

KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION FINANCE COMMITTEE MEETING



January 26, 2026 - 1:00 p.m., ET

Virtual Meeting - <https://us02web.zoom.us/j/89129396618>

Revised 10/23/25

** Indicates action item*

I.	Call to Order and Roll Call	
II.	CPE President Report	
III.	Approval of the Minutes*	2
IV.	Tuition and Mandatory Fees	
	A. Tuition and Mandatory Fee Policy, 2025-26 & 2026-27*	7
	B. Proposed Tuition and Fees, Academic year 2026-27*	
	1. Kentucky State University	17
V.	Interim Capital Project - Murray State University*	23
VI.	Area Technology Center Employee Waiver Policy*	30
VII.	Equine Trust Fund Program Guidelines*	46
VIII.	Information Items and Staff Updates	
	A. 2026-2028 Biennial Budget Update	51
	B. Asset Preservation Pool Funding Update, 2022-24 and 2024-26	54
	C. 2022-24 Endowment Match Program (Bucks for Brains) Update	63
	D. Performance Funding Update	68
IX.	Other Business	
X.	Adjournment	
	<i>Next Finance Committee Meeting: March 30, 2026 @ 1:00 p.m. ET</i>	

Slides shared during the meeting	72
---	----

MEETING MINUTES

Draft for Approval by the Finance Committee, January 26, 2026

Who: Kentucky Council on Postsecondary Education
Meeting Type: Finance Committee
Date: September 8, 2025
Time: 1:00 p.m. ET
Location: Virtual Meeting via ZOOM Webinar

CALL TO ORDER

The Finance Committee met Monday, September 8, 2025, at 1:00 p.m., ET. The meeting occurred virtually via ZOOM webinar. Committee Chair Jacob Brown presided.

ROLL CALL

There was a quorum of 5 voting Council members in attendance.

- Jacob Brown – attended
- Lindsey Case – attended
- Jennifer Collins – attended
- Dr. Kellie Ellis – did not attend
- Madison Silvert - attended
- Elaine Walker - attended

CPE President Aaron Thompson served as secretary of the board, per the CPE Bylaws. Heather Faesy, CPE program manager, served as recorder of the meeting minutes.

CPE PRESIDENT REPORT

Dr. Aaron Thompson, CPE President, provided a brief update to the Committee that included comments on the Council's work on the biennial budget request for postsecondary institutions and the CPE agency and his trip to Oxford, England to discuss the expansion of apprenticeship opportunities.

APPROVAL OF THE MINUTES

The minutes of the June 9, 2025, Finance Committee meeting were approved as presented.

2026-2028 BIENNIAL BUDGET RECOMMENDATION – POSTSECONDARY INSTITUTION OPERATING FUNDS REQUEST

Dr. Bill Payne, CPE's Vice President of Finance Policy and Programs, presented the proposed 2026-2028 Postsecondary Institution Operating Funds Request, which included components that support general operations, inflationary increases, and performance funding.

- General Fund appropriations of \$1,149,981,700 in fiscal year 2026-27 and \$1,208,258,600 in fiscal year 2027-28 to support public postsecondary institution operations.
- Appropriations of \$43,276,700 in fiscal year 2026-27 and \$86,553,600 in fiscal year 2027-28 to help offset some of the largest increases in higher education inflation in decades.
- Appropriations of \$30,000,000 in fiscal year 2026-27 and \$45,000,000 in fiscal year 2027-28 for performance funding to provide ongoing incentives for institutions.

Additional details and specifics regarding the requests were included in the staff materials.

MOTION: Ms. Walker moved the Finance Committee endorse for Council approval the proposed Postsecondary Institution Operating Funds Request. Chair Silvert seconded the motion.

VOTE: The motion passed.

2026-2028 BIENNIAL BUDGET RECOMMENDATION – POSTSECONDARY INSTITUTION TRUST FUNDS REQUEST

Mr. Brent Floyd, Senior Associate of Finance Policy and Programs, presented the proposed 2026-2028 Postsecondary Institution Trust Funds Request that included:

- The establishment of a new trust fund and provides a recurring appropriation of \$30.0 million each year in the fund to support a new Tuition Waiver Reimbursement Program administered by the Council.
- A request that the General Assembly enact statutory language requiring waiver recipients to complete a FAFSA application as a condition of receiving a tuition waiver.

Additional details and specifics regarding the requests were included in the staff materials.

MOTION: Ms. Walker moved the Finance Committee endorse for Council approval the proposed Postsecondary Institution Trust Funds Request. Ms. Collins seconded the motion.

VOTE: The motion passed.

2026-2028 BIENNIAL BUDGET RECOMMENDATION – POSTSECONDARY INSTITUTION CAPITAL INVESTMENT REQUEST

Mr. Adam Blevins, CPE's Director of Finance Policy and Programs, presented the proposed 2026-2028 Postsecondary Institution Capital Investment Request that included:

- A request for \$350 million each year of the biennium (\$700 million total) for an asset preservation pool to support renovation and renewal projects at postsecondary institution campuses, without a matching requirement for any institution.

- A request for \$1.76 billion in bond funds to support the highest priority new capital construction project at each public university and the top ten (10) new capital construction projects at KCTCS.

Additional details and specifics regarding the requests were included in the staff materials.

MOTION: Chair Silvert moved the Finance Committee endorse for Council approval the proposed Postsecondary Institution Capital Investment Request. Ms. Walker seconded the motion.

VOTE: The motion passed.

2026-2028 BIENNIAL BUDGET RECOMMENDATION – CPE AGENCY BUDGET REQUEST

Ms. Leslie Brown, Assistant Vice President of Administrative Services, presented the proposed 2026-2028 CPE Agency Budget that included:

- Base budget appropriations of \$38,027,636 in 2026-27 and \$38,027,636 in 2027-28 to continue program support in general, restricted, federal and tobacco settlement fund appropriation categories.
- Additional budget requests to account for: increases necessary to cover defined benefit calculations, anticipated increases in SREB dues, and funding for these Council priorities:
 - Continuing development of Futuriti.org.,
 - Strengthen the manufacturing and logistics education to workforce pipeline,
 - Full implementation of the Kentucky Graduate Profile and the Graduate Fellows Program, and
 - Support for Summer Bridge Programs.

Additional details and specifics regarding the requests were included in the staff materials.

MOTION: Ms. Walker moved the Finance Committee endorse for Council approval the proposed CPE Agency Budget Request. Ms. Collins seconded the motion.

VOTE: The motion passed.

MEMORANDUM OF UNDERSTANDING – NONRESIDENT STUDENT TUITION AND FEES AT MOREHEAD STATE UNIVERSITY

Mr. Greg Rush, Assistant Vice President of Finance Policy and Programs, presented the proposed Memorandum of Understanding (MOU) between the Council and Morehead State University (MoSU), regarding nonresident student tuition and fees. The proposal modifies its current MOU to allow MoSU to have the flexibility to set nonresident rates below the 130% threshold so long as rates exceed those set for resident students. It would also

specify that nonresident students may be eligible for merit- and need-based scholarships and be eligible for competitive scholarships offered by MoSU and the Morehead State University Foundation. Additionally, all students must meet the academic requirements for admission and/or scholarships and no academically qualified Kentucky student will be displaced as a result of the MOU. Finally, it dictates that the University will report to CPE annually the results of the agreement. The proposed MOU would be effective with the 2026-27 academic year.

The specification of the proposed agreement is aligned with similar MOUs that have been approved for other institutions. It is anticipated that the increased enrollment of nonresident students associated with the amended MOU will provide a net benefit to both MoSU and the Commonwealth of Kentucky.

MOTION: Ms. Walker moved the Finance Committee endorse for Council approval the proposed Memorandum of Understanding. Ms. Collins seconded the motion.

VOTE: The motion passed.

APPROVED TUITION AND MANDATORY FEES, 2025-26

Dr. Payne provided an update on the approved 2025-26 Tuition & Mandatory Fees for 5 institutions and KCTCS, which were approved by the President on behalf of the Council since the proposals complied with established Council parameters. In particular, the resident and nonresident rates approved were as follows:

- University of Kentucky:
 - Resident undergraduate students - \$405 increase (3.0%)
 - Nonresident undergraduate students - \$1,024 increase (3.0%)
 - Resident graduate student - \$439 increase (3.0%)
 - Nonresident graduate student - \$1,087 increase (3.0%)
- University of Louisville:
 - Resident undergraduate students - \$450 increase (3.5%)
 - Nonresident undergraduate students - \$450 increase (1.5%)
 - Resident graduate student - \$372 increase (2.5%)
 - Nonresident graduate student - \$758 increase (2.5%)
- Kentucky State University:
 - Resident undergraduate students - \$420 increase (4.6%)
 - Nonresident undergraduate students - \$490 increase (3.7%)
 - Resident graduate student – no change
 - Nonresident graduate student – no change
- Morehead State University:
 - Resident undergraduate students - \$420 increase (4.3%)
 - Nonresident undergraduate students – \$634 increase (4.3%)
 - Resident graduate student - \$1 per credit hour decrease (-0.2%)
 - Nonresident graduate student - \$1 per credit hour decrease (-0.2%)

- Northern Kentucky University:
 - Resident undergraduate students - \$408 increase (3.8%)
 - Nonresident undergraduate students - \$840 increase (3.9%)
 - Resident graduate student – \$15 per credit hour increase (2.6%)
 - Nonresident graduate student – \$23 per credit hour increase (2.6%)
- Kentucky Community and Technical College System:
 - Resident, per credit hour - \$6 increase (3.2%)
 - Nonresident, per credit hour - \$10 increase (3.8%)

No additional action needed to be taken by the Committee.

