Workforce Initiative, was designed to address workforce shortages in targeted industry sectors, facilitate recruitment and retention of business and industry, bolster regional and state economies, and help KCTCS and CPE maintain affordability for Kentucky students and families.

Using 10-year occupational outlook projections (i.e., for 2018-2028) produced by the Kentucky Center for Statistics (KYSTATS) and KCTCS 2020-21 graduate data, campus officials identified supply gaps in five industry sectors. As can be seen in the table below, this past year, estimated annual job demand exceeded the number of KCTCS graduates in five academic areas, including healthcare, advanced manufacturing, transportation and logistics, business services and information technology, and construction and trades.

If authorized, these funds would be used to increase credential production capacity at all levels (i.e., certificate, diploma, and associate degree) at every KCTCS institution and to address worker skills and supply gaps in targeted industry sectors. Specifically, campus officials

projected that the annual number of graduates could be increased by 719 in healthcare, 284 in advanced manufacturing, 119 in transportation and logistics, 319 in business services and information technology, and 177 in construction and trades, if the requested \$17.8 million in workforce funds were received. As shown in the Program Funding section below, the General Assembly appropriated much less than that amount, so KCTCS should not be held to those credential growth targets.

KCTCS Graduates and Job Demand in Targeted Industry Sectors

Industry Sector	2020-21 Graduates	Est. Annual Job Demand	Supply Gap
• Healthcare	6,722	14,042	7,320
• Advanced Manufacturing	2,657	6,604	3,947
• Transportation and Logistics	1,113	7,001	5,888
• Business Services and Information Technology	2,985	6,816	3,831
• Construction and Trades	1,658	2,816	1,158
Totals	15,135	37,279	22,144

Sources: KCTCS Official Data Reported to CPE; Kentucky Center for Statistics, 2018-2028 KY Occupational Outlook.

In sum, KCTCS officials maintained that funding this request would increase Kentucky’s educational attainment, strengthen its workforce, and promote its attractiveness for new businesses and industries, while at the same time, bettering communities in every region of the Commonwealth.

KCTCS indicated that targeted workforce program expansion would cost \$17.8 million. CPE staff anticipated that three-fourths of that cost would be covered by added tuition and fee revenue, operating efficiencies, or other fund sources. Ultimately, CPE staff recommended \$2.2 million in the first year of the 2022-24 biennium and \$4.5 million in the second year for a KCTCS Competitive Workforce Initiative to support expanded education and training opportunities and increased completion that would address skills and supply gaps in targeted industry sectors.

Program Funding

In the *2022-2024 Budget of the Commonwealth* (22 RS, HB 1), the Kentucky General Assembly appropriated \$2,225,000 in fiscal year 2022-23 to support the Workforce Development Trust Fund. While this first year appropriation equals the amount of funding requested by the Council in its biennial budget submission, the General Assembly chose not to provide funding for the program in the second year of the biennium.

Allocation of Funds

The allocation of \$2,225,000 in Workforce Development Trust Fund appropriations among individual KCTCS institutions will be determined by system office staff, working in collaboration with campus officials, using the process described below.

- KCTCS will develop an application form that campus officials will use to request funding from the Workforce Development Trust Fund.
- Individual colleges may apply for workforce funds that support the creation or expansion of one or more programs of study that address workforce shortages in targeted industry sectors, up to a maximum of \$200,000 per institution.
- Colleges will submit an application for funds to the Chancellor’s Office.
- In the application, institutions will identify the rationale for requested funding, including local or regional workforce shortages addressed and anticipated return on investment, and provide a projected budget, timeline for implementation, and projected impact on enrollment and credential production.
- Each application will describe the impact on program expansion should the institution receive less than the requested amount of funding. For example, what is the estimated impact on student access and outcomes should only 50% of the requested funding be available due to the number and strength of applications received?
- A selection committee comprised of five chief academic officers, two system office staff, and the Chancellor will recommend to the KCTCS president funding of applications that meet criteria set forth in the Council’s *2022-24 Workforce Development Trust Fund Guidelines*.
- Upon approval by the KCTCS president, final projects by college and by program will be submitted to CPE for the start of the 2022-23 funding cycle (i.e., beginning July 1, 2022).
- The total amount of funding requested from the Council shall not exceed \$2,225,000 (i.e., the total available appropriation to the Workforce Development Trust Fund in 2022-23).

To ensure that funding is retained and supports targeted program expansion at receiving institutions, distributions from the Workforce Development Trust Fund will not be considered for performance funding purposes.

Uses of Funds

In KCTCS’s Competitive Workforce Initiative proposal, campus officials indicated that requested funds, if authorized, would be used to increase credential production capacity at all levels (i.e., certificate, diploma, and associate degree) at every KCTCS institution and to address worker skills and supply gaps in targeted industry sectors. Similar language was used in the Council’s biennial budget recommendation to the Governor and General Assembly. The enacted state budget (22 RS, HB 1) requires the Council to submit a report to the Interim Joint Committee on Appropriations and Revenue by September 1, 2023, detailing “how funds were utilized to increase credential production capacity for identified supply gaps and support program offerings in targeted industry sectors” (p. 124).

Given that increasing credential production capacity to address workforce shortages in targeted industry sectors was identified by both KCTCS officials and CPE staff as the primary rationale for requested funds, and given that the General Assembly is requiring the Council to report how program funds were used for that purpose, it is clear that the uses of Workforce Development Trust Fund appropriations should be to support expenditures, activities, and initiatives that

increase credential production capacity. Toward that end, eligible and appropriate uses of workforce funds are listed below.