KCTCS INTERIM CAPITAL PROJECT UPDATES

Dr. Floyd provided an update on the source of funding for the following three previously authorized capital projects:

- Southcentral Kentucky Community and Technical College—Replace Glasgow Campus
- Somerset Community College—Replace Laurel South Campus Ph. II
- Jefferson Community and Technical College—Replace Hartford Hall Ph. II

Because these projects were previously approved by the Council with other fund sources and KCTCS was only proposing to use state bond funds from the Efficient Operations and Innovation Plan Bond Pool (i.e., \$90.0 million in total) authorized by the General Assembly in 2025-26, no additional action needed to be taken by the Committee.

ADJOURNMENT

The Finance Committee adjourned at 2:50 p.m., ET.

TOPIC/TITLE:	Tuition and Mandatory Fee Policy, 2026-27
STAFF CONTACTS:	Bill Payne, Vice President, Finance Policy & Programs Adam Blevins, Director, Finance Policy & Programs
TYPE/REQUEST:	<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information

SUMMARY OF ACTION REQUESTED

Staff recommends that the Finance Committee approve and endorse for full Council approval the attached *Tuition and Mandatory Fee Policy for Academic Years 2025-26 and 2026-27* (i.e., **Attachment A**). Other than changing the year referenced in the title, this is the same policy that was approved by the Council at its June 13, 2025, meeting.

SUPPORTING INFORMATION

At the January 27, 2025, Finance Committee meeting, staff provided an update on the 2025-26 tuition-setting process and shared a draft *Tuition and Mandatory Fee Policy for Academic Year 2025-26* for committee member review. The draft policy included some minor wordsmithing changes, along with two more substantive changes. Namely, staff proposed eliminating the Special Use Fee Exception Policy and Asset Preservation Fee Exception Policy provisions in the policy. The draft policy was presented for information (no committee action) to allow time for proposed revisions to be fully vetted with campus presidents and Chief Budget Officers.

Although in draft form, the 2025-26 tuition policy, along with the policy from the previous tuition cycle, helped guide the development of tuition and fee ceilings for academic years 2025-26 and 2026-27. Those ceilings established maximum allowable base rates and dollar increases each year over a two-year period for each postsecondary sector. In other words, the Council adopted differential one-year and two-year maximum base-rate and dollar-increase ceilings for the research universities, comprehensive universities, and KCTCS institutions. The draft policy also facilitated staff evaluation of campus tuition and fee proposals submitted for academic year 2025-26.

On June 13, 2025, the Council approved a final version of the *Tuition and Mandatory Fee Policy for Academic Year 2025-26*, which eliminated the Special Use Fee Policy Exception and Asset Preservation Fee Policy Exception provisions from the policy, but also included an explicit

definition of *mandatory fees* that could be applied by CPE staff and Council members when evaluating proposed fees at the institutions.

At the meeting, staff will present the same policy that was adopted by the Council at the June meeting last year, with one minor change. As can be seen in Attachment A, the title of the policy has been modified to reflect that the Council adopted two-year ceilings this tuition-setting cycle. Specifically, after discussions with CPE Executive Leadership, it was determined that any potential changes to the current policy should be discussed with campus officials in coming months and modified ahead of the 2027-28 tuition cycle.

No changes in the tuition policy are proposed for academic year 2026-27.

NEXT STEPS

Once approved, the policy will facilitate evaluation of campus tuition and fee proposals submitted for the upcoming 2026-27 academic year. One institution, Kentucky State University, has already submitted a tuition proposal for Council review and action. It is anticipated that the remaining institutions will submit their tuition proposals for Council approval at either the April 3, 2026, meeting, or the June 12, 2026, meeting.



Tuition and Mandatory Fee Policy

Academic Years 2025-26 and 2026-27

Proposed for Approval by Council: January 30, 2026

Effective Date: January 30, 2026

Background

The Council on Postsecondary Education is vested with authority under KRS 164.020 to determine tuition at public postsecondary institutions in the Commonwealth of Kentucky. Kentucky's goals of increasing educational attainment, promoting research, assuring academic quality, and engaging in regional stewardship must be balanced with current needs, effective use of resources, and prevailing economic conditions. For the purposes of this policy, rate ceilings established by the Council include both tuition and mandatory fees. During periods of relative austerity, the proper alignment of the state's limited financial resources requires increased attention to the goals of the Kentucky Postsecondary Education Improvement Act of 1997 (HB 1) and the Council's 2022-30 Strategic Agenda for Kentucky Postsecondary Education.

Fundamental Objectives

Funding Adequacy

HB 1 requires that Kentucky have a seamless, integrated system of postsecondary education, strategically planned and adequately funded to enhance economic development and quality of life. In discharging its responsibility to determine tuition, the Council, in collaboration with the institutions, seeks to balance the affordability of postsecondary education for Kentucky's citizens with the institutional funding necessary to accomplish the goals of HB 1 and the Strategic Agenda.

Shared Benefits and Responsibility

Postsecondary education attainment benefits the public at large in the form of a strong economy and an informed citizenry, and it benefits individuals through elevated quality of life, broadened career opportunities, and increased lifetime earnings. The Council and the institutions believe that funding postsecondary education is a shared responsibility of state and federal governments, students and families, and the postsecondary institutions.

Affordability and Access

Broad educational attainment is essential to a vibrant state economy and to intellectual, cultural, and political vitality. For this reason, the Commonwealth of Kentucky seeks to ensure that postsecondary education is broadly accessible to its citizens. The Council and the institutions are committed to ensuring that college is affordable and accessible to all academically qualified Kentuckians with particular emphasis on dual credit students, underrepresented students, including first-generation college students and students from economically disadvantaged backgrounds, adult learners, and part-time students.

The Council believes that no citizen of the Commonwealth who has the drive and ability to succeed should be denied access to postsecondary education in Kentucky because of inability to pay. Access should be provided through a reasonable combination of savings, student and family contributions, employment, and financial aid, including grants and loans.

In developing a tuition and fee recommendation, the Council and the institutions shall work collaboratively and pay attention to balancing the cost of attendance—including tuition and mandatory fees, room and board, books, and other direct and indirect costs—with the ability of students and families to pay. This will be accomplished by taking into account: (1) students' family and individual income; (2) federal, state, and institutional scholarships and grants; (3) students' and parents' reliance on loans; (4) access to all postsecondary education alternatives; and (5) the need to enroll and graduate more students.

Effective Use of Resources

Kentucky's postsecondary education system is committed to using the financial resources invested in it as effectively and productively as possible to advance the goals of HB 1 and the Strategic Agenda, including undergraduate and graduate education, engagement and outreach, research, and workforce initiatives. The colleges and universities seek to ensure that every dollar available to them is utilized to maximize return on investment and achieve outcomes most beneficial to the Commonwealth and its regions. Senate Bill 153, the *Postsecondary Education Performance Funding Bill*, enacted during the 2017 regular session provides ongoing incentives for increased efficiency and productivity within Kentucky's public postsecondary system. The Council's Strategic Agenda and funding model metrics will be used to monitor progress toward attainment of both statewide and institutional HB 1 and Strategic Agenda goals and objectives.

Attracting and Importing Talent to Kentucky

Kentucky cannot reach its 2030 postsecondary education attainment goal by focusing on Kentucky residents alone. The Council and the institutions are committed to making Kentucky institutions financially attractive to nonresident students, while recognizing that nonresident undergraduate students should pay a larger share of the cost of their education than do resident students. Tuition reciprocity agreements, which provide low-cost access to out-of-state institutions for Kentucky students that live near the borders of other states, also serve to attract students from surrounding states to Kentucky's colleges and universities.

A copy of the Council's nonresident student tuition and fee policy is provided below. Council staff will periodically review and evaluate the policy to determine its impact on attracting and retaining nonresident students that enhance diversity and the state's competitiveness.

Nonresident Student Tuition and Fees

The Council and the institutions believe that nonresident students should pay a larger share of their educational costs than do resident students. As such, published tuition and fee rates adopted for nonresident students shall be higher than the prices charged for resident students enrolled in comparable programs of study.

In addition, every institution shall manage its tuition and fee rate structures, price discounting, and scholarship aid for out-of-state students, such that in any given year, the average net tuition and fee revenue generated per nonresident undergraduate student equals or exceeds 130% of the annual full-time tuition and fee charge assessed to resident undergraduate students (i.e., the published in-state sticker price). As part of the tuition and fee setting process, staff shall monitor and report annually to the Council regarding compliance with this requirement.

The Council acknowledges that in some instances increasing nonresident student enrollment benefits both the Commonwealth and the institution. For this reason, exceptions to the 130% threshold may be requested through a Memorandum of Understanding (MOU) process and will be evaluated on a case-by-case basis by the Council. The main objective of the MOU process is to clearly delineate goals and strategies embedded in enrollment management plans that advance the unique missions of requesting institutions.

Definition of Mandatory Fees

A mandatory fee is a distinct charge applied to students as a condition of enrollment, regardless of degree level or program, and is required of such a large proportion of all students that a student who does not pay the fee is an exception. Typically, mandatory fees support a specific purpose, activity, or service that is available to all students attending the institution.

Mandatory fees include, but are not limited to, fees for health services, building use, student services and activity fees, recreation fees, technology fees, and athletic fees, where the charge is not optional for students. Mandatory fees do not include fees assessed to students in specific programs (e.g., music, nursing, lab fees) or fees unique to a given situation (e.g., late registration, automobile registration), or fees for housing and dining.

Special Use Fee Exception Policy

On April 28, 2011 the Council adopted a Special Use Fee Exception Policy that allowed Kentucky public postsecondary institutions, under certain conditions, to implement student endorsed fees that would be excluded from consideration when assessing institutional compliance with Council approved rate ceilings. In other words, in any given

year, an institution could request, and the Council could approve, a new mandatory fee for the purposes of constructing a new facility or renovating an existing facility that would support student activities or services on campus but would not count toward a rate or dollar increase ceiling established by the Council.

Specifically, a Special Use Fee was defined in the policy as follows:

A student endorsed fee is a mandatory flat-rate fee, that has been broadly discussed, voted on, and requested by students and adopted by an institution's governing board, the revenue from which may be used to pay debt service and operations and maintenance expenses on new facilities, or capital renewal and replacement costs on existing facilities and equipment, that support student activities and services, such as student unions, fitness centers, recreation complexes, health clinics, and/or tutoring centers.

The underlying rationale for the exception policy was that the Council and campus officials wanted to accommodate the desires of students to assess a fee on themselves to improve facilities that sustain student activities and services, without sacrificing revenue necessary to support institutional operations. Under the Council's previous approach, such fees, when implemented in the same year that the Council adopted a tuition and fee rate ceiling, would reduce the amount of unrestricted tuition and fee revenue available for the institution to support its Education and General (E&G) operation.

Fees that qualified for a Special Use Fee exemption were for a fixed, recurring amount that could not increase over time. For this reason, during the process of establishing tuition and fee ceilings, Council staff deducts these fees from total tuition and fees before applying a percent increase parameter. This keeps the fees at the same amount each year until they expire. In other words, percent increase parameters adopted by the Council are applied to current-year base rates. Base rates are defined as total tuition and fee charges, minus any Special Use Fees or Asset Preservation Fees previously approved by the Council, and minus an existing agency bond fee at KCTCS (i.e., BuildSmart Investment for Kentucky Competitiveness Fee).

Council policy stipulates that Special Use Fees will not be assessed at full rate in perpetuity, but will either terminate upon completion of the debt, or in the case of new facilities, continue at a reduced rate to defray ongoing maintenance and operations (M&O) costs. In addition, institutions are required to have a plan for the eventual reduction or elimination of the fee upon debt retirement.

Between June 10, 2011 and June 12, 2015, the Council approved Special Use Fee exception requests for five institutions. Although several institutions have asked about Special Use Fee exceptions in recent years, the Council changed its stance on allowing exemptions from rate ceilings. Declining enrollment at most institutions, precipitated by decreasing numbers of high school graduates and falling college participation rates,

brought about a renewed focus on affordability and increased transparency in college pricing.

For several years, it has been a common practice for the Council to count all increases in mandatory fees toward tuition and fee rate ceilings and to not allow exceptions from the price caps. For this reason, the Special Use Fee Exception Policy will be terminated beginning in academic year 2025-26.

Although institutions will no longer be able to request exemptions from tuition and fee rate ceilings, periodic reporting requirements for Special Use Fees will remain in effect. Specifically, upon request by the Council, institutions will provide documentation certifying the date a Special Use Fee was implemented, annual amounts of fee revenue generated to date, uses of fee revenue, the amount of fee revenue or agency bond funds used to finance facilities that support student activities and services, and the number of years the fee will remain in place.

Asset Preservation Fee Exception Policy

During the 2017-18 tuition setting process, campus officials asked if the Council would consider allowing institutions to assess a new student fee, dedicated to supporting expenditures for asset preservation and renovation projects, that would be exempted from tuition and fee caps set annually by the Council. Toward the end of calendar year 2017, staff worked with campus presidents, chief budget officers, and Budget Development Work Group members to draft a proposed exception policy that could be presented to the Council for review and approval.

On February 2, 2018, the Council adopted an Asset Preservation Fee Exception Policy that allowed each institution the option to implement a student fee for asset preservation that would not be considered by staff when assessing compliance with Council approved rate ceilings. Under the new policy, an institution could request, and the Council could approve, a new mandatory fee supporting the renovation or renewal of existing instructional facilities and neither the percent, nor the dollar increase associated with that fee would count toward a rate ceiling established by the Council.

Specifically, an Asset Preservation Fee was defined in the policy as follows:

An asset preservation fee is a mandatory, flat-rate fee that has been approved by an institution's governing board, the revenue from which shall either be expended upon collection on asset preservation and renovation and fit-for-use capital projects or used to pay debt service on agency bonds issued to finance such projects, that support the instructional mission of the institution. Thus, by definition, fee revenue and bond proceeds derived from such fees shall be restricted funds for the purposes of financing asset preservation and renovation projects.

The rationale for this exception stemmed from a desire on the part of stakeholders to address an overwhelming asset preservation and renovation need (\$7.3 billion in 2013) through sizable and sustained investment in existing postsecondary facilities and the realization that this could best be accomplished through a cost-sharing arrangement involving the state, postsecondary institutions, and students and families. The implementation of an optional student fee with revenue dedicated to supporting asset preservation projects was seen as the best way to ensure the ongoing participation of students and families in the cost-sharing approach.

Fees that qualified for an Asset Preservation Fee exemption were for a fixed, recurring amount that could not increase over time. For this reason, during the process of establishing tuition and fee ceilings, Council staff deducts these fees from total tuition and fees before applying a percent increase parameter. This keeps the fees at the same amount each year until they expire. In other words, percent increase parameters adopted by the Council are applied to current-year base rates. Base rates are defined as total tuition and fee charges, minus any Special Use Fees or Asset Preservation Fees previously approved by the Council, and minus an existing agency bond fee at KCTCS (i.e., BuildSmart Investment for Kentucky Competitiveness Fee).

At the time when the exception policy was established, the Council did not expect Asset Preservation Fees that qualified for an exemption under the policy to remain in effect in perpetuity. To be eligible for an exemption, a requesting institution was required to have a plan in place for the eventual elimination of the proposed fee within 25 years of its initial implementation date.

Between June 22, 2018 and April 26, 2019, the Council approved Asset Preservation Fee exception requests for four institutions. Although several institutions have asked about an Asset Preservation Fee exception since 2019, the Council changed its stance on allowing exemptions from rate ceilings. Declining enrollment at most institutions, precipitated by decreasing numbers of high school graduates and falling college participation rates, brought about a renewed focus on affordability and increased transparency in college pricing.

For several years, it has been a common practice for the Council to count all increases in mandatory fees toward tuition and fee rate ceilings and to not allow exceptions from the price caps. For this reason, the Asset Preservation Fee Exception Policy will be terminated beginning in academic year 2025-26.

Although institutions will no longer be able to request exemptions from tuition and fee rate ceilings, periodic reporting requirements for Asset Preservation Fees will remain in effect. Upon request by the Council, institutions will provide documentation certifying the date an Asset Preservation Fee was implemented, annual amounts of fee revenue generated to date, uses of fee revenue, the amount of fee revenue or agency bond

funds used to finance facilities that support the instructional mission, and the number of years the fee will remain in place.

Ongoing Usage

Once an Asset Preservation Fee is approved by the Council, revenue generated from the fee may be used for ongoing asset preservation, renovation and fit-for-use projects with institutional board approval.