- Program funds must be used to increase credential production capacity in academic disciplines that address identified supply gaps and support program offerings in targeted industry sectors. For the purposes of these guidelines, targeted industry sectors are those identified in KCTCS's Competitive Workforce Initiative proposal (September 10, 2021).
- The funds will be used to establish new programs or expand existing programs in academic disciplines that address identified supply gaps in targeted industry sectors (i.e., see the Areas of Concentration section below for a listing of targeted sectors).
- Credentials produced in targeted sectors may be credit-bearing or non-credit bearing with completion of a third-party, industry-recognized credential.
- The credentials offered as a result of program creation or expansion must lead to direct employment.
- Program funds may be used to support new faculty positions, salary supplements to existing faculty positions, and associated expenses for those positions, including start-up costs, salaries, benefits, and other professional expenses as permitted by KCTCS policy.
- The funds may also be used to provide specialized faculty development or to retain the services of a consultant to expedite program development.
- Program funds may be used to purchase equipment and supplies, to support new curriculum development or validate existing curriculum, and to defray marketing expenses in identified academic disciplines.
- The funds cannot be used to provide tuition discounts or waivers or student scholarships.
- Program funds may be used to establish or expand program offerings at any KCTCS institution, but given the limited amount appropriated and nonrecurring nature of the funds, the Council encourages KCTCS to target funds to address the most pressing workforce shortage needs and maximize return on investment.

Areas of Concentration

- Program funds must be used to increase credential production capacity in academic disciplines that address supply gaps in the following targeted industry sectors: (1) healthcare; (2) advanced manufacturing; (3) transportation and logistics; (4) business services and information technology; and (5) construction and trades. In 2020-21, these sectors had estimated annual job demand numbers that exceeded the number of KCTCS graduates, creating supply gaps.
- Program funds may be used to establish or expand program offerings in any of the five targeted industry sectors, but given the limited amount appropriated and nonrecurring nature of the funds, the Council encourages KCTCS to target funds to address the most pressing workforce shortage needs and maximize return on investment.

Request Submission

The Council on Postsecondary Education has statutory authority to determine the criteria and process by which KCTCS may submit an application to access Workforce Development Trust

Fund appropriations (KRS 164.7925). For 2022-23, CPE staff worked collaboratively with KCTCS officials to develop a process for request submission and approval, as described below.

- KCTCS will use their own internal application submission, review, and approval process to identify proposed expenditures, activities, and initiatives by college and program that campus officials believe would qualify to receive a Workforce Development Trust Fund distribution (i.e., see Allocation of Funds section of the guidelines for a description of KCTCS's internal process).
- Upon approval by the KCTCS president, system office staff will submit a request (or requests) to the Council that contain proposed funding amounts for each college and academic program, along with campus application forms and supporting documentation.
- For the purposes of these guidelines, supporting documentation includes information such as planned program expenditures, anticipated impact on student enrollment and credential production, and workforce shortage areas addressed for each academic program created or expanded using program funds.
- Requests to the Council can be submitted on an ongoing basis, as campus proposals are approved by the KCTCS president, but the total amount requested should not exceed \$2,225,000 in available funds.
- CPE staff will approve funding requests that have been reviewed and recommended by the internal KCTCS selection committee, approved by the KCTCS president, and meet eligibility requirements contained in Council approved guidelines.

Reporting

Language included in the *2022-2024 Budget of the Commonwealth* (22 RS, HB 1) requires the Council on Postsecondary Education to submit a report to the Interim Joint Committee on Appropriations and Revenue by September 1, 2023, detailing the expenditure of funds appropriated to the Workforce Development Trust Fund and how KCTCS used the funds to address workforce supply gaps in targeted industry sectors.

To comply with this mandate, KCTCS officials will produce and submit a report to the Council by no later than August 1, 2023, documenting the expenditure of workforce funds by academic program and institution, increases in student enrollment and completions, and program impact on local and regional workforce supply gaps. CPE staff will work with KCTCS officials to identify any additional information that should be included in reports provided to the Council.

CPE staff will provide the Council on Postsecondary Education with periodic updates regarding the status of Workforce Development Trust Fund distributions by institution and academic program. Staff will work with campus officials to develop the format of reports provided to the Council.

TITLE: Interim Capital Project Approval (Asset Preservation Pool)

RECOMMENDATION: Staff recommends that the Finance Committee endorse for full Council approval two asset preservation projects for KCTCS: (a) Mechanical Equipment and Upgrades at Southeast KY CTC (at \$2.0 M total scope); and (b) Glema Mahr Roof Replacement at Madisonville CC (at \$1.5 M total scope).

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

SUPPORTING INFORMATION

The enacted state budget (22 RS, HB 1) appropriated \$683.5 million in General Fund supported bond funds for a Postsecondary Education Asset Preservation Pool to provide funding for individual asset preservation, renovation, and maintenance projects at Kentucky public postsecondary institutions. These funds were allocated among institutions based on each institution's share of system total Category I and Category II square feet and may be used to renovate, renew, and preserve Education and General (E&G) facilities and state-owned and operated residential housing facilities on campus.

Language included in the bill outlined the following matching requirements for accessing appropriated pool funds:

- each project for research institutions shall be matched at 30 percent from funds provided by each research institution, and
- each project for comprehensive institutions and the Kentucky Community and Technical College System shall be matched at 15 percent from funds provided by each comprehensive institution and the Kentucky Community and Technical College System (HB 1, pages 167-168).

The General Assembly operationalized these requirements by requiring research universities to spend 30 cents for every state dollar used to complete an individual asset preservation project and by requiring the comprehensive universities and KCTCS to spend 15 cents for every state dollar used to complete an asset preservation project.

The budget bill also contains language stating that capital projects, as defined in KRS 45.750(1)(f), which are funded from the Asset Preservation Pool or from a combination of pool and campus matching funds, are authorized. This means projects funded from the pool that meet or exceed a \$1.0 million threshold for construction or a \$200,000 threshold for an item of equipment already have approval from the General Assembly. The bill does require institutions to report projects that meet the capital project threshold to the Capital Projects and Bond Oversight Committee.