Asset preservation, renovation and fit-for-use project(s) financed with asset preservation fee revenue shall comply with all statutory requirements pertaining to the approval of capital projects (KRS 45.750, KRS 45.763, KRS 164.020 (11) (a), KRS 164A.575).

**KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION
FINANCE COMMITTEE**

JANUARY 26, 2026

TOPIC/TITLE:	Proposed Tuition and Fees, Academic year 2026-27 - Kentucky State University
STAFF CONTACTS:	Bill Payne, Vice President, Finance Policy & Programs Adam Blevins, Director, Finance Policy & Programs
TYPE/REQUEST:	<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information

SUMMARY OF ACTION REQUESTED

Staff recommends that the Finance Committee approve and endorse for Council approval the tuition and mandatory fee charges for resident undergraduate and graduate students, nonresident undergraduate and graduate students, and on-line learners for academic year 2026-27 as proposed by Kentucky State University and approved by their governing board.

BACKGROUND INFORMATION

On April 17, 2025, the Council on Postsecondary Education approved tuition and mandatory fee ceilings for academic years 2025-26 and 2026-27. The parameters adopted at that meeting limit increases in annual base rates for resident undergraduate students: (a) to no more than \$675.00 over two years, and no more than \$450.00 in any one year, at the public research universities; (b) to no more than \$630.00 over two years, and no more than \$420.00 in any one year, at the comprehensive universities; and (c) to no more than \$9.00 per credit hour over two years, and no more than \$6.00 per credit hour in any one year, at KCTCS institutions.

Two months later, at the June 13 meeting, the Council approved campus tuition and fee proposals for academic year 2025-26 submitted by Eastern Kentucky University (EKU), Murray State University (MuSU), and Western Kentucky University (WKU). At that same meeting, the Council approved a request to delegate authority to the CPE President to approve tuition and fee proposals submitted by the remaining institutions (i.e., UK, UofL, KSU, MoSU, NKU, and KCTCS), provided the proposed rates complied with Council parameters. Proposals from these institutions were received in late June and early July, reviewed by CPE staff for compliance, and approved by President Thompson. These actions were reported to the Council at the September 12, 2025, meeting.

At the meeting, staff will bring for review and approval a tuition and fee proposal for academic year 2026-27 submitted by Kentucky State University. If authorized, it is anticipated that the committee will endorse the university's proposal for full Council action at the January 30, 2026,

Council meeting. Staff reviewed KSU's proposed tuition and fee charges for every degree level, residency designation, and attendance status and determined that the planned rates comply with Council approved tuition ceilings. The university's Board of Regents approved the proposed rates at their December 5, 2025, meeting.

COUNCIL APPROVED TUITION AND FEE CEILINGS

On April 17, 2025, the Council approved resident undergraduate tuition and mandatory fee ceilings for academic years 2025-26 and 2026-27 that equated to:

- Maximum base rate increases of no more than \$675.⁰⁰ over two years, and no more than \$450.⁰⁰ in any one year, for public research universities;
- Maximum base rate increases of no more than \$630.⁰⁰ over two years, and no more than \$420.⁰⁰ in any one year, for comprehensive universities; and
- Maximum base rate increases of no more than \$9.⁰⁰ per credit hour over two years, and no more than \$6.⁰⁰ per credit hour in any one year, for students attending KCTCS institutions.

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

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

Resident undergraduate tuition ceilings approved by the Council apply to each institution's base rate charge. Base rates are defined as total tuition and fees, minus any Council-approved Special Use Fees or Asset Preservation Fees, 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 rate increase parameters, which keeps the fees at a fixed amount until they expire.

KENTUCKY STATE UNIVERSITY'S PROPOSAL

On November 24, 2025, Kentucky State University officials submitted a tuition and fee proposal for academic year 2026-27 to the Council. They asked CPE staff to review the proposed rates and verify that they satisfied Council parameters. Staff reviewed the university's proposed 2026-27 tuition and fee charges for every degree level, residency designation, and attendance status and determined that the proposed rates complied with Council-approved ceilings. The proposed rates were approved by KSU's governing board at its December 5, 2025, meeting. Campus officials submitted tuition and fee revenue estimates for fiscal years 2025-26 and 2026-27 on January 21, 2026.

Kentucky State University's proposed tuition and fee base rates for academic year 2026-27 by degree level and residency designation are shown in Table 1. As can be seen, between academic years 2025-26 and 2026-27, the university is proposing to increase its annual base-rate charge for resident undergraduate students from \$9,507 to \$9,656, respectively, resulting in an increase of \$149.⁰⁰ or 1.6 percent, and is proposing to increase its base-rate charge for nonresident undergraduates from \$13,848 to \$14,071, an increase of \$223.⁰⁰ or 1.6 percent. Finally, KSU is proposing to keep per-credit-hour rates the same between this year and next (i.e., no increase) for resident and nonresident graduate students.

Upon review, CPE staff determined that the proposed base rate charges for resident and nonresident undergraduate students for 2026-27, and the dollar increases in those rates from the prior year, comply with Council parameters. Specifically, the university's proposed resident undergraduate rate of \$9,656 is below the maximum allowable base rate of \$9,717 that the Council established for KSU in academic year 2026-27, and the proposed \$149.⁰⁰ increase in the resident undergraduate rate satisfies the ceiling that limits the increase in the base rate to no more than \$420.⁰⁰ in any one year at the comprehensive universities.

KSU's proposed 2026-27 resident undergraduate rate also complies with the two-year ceiling that restricts the increase to no more than \$630.⁰⁰ over two years at a comprehensive university. For KSU, the maximum allowable increase over two years was \$630.⁰⁰ or 6.9 percent and the proposed resident undergraduate rate in 2026-27 results in a two-year increase of \$569.⁰⁰ or 6.3 percent. Finally, the university's proposed tuition and fee charge for nonresident students adheres to the Council parameter that requires nonresident undergraduate rates to comply with provisions of an existing Memorandum of Understanding and the parameter that allows institutions to charge graduate and on-line students market competitive rates.

Kentucky State University Proposed Tuition and Fee Base Rates Academic Year 2026-27				Table 1
<u>Rate Category</u>	<u>Current 2025-26 Base Rates</u>	<u>Proposed 2026-27 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$9,507	\$9,656	\$149	1.6%
Nonresident	13,848	14,071	223	1.6%
Graduate				
Resident	\$645.00 pch	\$645.00 pch	\$0.00	0.0%
Nonresident	645.00 pch	645.00 pch	0.00	0.0%
Base rates for KSU do not include an Asset Preservation Fee of \$150. ⁰⁰ per semester, or \$300. ⁰⁰ per year for full-time students.				
pch = per credit hour				

Attachment A contains additional categories of tuition and fee charges, including proposed per-credit-hour rates for part-time resident and nonresident undergraduate students, for part-time

resident and nonresident graduate students, and for online students. Staff recommends approval of these additional rates as proposed by the university. Please note that KSU displays mandatory fees separately in Attachment A, however, Council staff includes these fees (i.e., Activity Fee, Homecoming Fee, Safety and Security Fee, and Technology Fee) in the base rates, which are displayed in Table 1.

KSU officials estimate that their proposed 2026-27 tuition and fee charges for all categories of students (i.e., every academic level, residency designation, and full-time or part-time status) will generate a lesser amount of tuition and fee revenue for the university compared to the revenue generated the previous year. The university's estimate for gross tuition and fee revenue in 2026-27 is about \$20.0 million, which is \$2.7 million less than the estimated tuition and fee revenue for the current year (see Attachment B).

STAFF RECOMMENDATION

Council staff reviewed the tuition and fee proposal for academic year 2026-27 submitted by Kentucky State University and determined that the rates contained therein comply with the resident undergraduate tuition and fee ceiling for a comprehensive university adopted by the Council at the April 17, 2025, meeting. Staff also determined that the university's planned base rate charge for nonresident undergraduate students adheres to provisions of a previously approved Memorandum of Understanding (MOU) between the Council and institution. Finally, proposed base rate charges for graduate and on-line students comply with Council parameters.

Proposed 2026-27 Tuition and Mandatory Fee Charges Kentucky State University

Category	Fall 2026	Spring 2027	Annual 2026-27	Summer 2027	Winter 2026		
<i>Undergraduate</i>							
Resident							
Full-time (12 credit hours)*	4,415.00	4,415.00	8,830	-	-		
Per Credit Hour**	368.00	368.00	736	368.00	368.00		
Nonresident							
Full-time (12 credit hours)*	6,622.50	6,622.50	13,245	-	-		
Per Credit Hour**	552.00	552.00	1,104	552.00	552.00		
Virtual Courses							
Per Credit Hour**	437.00	437.00	874	437.00	437.00		
KYSU Online							
Per Credit Hour**	350.00	350.00	700	350.00	350.00		
Military Rate							
Per Credit Hour**	250.00	250.00	500	250.00	250.00		
<i>Graduate</i>							
Resident/Non-Resident							
Full-time*							
Per Credit Hour**	605.00	605.00	1,210	605.00	605.00		
Virtual Courses							
Per Credit Hour**	605.00	605.00	1,210	605.00	605.00		
KYSU Online							
Per Credit Hour**	475.00	475.00	950	475.00	475.00		
Military Rate							
Per Credit Hour**	275.00	275.00	550	275.00	275.00	Fee that is part of base rate:	Fee that is NOT base rate:
* Full-time undergraduate and graduate tuition rates do not include the following: \$175 per semester mandatory Activities Fee. \$156 per semester mandatory Technology Fee. \$52 per semester mandatory Safety & Security Fee. \$150 per semester mandatory Asset Preservation Fee. \$60 mandatory Fall semester homecoming fee							X
** 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.							
*** Virtual Courses are designed for traditional students and can be taken on a part-time basis. KYSU Online is the university's fully-online distance education program, accessible to students worldwide.							

ATTACHMENT B**Estimated 2026-27 Gross Tuition and Mandatory Fee Revenue
Kentucky State University**

<i>Category</i>	Estimated 2025-26	Estimated 2026-27
<i>Undergraduate</i>		
Resident	\$ 3,808,878	\$ 4,260,000
Nonresident	8,801,995	9,060,000
Online	6,500,000	2,500,000
<i>Graduate</i>		
Resident	153,912	276,000
Nonresident	922,306	1,200,000
Online	1,536,980	1,387,000
<i>Summer</i>	910,442	1,300,000
Total	\$ 22,634,513	\$ 19,983,000

TOPIC/TITLE:	Interim Capital Project – Murray State University
STAFF CONTACTS:	Greg Rush, Assistant Vice President, Finance Policy & Programs Adam Blevins, Director, Finance Policy & Programs
TYPE/REQUEST:	<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information

SUMMARY OF ACTION REQUESTED

Staff recommends the Finance Committee approve and endorse for Council approval the interim capital project proposed by Murray State University (MuSU) to replace the Susan E. Bauernfeind Wellness Center Pool HVAC Unit and Building Automation Systems (BAS) Controls. The total project scope is \$2,200,000. Relevant documentation, including certification of Board approval, the endorsement of the president, and a supplemental photo, is included in Attachments A-C.

APPLICABLE STATUTE(S), REGULATION(S), CPE POLICIES

- KRS 45.760
- KRS 164A.575
- KRS 45.763

House Bill 592 (18RS) created a new provision in KRS 164A.575, which allows public postsecondary institutions to authorize capital projects not specifically listed in the state budget as long as: (1) the projects are funded with non-general fund appropriations; (2) do not jeopardize funding for existing programs; and (3) are reported by the institution to the Capital Projects and Bond Oversight Committee. The relevant section of KRS 164A.575 is provided below:

- “(15) Notwithstanding KRS 45.760, the governing board may authorize a capital construction project or a major item of equipment even though it is not specifically listed in any branch budget bill, subject to the following conditions and procedures:
- (a) The full cost shall be funded solely by non-general fund appropriations;
 - (b) Moneys specifically budgeted and appropriated by the General Assembly for another purpose shall not be allotted or re-allotted for expenditure on the project or major item of equipment. Moneys utilized shall not jeopardize any

- existing program and shall not require the use of any current general funds specifically dedicated to existing programs; and
- (c) The institution's president, or designee, shall submit the project or major item of equipment to the Capital Projects and Bond Oversight Committee for review as provided by KRS 45.800."

SUPPORTING INFORMATION

MuSU staff is requesting authorization for an interim capital project to replace the Susan E. Bauernfeind Wellness Center Pool HVAC Unit and Building Automation Systems (BAS) Controls. The rooftop units sit in a recessed area, which restricts airflow and makes it difficult for the units to operate. The roof surface temperature in the recessed roof area has been recorded at 117 degrees. Unit #5, which serves the natatorium area, has been an issue since the building opened. During peak temperatures, the unit cannot stay operational without additional attention to the condensers. The project would relocate unit #5 from the recessed area to an adjacent roof area. There is currently little temperature and humidity control in the building due to the outdated building automation system (BAS). The project will replace all BAS controls.

The Board of Regents, at its meeting on December 12, 2025, approved a change in the funding source to University Deferred Maintenance funds with an increase of \$200,000 for a total project scope of \$2,200,000.

During the interim, the agencies involved and the approval process for a capital project that exceeds \$1,000,000 is as follows:

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

Because this project was not previously approved by the Council and it was not authorized by the General Assembly in the enacted 2024-2026 budget (RS 24, HB 6), Council approval is now required to authorize this project.

MuSU will use institutional funds to finance this project. The project will not use any general funds, or any funds appropriated for another purpose. Debt will not be used to finance any portion of this project; therefore, provisions of KRS 45.763 do not apply.

NEXT STEPS

Following action by the Council, CPE staff will notify the president of MuSU, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee regarding this interim capital project.



MURRAY STATE UNIVERSITY

Office of the President

January 14, 2026

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

Dear President Thompson:

In accordance with provisions of Kentucky Revised Statute (KRS) 164A.575(15), Murray State University is seeking interim authorization from the Council on Postsecondary Education (CPE) Finance Committee and Board to replace the Susan E. Bauernfeind Wellness Center Pool HVAC Unit and Building Automation Systems (BAS) controls. The total budget is \$2,200,000.

The Susan E. Bauernfeind Wellness Center was constructed in 2004. The 83,071 square foot building consists of offices, exercise space, locker rooms, and a lounge. The Center has three full-size basketball courts, two racquetball courts, a walking track, exercise machines, training space, two aerobic studios, a five-lane lap pool, leisure pool, whirlpool, vortex, and a water bench. The Center is primarily used by students, but faculty, staff, alumni, and retirees can also purchase memberships.

The rooftop units sit in a recessed area, which restricts airflow and makes it difficult for the units to operate. The roof surface temperature in the recessed roof area has been recorded at 117 degrees. Unit #5 that serves the natatorium area has been an issue since the building opened. During peak temperatures, the unit cannot stay operational without additional attention to the condensers. The project would relocate unit #5 from the recessed area to an adjacent roof area. There is currently very little temperature and humidity controls in the building due to the outdated building BAS controls. The project will replace all BAS controls. The Board of Regents at its Quarterly Meeting on December 12, 2025, approved a change in the funding source to University Deferred Maintenance funds with an increase of \$200,000 for a total project of \$2,200,000.

We are requesting that this interim project be presented to the CPE Finance Committee on January 26, 2026, and subsequently to the Council Board for approval at its January 30, 2026, meeting. After receiving full approval by the Council on Postsecondary Education, we will forward the project request to the Capital Projects and Bond Oversight Committee. This project will not use any current General funds or any funds appropriated for another purpose.

If you have any questions or need any additional information, please feel free to contact me.

Sincerely,

Ron K. Patterson, Ed.D.
President

Attachments

cc: Wendy Cain – Murray State University
Bill Payne – Council on Postsecondary Education
Carla Wright – Office of the State Budget Director

We are Racers.

murraystate.edu

This is to certify that this is an accurate representation of the action taken by the MSU Board of Regents on December 12, 2025. The Minutes will be forwarded upon approval by the Board at its February 27, 2026 meeting.


Jill Hunt, Secretary

Murray State University Board of Regents

BOARD OF REGENTS: 12.12.25

Agenda Item: 8.F.1.

TOPIC: Finance Committee – Projects*

STAFF CONTACT: Wendy Cain – Assistant Vice President – Finance and Treasurer to the Board of Regents

BACKGROUND:

Delegation of Authority Item #20 states that “...Prior to moving forward, all projects, including price contracts related to capital projects, costing over \$500,000 and up to the threshold denoted by Kentucky statute should be reviewed by the Board Chair and the President and a *determination made in terms of those projects requiring further Board approval.*”

Attached is the schedule listing new projects or projects with a total estimated cost of over \$500,000.

RECOMMENDATION:

That the Board of Regents, upon the recommendation of the President of the University, approve the projects outlined on the attached listing.

RECOMMEND APPROVAL: Ron K. Patterson, President

COMMITTEE ACTION: Approved, Finance Committee.

BOARD ACTION: Approved.