Council approval is also required for capital construction and renovation projects that meet or exceed the \$1.0 million threshold at postsecondary institutions. Two avenues for securing Council approval include listing a project in the Council's biennial budget submission or using an interim capital approval process. Today, KCTCS is requesting approval for two asset preservation projects using the latter approach. Because these projects were not previously listed in the Council's budget submission, Council approval is required.

The first project is a \$2,000,000 project which will upgrade mechanical equipment at Southeast Kentucky Community and Technical College. The project will be funded with \$1,739,200 from KCTCS's Asset Preservation Pool appropriation and \$260,800 in institutional funds.

The second project is a \$1,500,000 project which will replace the roof of the Glema Mahr Center for the Arts at Madisonville Community College, one of five buildings on the main (Madisonville) campus. The project will be funded with \$1,304,400 in Asset Preservation Pool funds and \$195,600 in institutional funds.

Funding for both projects meet the state's matching requirements. Namely, KCTCS is spending 15 cents for every state dollar used to complete each of the projects (i.e., $\$260,800 \div \$1,739,200 = \$0.15$; and $\$195,600 \div \$1,304,400 = \$0.15$). These buildings are E&G facilities and are eligible to receive Asset Preservation Pool funding. As is the case with all KCTCS capital projects, the Finance and Administration Cabinet will oversee these projects. The KCTCS Board of Regents approved these projects at their June 10, 2022, meeting.

- *Staff recommends that the Finance Committee endorse for full Council approval the asset preservation projects at Southeast Kentucky Community and Technical College (at a \$2.0 million total scope) and Madisonville Community College (at a \$1.5 million total scope).*

NEXT STEPS

Following Council action, 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 these projects.

At the June 14, 2022, meeting of the Finance Committee, staff will ask the committee to review and endorse for full Council approval delegation of authority for staff to approve interim capital projects funded from the Asset Preservation Pool. The requested authority is appropriate given that projects that meet the criteria set forth in the enacted state budget (HB 1) have already been approved by the General Assembly. Staff approval of these projects will allow institutions to initiate projects in a timely manner. Staff will provide periodic updates to the Council regarding asset preservation projects initiated and pool funds accessed by each institution.



May 31, 2022

Mr. Aaron Thompson, President
Council on Postsecondary Education
1024 Capital Center Drive, Suite 320
Frankfort, KY. 40601

Re: Interim Authorization Request – KCTCS Capital Projects

Dear President Thompson:

In accordance with 2022-2024 House Bill 1 and KRS 45.760, Kentucky Community and Technical College System (KCTCS) respectfully requests interim authorization for the two projects. The first project is Southeast KY Community and Technical College Mechanical Equipment and Upgrades with a total estimated budget in the amount of \$2,000,000. The funding sources will be \$1,739,200 from asset preservation bond funds and \$260,800 from agency restricted funds. This project will be to upgrade and replace boilers, chillers, pumps and air handlers and heating, ventilation and air conditioning control upgrades.

The second project is Madisonville Community College Glema Mahr Roof Replacement with an estimated budget in the amount of \$1,500,000. The funding sources will be \$1,304,400 from asset preservation bond funds and \$195,600 from agency restricted funds.

The design and construction of the projects will be implemented through the Finance and Administration Cabinet as capital projects.

KCTCS' Board of Regents will be approving these two projects that were not included in the 2022-2024 KCTCS capital budget request on June 10, 2022.

Should you have any questions, please feel free to contact Andy Casebier at 859-256-3287.

Sincerely,

A handwritten signature in black ink that reads "Buddy Combs".

Buddy Combs
Acting Vice President

cc: Shaun McKiernan
President Paul Czarapata
Carla Wright
Andy Casebier
Sandy Adkins



TITLE: Kentucky State University Funding Disbursement Request

RECOMMENDATION: Staff recommends that the Finance Committee endorse for full Council approval KSU's request for \$5.5 million from its \$23.0 million 2021-22 special appropriation (22 RS, HB 250) to address the current year budget shortfall.

PRESENTERS: Travis Powell, Vice President and General Counsel, CPE
Greg Rush, Senior Fellow, CPE

SUPPORTING INFORMATION

Section 3 of HB 250, enacted on April 8, 2022, contains the following directive for the Council on Postsecondary Education, pertaining to its oversight of Kentucky State University (KSU):

There is hereby appropriated to the Council on Postsecondary Education General Fund moneys in the amount of \$23,000,000 in fiscal year 2021-2022 to address financial instability at Kentucky State University, including a cash shortfall due to prior year deficits and a projected financial structural imbalance in fiscal year 2021-2022. Prior to receiving any disbursement of the funds from the council, the university shall submit a request with supporting documentation required by the council for the council's review and approval and make recommendations for further investigations necessary, if any conduct has risen to the level of a crime. The total disbursed to Kentucky State University shall be a non-interest bearing loan to be repaid by university. Funds not disbursed to the university shall be deposited to the loan repayment trust fund created in Section 4 of this Act.

In accordance with this directive, attached is a letter from KSU CFO and Vice President of Finance and Administration Gerald D. Shields requesting disbursement of the remaining \$5.5 million in funding for KSU to meet existing obligations and carry the institution through the end of the fiscal year. CPE Senior Fellow Greg Rush has reviewed the supporting documentation and accounting information in the attached letter and has verified their accuracy. Amounts that required projections or estimates

were made with the most recent and verifiable information available. The amount requested is also supported by the [KSU Financial Assessment](#) completed by CPE in November 2021.

Council staff recommends approval of KSU's request for \$5.5 million to address the current year (FY 2022) shortfall through the end of the fiscal year, June 30, 2022. The amount disbursed to KSU shall not exceed the amount approved by the Council and the funds will be used in the manner identified in the request letter.