Quarterly Board of Regents Meeting and Committee Meetings - Finance Committee Agenda

**Murray State University
Projects > \$500,000 Approval
Per Delegation of Authority Item 20**

Prepared for the December 12, 2025 Board of Regents Meeting

Facility/Area	Scope	Estimated Start Date	Estimated End Date	Previous Funding Approved	New Funding Requested	Total Current Scope	
Restricted Funding (Bond Issuance)							
CFSB Center	Lower bowl seating and club space	12/2024	11/2026	\$ 2,000,000	\$ 13,000,000	\$ 15,000,000	(e)
Restricted Funding:							
Reagan Baseball Field	Clubhouse	6/2026	12/2027	\$ -	\$ 3,000,000.00	\$ 3,000,000.00	
Reagan Baseball Field	Infield artificial turf installation	12/2025	03/2026	\$ -	\$ 810,000	\$ 810,000	
Departmental Funding:							
Stewart Stadium	Misc. Athletics Renovations	6/2026	12/2027	\$ -	\$ 595,000.00	\$ 595,000.00	
Wellness Center	Refresh of Building and Equipment	6/2026	12/2027	\$ -	\$ 615,000.00	\$ 615,000.00	
2013 Series A Bonds:							
Hester Hall	Replacement of aquatherm water mains, branches and valves	05/2025	08/2027	\$ -	\$ 1,608,000	\$ 1,608,000	
CERR Funds:							
Wilson Hall	Replacement of roof decking and flat roof	05/2025	08/2025	\$ -	\$ 645,000	\$ 645,000	
Other Funding (Plant Deferred Maintenance):							
Bauernfeind Wellness Center	Pool HVAC unit replacement and BAS upgrades	02/2026	03/2027	\$ -	\$ 2,200,000	\$ 2,200,000	(a)
2024-2026 State Asset Preservation Funding (No Match):							
Mason Hall	Renovations for SoNHP, additional funding to include the Dental Hygiene program space	12/2023	01/2028	\$ 9,000,000	\$ 4,000,000	\$ 13,000,000	(b)(c)(d)

(a) This project was previously approved by the Board in September 2024 for \$2,000,000 from State Asset Preservation funding (no match). The funding source is being changed to Plant Deferred Maintenance funds and with an increase of \$200,000 due to inflation increases.

(b) This project was previously approved by the Board in December 2024 for \$9,000,000 from State Asset Preservation funding (no match).

(c) \$2.5M E&G Building, Elevator Upgrades was previously approved by the Board in March 2025. These funds are being reallocated to Mason Hall

(d) \$2M from the previously allocated Wellness Center project, approved by the board September 2024, is being reallocated to Mason Hall

(e) This project was previously approved by the Board in December 2024 for \$2,000,000 from private donor funds, we are increasing the scope of the project which includes the cost of bond issuance.



Funding source for this project is being changed to Plant Deferred Maintenance funds.



TOPIC/TITLE:	Area Technology Center Employee Waiver Policy
STAFF CONTACTS:	Adam Blevins, Director, Finance Policy & Programs Brent Floyd, Senior Associate, Finance Policy and Programs
TYPE/REQUEST:	<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information

SUMMARY OF ACTION REQUESTED

Staff recommends the Finance Committee approve and endorse for Council approval the proposed Area Technology Center Employee Tuition Waiver Program to better align with KRS 164.020(32).

SUPPORTING INFORMATION

Prior to the 2018 Regular Session of the General Assembly, KRS 164.020(33) provided that the Council on Postsecondary Education shall:

“Develop a statewide policy to promote employee and faculty development in all postsecondary institutions and in state and locally operated secondary area technology centers through the waiver of tuition for college credit coursework in the public postsecondary education system. Any regular full-time employee of a postsecondary public institution or a state or locally operated secondary area technology center may, with prior administrative approval of the course offering institution, take a maximum of six (6) credit hours per term at any public postsecondary institution. The institution shall waive the tuition up to a maximum of six (6) credit hours per term.”

During the 2018 Regular Session, the language was amended (Attachment A) to remove faculty and staff from all public postsecondary institutions from the waiver program, and to include language requiring participants to complete the Free Application for Federal Aid (FAFSA). The revised language, now included in KRS 164.020(32), requires that the Council:

“Develop a statewide policy to promote employee and faculty development in state and locally operated secondary area technology centers through the waiver of tuition for college credit coursework in the public postsecondary education

system. Any regular full-time employee of a state or locally operated secondary area technology center may, with prior administrative approval of the course offering institution, take a maximum of six (6) credit hours per term at any public postsecondary institution. The institution shall waive the tuition up to a maximum of six (6) credit hours per term.”

The statute also stipulates that employees participating in the waiver program must:

“...complete the Free Application for Federal Student Aid to determine the level of need and eligibility for state and federal financial aid programs. The amount of tuition waived shall not exceed the cost of tuition at the institution less any state or federal grants received, which shall be credited first to the student's tuition.”

The Council has had a tuition waiver policy for the faculty and staff tuition waiver program since 2000 (Attachment B), which identifies the tuition waiver program as the “Faculty and Staff Tuition Waiver Program.” The current policy does not reflect the revised statute codified in KRS 164.020(32).

PROPOSED REVISIONS

To comply with the revised language of KRS 164.020(32), CPE staff propose a revised set of guidelines to align institutional practice, Council policy, and statutory requirements (Attachment C). Proposed changes to the waiver policy include:

- revising language throughout the document to improve clarity and readability;
- renaming the policy from the “Faculty and Staff Tuition Waiver Program” to the “Area Technology Center Employee Tuition Waiver Program”;
- replacing statutory language on the first page to reflect the revised statute;
- striking the “Definitions” section to address redundant language throughout the document;
- Revising items 1, 4, 7, 9, and 11 in the “General Requirements” section to reflect statutory changes;
- Removing item 12 in the “General Requirements” section to better align with the revised statute;
- Revising items 1 and 3 in the “Eligibility Criteria” section to refine language specifying that only area and technology center employees are eligible.

Kentucky-grown agricultural products are purchased, the products shall be purchased in accordance with KRS 45A.645. Only contracts entered into or renewed after July 15, 2008, shall be required to comply with the provisions of this subsection.

- (c) All governing boards that purchase Kentucky-grown agricultural products shall, on or before January 1 of each year, provide a report to the Legislative Research Commission and to the Department of Agriculture describing the types, quantities, and costs of each product purchased. The report shall be completed on a form provided by the department.
- (15) *Notwithstanding KRS 45.760, the governing board may authorize a capital construction project or a major item of equipment even though it is not specifically listed in any branch budget bill, subject to the following conditions and procedures:*
 - (a) *The full cost shall be funded solely by non-general fund appropriations;*
 - (b) *Moneys specifically budgeted and appropriated by the General Assembly for another purpose shall not be allotted or reallocated for expenditure on the project or major item of equipment. Moneys utilized shall not jeopardize any existing program and shall not require the use of any current general funds specifically dedicated to existing programs; and*
 - (c) *The institution's president, or designee, shall submit the project or major item of equipment to the Capital Projects and Bond Oversight Committee for review as provided by KRS 45.800.*
- ~~(16)(14)~~ Governing boards shall apply the reciprocal resident bidder preference described in KRS 45A.494 prior to the award of any contract.
- ~~(17)(15)~~ Governing boards may authorize the use of reverse auctions as defined in KRS 45A.070 for the procurement of goods and leases.
- (18) (a) *Notwithstanding KRS 56.070, the governing board may obtain private insurance to cover any state property in the institution's possession against loss by fire and other hazards. The level of private insurance coverage shall be commensurate with or greater than the insurance coverage provided through the state fire and tornado insurance fund. An institution whose governing board elects to obtain private insurance shall notify the secretary of the Finance and Administration Cabinet at least six (6) months before terminating the institution's insurance coverage through the state fire and tornado insurance fund.*
- (b) *No later than January 1 of each year, an institution whose governing board elects to obtain private insurance instead of insurance coverage provided through the state fire and tornado insurance fund shall certify, in writing, to the secretary of the Finance and Administration Cabinet that the property is insured in accordance with paragraph (a) of this subsection and shall attach a copy of the private insurance policy.*

➔Section 4. KRS 164.020 is amended to read as follows:

The Council on Postsecondary Education in Kentucky shall:

- (1) Develop and implement the strategic agenda with the advice and counsel of the Strategic Committee on Postsecondary Education. The council shall provide for and direct the planning process and subsequent strategic implementation plans based on the strategic agenda as provided in KRS 164.0203;
- (2) Revise the strategic agenda and strategic implementation plan with the advice and counsel of the committee as set forth in KRS 164.004;
- (3) Develop a system of public accountability related to the strategic agenda by evaluating the performance and effectiveness of the state's postsecondary system. The council shall prepare a report in conjunction with the accountability reporting described in KRS 164.095, which shall be submitted to the committee, the Governor, and the General Assembly by December 1 annually. This report shall include a description of contributions by postsecondary institutions to the quality of elementary and secondary education in the Commonwealth;
- (4) Review, revise, and approve the missions of the state's universities and the Kentucky Community and Technical College System. The Council on Postsecondary Education shall have the final authority to determine the compliance of postsecondary institutions with their academic, service, and research missions;
- (5) Establish and ensure that all postsecondary institutions in Kentucky cooperatively provide for an integrated system of postsecondary education. The council shall guard against inappropriate and unnecessary conflict and duplication by promoting transferability of credits and easy access of information among institutions;