Friday, June 3, 2022

Dr. Aaron Thompson
President
Kentucky Council on Postsecondary Education
100 Airport Road
Frankfort, KY 40601

Re: Request for Disbursement

Dear Dr. Thompson:

Pursuant to the terms set forth in House Bill 250, Section 3, Kentucky State University is required to submit a written request to CPE with supporting documentation in order for CPE to disburse the \$23 million appropriated to Kentucky State University. On April 12, 2022, Kentucky State University requested that CPE disburse \$17.5 million of the allotted funds to Kentucky State University.

When KSU made its initial disbursement request, the Governor had not yet appointed a new board. Now that the Governor has appointed a new board, as of March 31, 2022, KSU should give the Board the opportunity to weigh in on KSU's request and what the \$5.5 million will be spent on. The University now requests that CPE disburse the remaining funds to get through June 30, 2022.

As required by the bill, the University now submits this request to CPE for the disbursement of \$5.5 million. As the basis for this \$5.5 million, the University states:

Payroll & End of the Year Expenses	\$3.4 million
Return to Land Grant	\$450,000
Capital Projects	\$250,000
Cash Reserve	\$1.4 million
TOTAL	\$5.5 million

As a final note, the University states that, in its review of the University's financial records, the University has uncovered excessive spending, but has not uncovered any criminal activity. As part of on-going litigation, outside counsel is engaging a team of forensic accountants to investigate

financial activities during the tenure of Dr. Brown. The University is currently working with the Auditor of Public Accounts to conduct a more in-depth review of the University's finances. If criminal activity is discovered, the University will report it to the appropriate law enforcement agency and CPE.

As always, KSU appreciates CPE's diligent oversight and continued support of Kentucky State University. Please do not hesitate to contact me if you have any further concerns or questions.

Sincerely,



Gerald D. Shields, Ph.D.

Vice President of Finance & Administration/CFO

Finance and Administration | Kentucky State University

400 E. Main Street | Frankfort, KY 40601

Academic Services Building, Rm. 201

Office: (502) 597-5075 | Fax: (502) 597-6594

Onward, Upward

Cc: Clara Ross Stamps
Lisa K. Lang
Gregory M. Rush
Travis Powell



SLIDES PRESENTED DURING THE Council on Postsecondary Education Finance Committee Meeting

Bill Payne, Vice President for Finance and Administration
Shaun McKiernan, Executive Director of Finance and Budget

June 14, 2022



Campus Tuition and Fee Proposals

Campus Tuition and Fee Proposals

Approved Two-Year Ceilings

On May 13, 2021, the Council adopted resident undergraduate tuition and fee ceilings for academic years 2021-22 and 2022-23 that equated to:

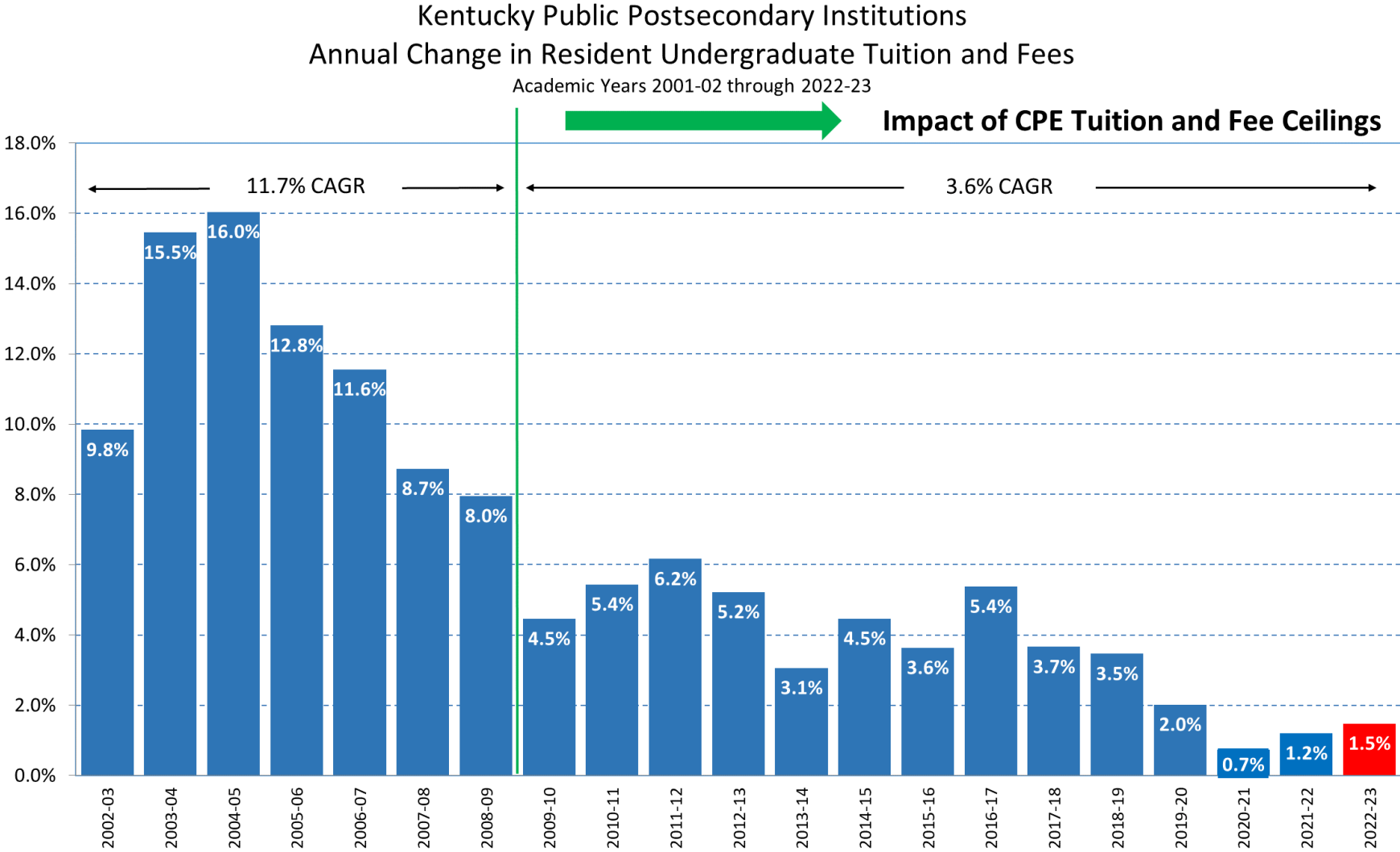
- Maximum base rate increases of no more than 3.0 percent over two years, and no more than 2.0 percent in any one year, for public universities
- Maximum base rate increases of no more than \$5.⁰⁰ per credit hour over two years, and no more than \$3.⁰⁰ per credit hour in any one year, for KCTCS

Furthermore, institutions would be allowed to submit for approval:

- Nonresident undergraduate tuition and fees that comply with the Council's *2021-22 Tuition and Mandatory Fees Policy*, or an existing MOU between the Council and an institution
- Market competitive tuition and fee rates for graduate and online courses

Campus Tuition and Fee Proposals

Change in Resident Undergraduate Tuition and Fees



Campus Tuition and Fee Proposals

University of Kentucky

University of Kentucky
Proposed Tuition and Fee Base Rates
Academic Year 2022-23

Table 1

<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$12,610	\$12,859	\$249	2.0%
Nonresident	\$31,608	\$32,276	\$668	2.1%
Graduate				
Resident	\$13,674	\$13,946	\$272	2.0%
Nonresident	\$33,548	\$34,259	\$711	2.1%

The University of Kentucky does not assess any Special Use Fees or Asset Preservation Fees at this time.

- Between academic years 2020-21 and 2021-22, UK increased resident undergraduate tuition by \$126 or 1.0%
- For 2022-23, UK is proposing a \$249 increase or 2.0%
- UK's proposed rates comply with Council approved ceilings:
 - No more than a 3.0% increase over two years
 - No more than a 2.0% increase in any one year

Campus Tuition and Fee Proposals

University of Louisville

University of Louisville
Proposed Tuition and Fee Base Rates
Academic Year 2022-23

Table 2

<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$12,174	\$12,324	\$150	1.2%
Nonresident	\$28,520	\$28,670	\$150	0.5%
Graduate				
Resident	\$13,524	\$13,944	\$420	3.1%
Nonresident	\$27,638	\$28,340	\$702	2.5%

Base rates for the University of Louisville do not include a Special Use Fee of \$98.00 per semester, or \$196.00 per year.

- Between academic years 2020-21 and 2021-22, UofL increased resident undergraduate tuition by \$208 or 1.7%
- For 2022-23, UofL is proposing a \$150 increase or 1.2%
- UofL's proposed rates comply with Council approved ceilings:
 - No more than a 3.0% increase over two years
 - No more than a 2.0% increase in any one year

Campus Tuition and Fee Proposals

Eastern Kentucky University

Eastern Kentucky University
Proposed Tuition and Fee Base Rates
Academic Year 2022-23

Table 3

<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$9,452	\$9,544	\$92	1.0%
Nonresident	\$19,724	\$19,922	\$198	1.0%
Graduate				
Resident	\$550.00	\$556.00	\$6.00	1.1%
Nonresident	\$750.00	\$758.00	\$8.00	1.1%

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

- Between academic years 2020-21 and 2021-22, EKU increased resident undergraduate tuition by \$186 or 2.0%
- For 2022-23, EKU is proposing a \$92 increase or 1.0%
- EKU's proposed rates comply with Council approved ceilings:
 - No more than a 3.0% increase over two years
 - No more than a 2.0% increase in any one year

Campus Tuition and Fee Proposals

Kentucky State University

Kentucky State University
Proposed Tuition and Fee Base Rates
Academic Year 2022-23

Table 4

<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$8,500	\$8,654	\$154	1.8%
Nonresident	\$12,350	\$12,582	\$232	1.9%
Graduate				
Resident	\$10,880	\$11,072	\$192	1.8%
Nonresident	\$15,920	\$16,232	\$312	2.0%

Base rates for Kentucky State University do not include an Asset Preservation Fee of \$150.00 per semester, or \$300.00 per year, for full-time students.

- Between academic years 2020-21 and 2021-22, KSU had no increase in resident undergraduate tuition.
- For 2022-23, KSU is proposing a \$154 increase or 1.8%
- KSU's proposed rates comply with Council approved ceilings:
 - No more than a 3.0% increase over two years
 - No more than a 2.0% increase in any one year

Campus Tuition and Fee Proposals

Morehead State University

Morehead State University
 Proposed Tuition and Fee Base Rates
 Academic Year 2022-23

Table 5

<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$9,210	\$9,308	\$98	1.1%
Nonresident	\$13,854	\$14,034	\$180	1.3%
Graduate				
Resident	\$577.00 pch	\$574.00 pch	(\$3.00)	-0.5%
Nonresident	\$577.00 pch	\$574.00 pch	(\$3.00)	-0.5%

Base rates for Morehead State University do not include a Special Use Fee of \$66.00 per semester, or \$132.00 per year, nor do they include an Asset Preservation Fee of \$80.00 per semester, or \$120.00 per year, for full-time students.

pch = per credit hour

- Between academic years 2020-21 and 2021-22, MoSU increased resident undergraduate tuition by \$172 or 1.9%
- For 2022-23, MoSU is proposing a \$98 increase or 1.1%
- MoSU's proposed rates comply with Council approved ceilings:
 - No more than a 3.0% increase over two years
 - No more than a 2.0% increase in any one year

Campus Tuition and Fee Proposals

Murray State University

Murray State University
Proposed Tuition and Fee Base Rates
Academic Year 2022-23

Table 6

<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$9,252	\$9,432	\$180	1.9%
Nonresident	\$18,528	\$18,888	\$360	1.9%
Graduate				
Resident	\$549.00 pch	\$559.50 pch	\$10.50	1.9%
Nonresident	\$808.00 pch	\$559.50 pch	(\$248.50)	-30.8%