1730

ACTS OF THE GENERAL ASSEMBLY

- (6) Engage in analyses and research to determine the overall needs of postsecondary education and adult education in the Commonwealth;
- (7) Develop plans that may be required by federal legislation. The council shall for all purposes of federal legislation relating to planning be considered the "single state agency" as that term may be used in federal legislation. When federal legislation requires additional representation on any "single state agency," the Council on Postsecondary Education shall establish advisory groups necessary to satisfy federal legislative or regulatory guidelines;
- (8) Determine tuition and approve the minimum qualifications for admission to the state postsecondary educational system. In defining residency, the council shall classify a student as having Kentucky residency if the student met the residency requirements at the beginning of his or her last year in high school and enters a Kentucky postsecondary education institution within two (2) years of high school graduation. In determining the tuition for non-Kentucky residents, the council shall consider the fees required of Kentucky students by institutions in adjoining states, the resident fees charged by other states, the total actual per student cost of training in the institutions for which the fees are being determined, and the ratios of Kentucky students to non-Kentucky students comprising the enrollments of the respective institutions, and other factors the council may in its sole discretion deem pertinent;
- (9) Devise, establish, and periodically review and revise policies to be used in making recommendations to the Governor for consideration in developing recommendations to the General Assembly for appropriations to the universities, the Kentucky Community and Technical College System, and to support strategies for persons to maintain necessary levels of literacy throughout their lifetimes including but not limited to appropriations to the Kentucky Adult Education Program. The council has sole discretion, with advice of the Strategic Committee on Postsecondary Education and the executive officers of the postsecondary education system, to devise policies that provide for allocation of funds among the universities and the Kentucky Community and Technical College System;
- (10) Lead and provide staff support for the biennial budget process as provided under KRS Chapter 48, in cooperation with the committee;
- (11)
 - (a) Except as provided in paragraph (b) of this subsection, review and approve all capital construction projects covered by KRS 45.750(1)(f), including real property acquisitions, and regardless of the source of funding for projects or acquisitions. Approval of capital projects and real property acquisitions shall be on a basis consistent with the strategic agenda and the mission of the respective universities and the Kentucky Community and Technical College System.
 - (b) The organized groups that are establishing community college satellites as branches of existing community colleges in the counties of Laurel, Leslie, and Muhlenberg, and that have substantially obtained cash, pledges, real property, or other commitments to build the satellite at no cost to the Commonwealth, other than operating costs that shall be paid as part of the operating budget of the main community college of which the satellite is a branch, are authorized to begin construction of the satellite on or after January 1, 1998;
- (12) Require reports from the executive officer of each institution it deems necessary for the effectual performance of its duties;
- (13) Ensure that the state postsecondary system does not unnecessarily duplicate services and programs provided by private postsecondary institutions and shall promote maximum cooperation between the state postsecondary system and private postsecondary institutions. Receive and consider an annual report prepared by the Association of Independent Kentucky Colleges and Universities stating the condition of independent institutions, listing opportunities for more collaboration between the state and independent institutions and other information as appropriate;
- (14) Establish course credit, transfer, and degree components as required in KRS 164.2951;
- (15) Define and approve the offering of all postsecondary education technical, associate, baccalaureate, graduate, and professional degree, certificate, or diploma programs in the public postsecondary education institutions. The council shall expedite wherever possible the approval of requests from the Kentucky Community and Technical College System board of regents relating to new certificate, diploma, technical, or associate degree programs of a vocational-technical and occupational nature. Without the consent of the General Assembly, the council shall not abolish or limit the total enrollment of the general program offered at any community college to meet the goal of reasonable access throughout the Commonwealth to a two (2) year course of general studies designed for transfer to a baccalaureate program. This does not restrict or limit the authority of the

council, as set forth in this section, to eliminate or make changes in individual programs within that general program;

- (16) Eliminate, in its discretion, existing programs or make any changes in existing academic programs at the state's postsecondary educational institutions, taking into consideration these criteria:
 - (a) Consistency with the institution's mission and the strategic agenda;
 - (b) Alignment with the priorities in the strategic implementation plan for achieving the strategic agenda;
 - (c) Elimination of unnecessary duplication of programs within and among institutions; and
 - (d) Efforts to create cooperative programs with other institutions through traditional means, or by use of distance learning technology and electronic resources, to achieve effective and efficient program delivery;
- (17) Ensure the governing board and faculty of all postsecondary education institutions are committed to providing instruction free of discrimination against students who hold political views and opinions contrary to those of the governing board and faculty;
- (18) Review proposals and make recommendations to the Governor regarding the establishment of new public community colleges, technical institutions, and new four (4) year colleges;
- (19) Postpone the approval of any new program at a state postsecondary educational institution, unless the institution has met its equal educational opportunity goals, as established by the council. In accordance with administrative regulations promulgated by the council, those institutions not meeting the goals shall be able to obtain a temporary waiver, if the institution has made substantial progress toward meeting its equal educational opportunity goals;
- (20) Ensure the coordination, transferability, and connectivity of technology among postsecondary institutions in the Commonwealth including the development and implementation of a technology plan as a component of the strategic agenda;
- (21) Approve the teacher education programs in the public institutions that comply with standards established by the Education Professional Standards Board pursuant to KRS 161.028;
- (22) Constitute the representative agency of the Commonwealth in all matters of postsecondary education of a general and statewide nature which are not otherwise delegated to one (1) or more institutions of postsecondary learning. The responsibility may be exercised through appropriate contractual relationships with individuals or agencies located within or without the Commonwealth. The authority includes but is not limited to contractual arrangements for programs of research, specialized training, and cultural enrichment;
- (23) Maintain procedures for the approval of a designated receiver to provide for the maintenance of student records of the public institutions of higher education and the colleges as defined in KRS 164.945, and institutions operating pursuant to KRS 165A.310 which offer collegiate level courses for academic credit, which cease to operate. Procedures shall include assurances that, upon proper request, subject to federal and state laws and regulations, copies of student records shall be made available within a reasonable length of time for a minimum fee;
- (24) Monitor and transmit a report on compliance with KRS 164.351 to the director of the Legislative Research Commission for distribution to the Health and Welfare Committee;
- (25) (a) Develop in cooperation with each public university and the Kentucky Community and Technical College System a comprehensive orientation and education program for new members of the council and the governing boards and continuing education opportunities for all council and board members. For new members of the council and institutional governing boards, the council shall:
 1. Ensure that the orientation and education program comprises six (6) hours of instruction time and includes but is not limited to information concerning the roles of the council and governing board members, the strategic agenda and the strategic implementation plan, and the respective institution's mission, budget and finances, strategic plans and priorities, institutional policies and procedures, board fiduciary responsibilities, legal considerations including open records and open meetings requirements, ethical considerations arising from board membership, and the board member removal and replacement provisions of KRS 63.080;
 2. Establish delivery methods by which the orientation and education program can be completed in person or electronically by new members within one (1) year of their appointment or election;

3. Provide an annual report to the Governor and Legislative Research Commission of those new board members who do not complete the required orientation and education program; and
4. Invite governing board members of private colleges and universities licensed by the Council on Postsecondary Education to participate in the orientation and education program described in this subsection;
- (b) Offer, in cooperation with the public universities and the Kentucky Community and Technical College System, continuing education opportunities for all council and governing board members; and
- (c) Review and approve the orientation programs of each public university and the Kentucky Community and Technical College System for their governing board members to ensure that all programs and information adhere to this subsection;
- (26) Develop a financial reporting procedure to be used by all state postsecondary education institutions to ensure uniformity of financial information available to state agencies and the public;
- (27) Select and appoint a president of the council under KRS 164.013;
- (28) Employ consultants and other persons and employees as may be required for the council's operations, functions, and responsibilities;
- (29) Promulgate administrative regulations, in accordance with KRS Chapter 13A, governing its powers, duties, and responsibilities as described in this section;
- (30) Prepare and present by January 31 of each year an annual status report on postsecondary education in the Commonwealth to the Governor, the Strategic Committee on Postsecondary Education, and the Legislative Research Commission;
- (31) Consider the role, function, and capacity of independent institutions of postsecondary education in developing policies to meet the immediate and future needs of the state. When it is found that independent institutions can meet state needs effectively, state resources may be used to contract with or otherwise assist independent institutions in meeting these needs;
- (32) Create advisory groups representing the presidents, faculty, nonteaching staff, and students of the public postsecondary education system and the independent colleges and universities;
- (33) Develop a statewide policy to promote employee and faculty development ~~in all postsecondary institutions and in state and locally operated secondary area technology centers through the waiver of tuition for college credit coursework in the public postsecondary education system.~~ Any regular full-time employee of ~~a postsecondary public institution or a~~ state or locally operated secondary area technology center may, with prior administrative approval of the course offering institution, take a maximum of six (6) credit hours per term at any public postsecondary institution. The institution shall waive the tuition up to a maximum of six (6) credit hours per term. ***The employee shall complete the Free Application for Federal Student Aid to determine the level of need and eligibility for state and federal financial aid programs. The amount of tuition waived shall not exceed the cost of tuition at the institution less any state or federal grants received, which shall be credited first to the student's tuition;***
- (34) Establish a statewide mission for adult education and develop a twenty (20) year strategy, in partnership with the Kentucky Adult Education Program, under the provisions of KRS 164.0203 for raising the knowledge and skills of the state's adult population. The council shall:
 - (a) Promote coordination of programs and responsibilities linked to the issue of adult education with the Kentucky Adult Education Program and with other agencies and institutions;
 - (b) Facilitate the development of strategies to increase the knowledge and skills of adults in all counties by promoting the efficient and effective coordination of all available education and training resources;
 - (c) Lead a statewide public information and marketing campaign to convey the critical nature of Kentucky's adult literacy challenge and to reach adults and employers with practical information about available education and training opportunities;
 - (d) Establish standards for adult literacy and monitor progress in achieving the state's adult literacy goals, including existing standards that may have been developed to meet requirements of federal law in conjunction with the Collaborative Center for Literacy Development: Early Childhood through Adulthood; and