Base rates for Murray State University do not include an Asset Preservation Fee of \$10.00 per credit hour, capped at 15 hours or \$150.00 per semester, or \$300.00 per year, for full-time comparison (fall and spring semesters only).

pch = per credit hour

- Between academic years 2020-21 and 2021-22, MuSU increased resident undergraduate tuition by \$84 or 0.9%
- For 2022-23, MuSU is proposing a \$180 increase or 1.9%
- MuSU's proposed rates comply with Council approved ceilings:
 - No more than a 3.0% increase over two years
 - No more than a 2.0% increase in any one year

Campus Tuition and Fee Proposals

Northern Kentucky University

Northern Kentucky University Proposed Tuition and Fee Base Rates Academic Year 2022-23

Table 7

<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$10,012	\$10,208	\$196	2.0%
Nonresident	\$20,070	\$20,464	\$394	2.0%
Graduate				
Resident	\$550.00 pch	\$550.00 pch	\$0	0.0%
Nonresident	\$845.00 pch	\$845.00 pch	\$0	0.0%

Base rates for Northern Kentucky University do not include a Special Use Fee of \$192.00 per semester, or \$384 per year, for full-time students.

pch = per credit hour

- Undergraduate rates approved by the Council on April 15.
- Between academic years 2020-21 and 2021-22, NKU increased resident undergraduate tuition by \$100 or 1.0%
- For 2022-23, NKU is proposing a \$196 increase or 2.0%
- NKU's proposed rates comply with Council approved ceilings:
 - No more than a 3.0% increase over two years
 - No more than a 2.0% increase in any one year

Campus Tuition and Fee Proposals

Western Kentucky University

Western Kentucky University
Proposed Tuition and Fee Base Rates
Academic Year 2022-23

Table 8

<u>Rate Category</u>	<u>Current 2021-22 Base Rates</u>	<u>Proposed 2022-23 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$10,792	\$10,912	\$120	1.1%
Nonresident	\$26,800	\$26,800	\$0	0.0%
Graduate				
Resident	\$597.00 pch	\$607.00 pch	\$10.00	1.7%
Nonresident	\$907.00 pch	\$917.00 pch	\$10.00	1.1%

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

pch = per credit hour

- Between academic years 2020-21 and 2021-22, WKU increased resident undergraduate tuition by \$190 or 1.8%
- For 2022-23, WKU is proposing a \$120 increase or 1.1%
- WKU's proposed rates comply with Council approved ceilings:
 - No more than a 3.0% increase over two years
 - No more than a 2.0% increase in any one year

Campus Tuition and Fee Proposals

Staff Recommendation

- Tuition and fee proposals submitted by UK, UofL, EKV, KSU, MoSU, MuSU, NKU (graduate level), and WKU comply with Council approved ceilings
- NKU undergrad and KCTCS rates were previously approved
- Nonresident and online rates meet Council guidelines
- *Staff recommends that the Finance Committee endorse for full Council approval tuition proposals for academic year 2022-23 as submitted by the institutions*



Asset Preservation Pool

Asset Preservation Pool Guidelines

Program Funding

In the enacted state budget (22 RS, HB 1), the General Assembly authorized **\$683.5 million** in General Fund supported bond funds for a Postsecondary Education Asset Preservation Pool

The stated purpose of the pool is to provide funding for individual asset preservation, renovation, and maintenance projects at Kentucky public postsecondary institutions

The state budget also appropriated **\$16.5 million** for a stand-alone asset preservation project at KCTCS

In total, the General Assembly authorized **\$700.0 million** for asset preservation, the amount CPE requested in its budget submission

Asset Preservation Pool Guidelines

Allocation of Funds

The **\$683.5 million** Asset Preservation Pool was allocated based on each institution's share of system total Category I and II square feet

<u>Institution</u>	<u>Fiscal Year 2022-23</u>	<u>Fiscal Year 2023-24</u>	<u>Biennial Total</u>
University of Kentucky	\$77,098,000	\$77,098,000	\$154,196,000
University of Louisville	40,943,000	40,943,000	81,886,000
Eastern Kentucky University	27,403,000	27,403,000	54,806,000
Kentucky State University	8,039,000	8,039,000	16,078,000
Morehead State University	17,611,000	17,611,000	35,222,000
Murray State University	23,588,000	23,588,000	47,176,000
Northern Kentucky University	23,397,000	23,397,000	46,794,000
Western Kentucky University	34,040,000	34,040,000	68,080,000
KCTCS	89,631,000	89,631,000	179,262,000
Total Appropriation	\$341,750,000	\$341,750,000	\$683,500,000

Asset Preservation Pool Guidelines

Matching Requirements

The enacted budget (HB 1) specifies the following matching requirements for accessing Asset Preservation Pool funds:

- Each project for research institutions shall be matched at 30 percent from funds provided by each research institution (30¢ per state \$1.00)
- Each project for comprehensive institutions and KCTCS shall be matched at 15 percent from funds provided by each comprehensive institution and the KCTCS (15¢ per state \$1.00)

Eligible sources of matching funds include cash, agency bonds, private funds, grants, or other institutional funds

General Fund appropriations cannot be used as a match

Asset Preservation Pool Guidelines

Uses of Funds

Pool funds are to be used for individual asset preservation, renovation, and maintenance projects at institutions in Education and General (E&G) and state-owned and operated residential housing facilities

- Projects that preserve, renovate, or renew **E&G facilities** are eligible to receive funds from the Asset Preservation Pool
- Projects that preserve, renovate, or renew **state-owned and operated residential housing facilities** are eligible
- Only project expenditures made after April 15, 2022, can be used to meet state matching requirements
- Routine maintenance and repair projects and ongoing M&O costs are not eligible to receive funds from the pool

Asset Preservation Pool Guidelines

Reimbursement Process

The state budget office informed CPE and campus officials that Asset Preservation Pool funds will be distributed to institutions using an expenditure and reimbursement approach

- Specifically, an institution will be required to expend its own funds on eligible projects before seeking reimbursement from the state
- As expenditures are made, institutions will submit a certification letter to CPE and OSBD that contains a list of expenditures by project
- CPE staff will review the requests and verify that project expenditures are eligible for reimbursement based on Council guidelines

Asset Preservation Pool Guidelines

Project Identification

Before seeking reimbursement for project expenditures, institutions will submit to CPE a list of projects it plans to initiate, or has initiated

- The timing for submitting project lists is at the institution's discretion, but it may be helpful for institutions to know if projects are eligible early in the process
- Projects that meet or exceed a **\$1.0 million** threshold for construction and **\$200,000** threshold for an item of equipment must be approved by an institution's governing board
- Council staff will review project lists and certify to institutions that the projects are eligible for reimbursement

Asset Preservation Pool Guidelines

Expenditure Certification

As institutions incur expenses on eligible projects, they can submit reimbursement requests to the Council and OSBD

- Requests will include a certification letter with expenditures by project
- The letter will identify project expenditures made during the request period, state funds requested, and campus matching funds
- The timing of requests is flexible, although institutions are encouraged to accumulate expenditures and submit no more than **one request per month**
- CPE staff will review requests and certify to OSBD staff that project expenditures are eligible for reimbursement

Asset Preservation Pool Guidelines

Staff Recommendation

Council staff worked with campus officials and OSBD to develop a process for identifying eligible projects, certifying expenditures, and requesting reimbursement that is supported by all stakeholders

- *Staff recommends that the Finance Committee endorse for full Council approval the 2022-24 Asset Preservation Pool Guidelines*

The enacted budget (HB 1) stipulates that capital projects funded from the pool are authorized by the General Assembly

- *Staff recommends that the Finance Committee and Council delegate to staff the authority to approve capital projects funded from the pool*



Endowment Match Program

Endowment Match Program Guidelines

Program Funding

In the enacted budget (22 RS, HB 1), the General Assembly authorized **\$40.0 million** in state bond funds for Bucks for Brains

Of that amount, **\$30.0 million** was appropriated to the Research Challenge Trust Fund (RCTF) and **\$10.0 million** was appropriated to the Comprehensive University Excellence Trust Fund (CUETF)

- The appropriation to the RCTF will be allocated two-thirds to the University of Kentucky and one-third to the University of Louisville, as required in statute (KRS 164.7917)

University of Kentucky	\$20,000,000
University of Louisville	<u>10,000,000</u>
Total RCTF	\$30,000,000

Endowment Match Program Guidelines

Allocation of Program Funds

- The **\$10.0 million** appropriation to the CUETF will be allocated among comprehensive universities based on each institution's share of sector total General Fund, excluding debt service and specialized, non-instructional programs (KRS 164.7919)

Eastern Kentucky University	\$2,227,800
Kentucky State University	667,800
Morehead State University	1,279,000
Murray State University	1,484,900
Northern Kentucky University	1,864,600
Western Kentucky University	<u>2,475,900</u>
Total CUETF	\$10,000,000

Endowment Match Program Guidelines

Matching Requirements

The Endowment Match Program was conceived as a way to bring new money from external sources into the Commonwealth's system of postsecondary education

In order to access state funds, universities must acquire and document **dollar-for-dollar matching funds** that are:

- **newly generated** (i.e., funds received after November 15, 2021)
- from **external sources**, such as businesses, non-governmental foundations, hospitals, corporations, and alumni or other individuals

All funds, both state and private source funds, must be endowed.

Endowment Match Program Guidelines

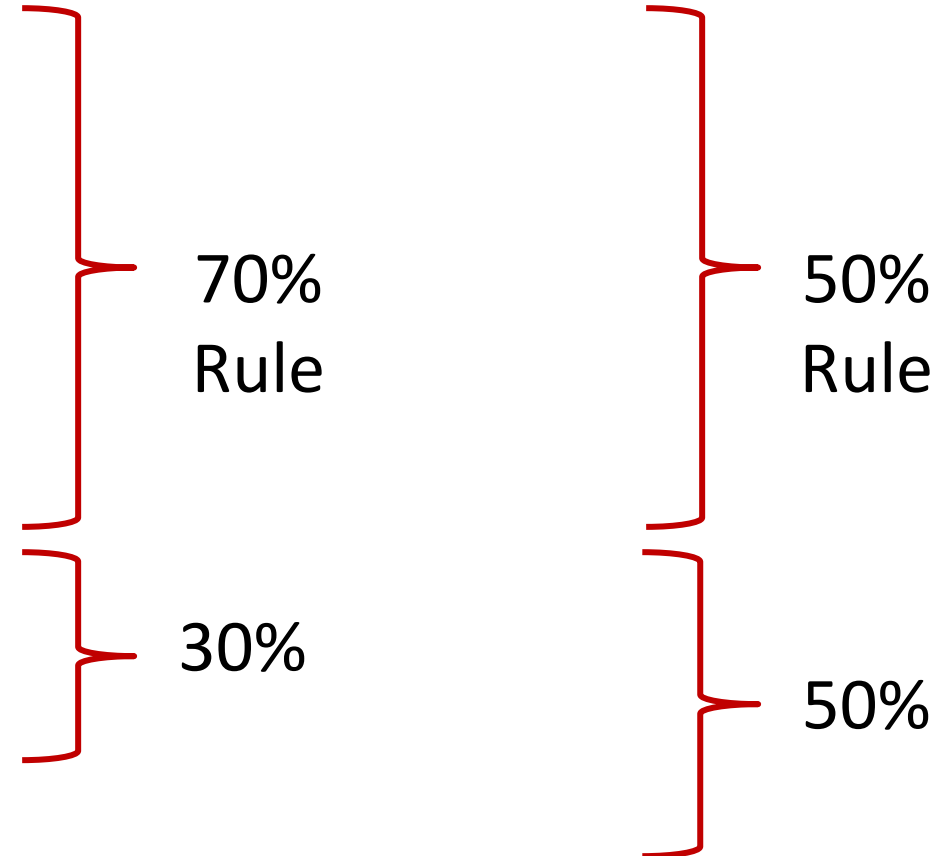
Uses of Program Funds

As permitted in Council guidelines, endowment proceeds can be used to support:

- endowed chairs
- professorships
- research scholars (UK & UofL only)
- research staff
- research infrastructure
- graduate fellowships
- mission support
- undergraduate scholarships

Research Universities

Comprehensives



Endowment Match Program Guidelines

Areas of Concentration

The enacted budget (22 RS, HB 1) requires that program funds “support efforts to grow endowments for initiatives in the fields of science, technology, engineering, mathematics, and health” (p.168)

Toward that end:

- At both research and comprehensive universities, **100%** of program funds must be endowed to support initiatives in STEM+H fields

These areas are of strategic benefit to Kentucky and are core components of a knowledge-based economy

A copy of the Council’s STEM+H Classification of Instructional Program (CIP) list is available upon request

Endowment Match Program Guidelines

Staff Recommendation

Council staff and campus officials reviewed the 2008-10 guidelines and worked together to identify proposed changes for the upcoming year

The only significant change in the 2022-24 iteration of the guidelines was eliminating the option to use program funds to finance capital projects

No other substantive changes were made to the uses of funds section of the guidelines or to the process for request submission and approval

CPE staff and campus officials support the Endowment Match Program Guidelines as presented

- *Staff recommends that the Finance Committee endorse for full Council approval the 2022-24 Endowment Match Program Guidelines*



Workforce Development Trust Fund

Workforce Development Trust Fund Guidelines

Program Funding

- In the *2022-2024 Budget of the Commonwealth* (22 RS, HB 1), the General Assembly appropriated **\$2,225,000** in fiscal year 2022-23 to the Workforce Development Trust Fund
- The stated purpose of the funds was to increase credential production capacity for identified supply gaps and support program offerings in targeted industry sectors
- Although the Council recommended an additional **\$4,500,000** in its budget submission, the General Assembly chose not to provide funding for the program in the second year of the biennium
- This means the funds are nonrecurring

Workforce Development Trust Fund Guidelines

Allocation of Funds

KCTCS system office staff, working with campus officials, will determine the allocation of program funds among institutions

CPE staff and campus officials agreed on the following process:

- Colleges will submit applications for funds to the Chancellor's Office
- A selection committee comprised of five Chief Academic Officers, two system office staff, and the Chancellor will review applications
- The committee will recommend to the KCTCS president funding of applications that meet Council guidelines
- Upon approval by the KCTCS president, final projects by college and by program will be submitted to CPE staff

Workforce Development Trust Fund Guidelines

Uses of Funds

The stated purpose of the WDTF appropriation is to increase credential production capacity for identified supply gaps and support program offerings in targeted industry sectors (22 RS, HB 1)

- The funds will be used to establish new programs or expand existing programs in academic disciplines that address identified supply gaps in targeted industry sectors
- Program funds may be used to support new faculty positions, salary supplements to existing faculty positions, and associated expenses for those positions, as permitted by KCTCS policy
- Program funds may be used to purchase equipment and supplies, to support new curriculum development or validate existing curriculum, and to defray marketing expenses in identified academic disciplines

Workforce Development Trust Fund Guidelines

Areas of Concentration

Program funds must be used to increase credential production capacity in academic disciplines that address workforce supply gaps in the following targeted industry sectors:

- 1) healthcare
- 2) advanced manufacturing
- 3) transportation and logistics
- 4) business services and information technology
- 5) construction and trades

In 2020-21, these sectors had projected annual job demand numbers that exceeded the number of KCTCS graduates, creating workforce supply gaps

Workforce Development Trust Fund Guidelines

Request Submission

The Council has statutory authority to determine the criteria and process by which KCTCS may submit an application to access Workforce Development Trust Fund appropriations (KRS 164.7925)

- KCTCS will use its internal process to identify campus proposals that campus officials believe would qualify to receive a WDTF distribution
- Upon approval by their president, KCTCS will submit funding requests to the Council, with application forms and supporting documentation
- Supporting documentation includes planned program expenditures, anticipated impact on student enrollment and credential production, and workforce shortage areas addressed
- CPE staff will approve requests endorsed by the selection committee, approved by the KCTCS president, and meet eligibility requirements

Workforce Development Trust Fund Guidelines

Staff Recommendation

Council staff worked collaboratively with campus officials to:

- determine a process for allocating funds among KCTCS institutions
- identify eligible and appropriate uses of workforce funds
- specify targeted areas of concentration
- develop a process for request submission, approval, and distribution of program funds

The guidelines presented for Finance Committee review and approval are supported both by CPE staff and KCTCS officials

- *Staff recommends that the Finance Committee endorse for full Council approval the attached 2022-24 Workforce Development Trust Fund Guidelines*



Interim Capital Project Approval

Interim Capital Project Approval

KCTCS Asset Preservation Projects

Southeast Kentucky Community and Technical College – **Mechanical Equipment and Upgrades**

- \$2,000,000 total scope: \$1,739,200 asset preservation pool, \$260,800 campus funds
- Upgrade and replace boilers, chillers, pumps, and air handlers and heating, ventilation, and air conditioning control upgrades

Madisonville Community College – **New Roof for Glema Mahr Arts Center**

- \$1,500,000 total scope: \$1,304,400 asset preservation pool, \$195,600 campus funds

Approved by the Board June 10, 2022

In the future, interim Asset Preservation Pool projects can be approved by Council staff if the Council allows.

Questions?



Twitter: CPENews and CPEPres



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



Facebook: KYCPE