CHAPTER 200

1733

- (e) Administer the adult education and literacy initiative fund created under KRS 164.041;
- (35) Participate with the Kentucky Department of Education, the Kentucky Board of Education, and postsecondary education institutions to ensure that academic content requirements for successful entry into postsecondary education programs are aligned with high school content standards and that students who master the high school academic content standards shall not need remedial courses. The council shall monitor the results on an ongoing basis;
- (36) Cooperate with the Kentucky Department of Education and the Education Professional Standards Board in providing information sessions to selected postsecondary education content faculty and teacher educators of the high school academic content standards as required under KRS 158.6453(2)(1);
- (37) Cooperate with the Office for Education and Workforce Statistics and ensure the participation of the public institutions as required in KRS 151B.133;
- (38) Pursuant to KRS 63.080, review written notices from the Governor or from a board of trustees or board of regents concerning removal of a board member or the entire appointed membership of a board, investigate the member or board and the conduct alleged to support removal, and make written recommendations to the Governor and the Legislative Research Commission as to whether the member or board should be removed; and
- (39) Exercise any other powers, duties, and responsibilities necessary to carry out the purposes of this chapter. Nothing in this chapter shall be construed to grant the Council on Postsecondary Education authority to disestablish or eliminate any college of law which became a part of the state system of higher education through merger with a state college.

➔Section 5. Whereas the state and federal background checks authorized in this Act are vital for ensuring ongoing federal education funding compliance, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor April 26, 2018.

CHAPTER 201

(SB 200)

AN ACT relating to the Kentucky Communications Network Authority, making an appropriation therefor, and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 154.15-020 is amended to read as follows:

- (1) The Kentucky Communications Network Authority is established and shall be attached to the Office of the Governor. The authority shall be headed by an executive director who shall be hired by the board and approved by the Governor.
- (2) Notwithstanding KRS 42.726, the duties of the authority shall be to:
 - (a) Oversee and maintain KentuckyWired, the Commonwealth's open-access broadband network;
 - (b) Manage the master agreement establishing the public-private partnership between the Commonwealth and its private industry partner or partners. The purpose of the agreement is to design, engineer, build, operate, maintain, and upgrade the network;
 - (c) Provide network connectivity to public agencies;
 - (d) Offer access to entities eligible to utilize excess capacity on the network;
 - (e) Manage other aspects of the network and its utilization through the executive director and with oversight and input from the board established in KRS 154.15-030 and the advisory group established in this section;



Tuition Waivers

Faculty & Staff Tuition Waiver Program Policy (5/22/00)

Unit/Department: Finance & Tuition

CPE Contact

Bill Payne, Vice President

Email: bill.payne@ky.gov

Adopted: May 22, 2000**2:51: FACULTY AND STAFF TUITION WAIVER PROGRAM POLICY****I. Statement of Purpose**

The 1997 First Extraordinary Session of the General Assembly resulted in the creation of a faculty and staff tuition waiver program [KRS 164.020(32)] with the express purpose of promoting employee and faculty development. Specific responsibility was granted to the Council on Postsecondary Education to develop and implement this program. Consistent with stated legislative purpose, this policy sets out the parameters of this program, which is intended to enhance the professional development opportunities of the faculty and staff of the public postsecondary institutions and of state or locally operated secondary area technology centers.

II. Statutory Authority

KRS 164.020(32) provides that the Council on Postsecondary Education shall:

(32)Develop a statewide policy to promote employee and faculty development in all postsecondary institutions and in state and locally operated secondary area technology centers through the waiver of tuition for college credit coursework in the public postsecondary education system. Any regular full-time employee of a postsecondary public institution or a state or locally operated secondary area technology center may, with prior administrative approval of the course offering institution, take a maximum of six (6) credit hours per term at any public postsecondary institution. The institution shall waive the tuition up to a maximum of six (6) credit hours per term; . . .

Additional requirements for employees of the Kentucky Community and Technical College System are stated in KRS 164.5807:

(6) A regular full-time employee may, with prior administrative approval, take one (1) course per semester or combination of summer sessions on the University of Kentucky's campus or at a community college during the employee's normal working hours. The University of Kentucky shall defray the registration fee up to a maximum of six (6) credit hours per semester or combination of summer sessions.

Section A. Definitions

1. "Course-offering institution" means the institution where an employee has enrolled to take a college credit course under the provisions of this policy.

2. “Employing institution” means the institution or a state or locally operated secondary area technology center where an employee seeking a benefit under this policy works on a full-time basis.
3. “Institution” means a state-supported postsecondary institution as described in KRS 164.001(10).
4. “Regular full-time employee” or “employee” means an employee so classified by an employing institution or area technology center within the human resources system of that institution or area technology center.-
5. “Summer term” or “summer session” means the period in the academic calendar between the spring and the fall semester.
6. “Technology Center” means a state operated secondary area technology center as defined in KRS 151B.110 or a locally operated secondary area technology center.

Section B: General Requirements

1. The program is to be titled the Faculty and Staff Tuition Waiver Program.
2. The Faculty and Staff Tuition Waiver Program applies to the waiver of tuition and does not include mandatory student fees, course and other fees, textbooks or other charges assessed by a course-offering institution.
3. The Council on Postsecondary Education requires that all tuition waived under this program be:
 - a. recorded consistent with residency requirements; and
 - b. recorded in the financial accounting system of the course-offering institution consistent with financial reporting guidelines of the Council
4. A student participating in the Faculty and Staff Tuition Waiver Program shall be separately identified in the course offering institution’s student database consistent with Council guidelines.
5. The Faculty and Staff Tuition Waiver Program applies to all courses offered for college credit not specifically excluded by this policy.
6. A course-offering institution may, through a written policy, exclude non-credit continuing or community education courses, courses offered through overseas programs, correspondence courses, and audited courses.
7. Participation in the Faculty and Staff Tuition Waiver Program may generate additional taxable income under the provisions of the federal tax code for graduate, professional and

doctoral level programs.

- a. The course-offering institution shall provide a report to the chief personnel officer of each employing institution or technology center on all employees participating in the Faculty and Staff Tuition Waiver Program. The report shall designate the course number and whether the course is undergraduate, graduate, doctoral or professional.
 - b. The employing institution is responsible for withholding proper taxes and for reporting taxable income regardless of where the course is taken.
 - c. Any tax liability incurred through participation in this program is the responsibility of the participating employee.
8. This policy confers a financial benefit to regular, full-time employees and is not intended to guarantee access or preferential treatment to any academic course or program.
 9. An employee eligible to participate in this program may take courses during normal working hours with written permission of the employing institution.
 10. An institution is not required to offer a course during an academic term unless there are a sufficient number of tuition-paying students taking the course. An institution may restrict enrollment in a course if space is not available.
 11. An institution or technology center may offer additional benefits to its own employees or to employees of other postsecondary institutions that exceed the benefits of this policy.
 12. Credit hours earned under the state policy are not assignable; however, an employing institution that wishes to allow its employees to assign credit hours to third parties may do so, either by having the employee sign a waiver of the state policy in favor of the institutional policy or by the institution granting credit hours in excess of those provided by the state.

Section C: Eligibility Criteria

1. An employee, to be eligible for participation in the Faculty and Staff Tuition Waiver Program, must be classified by the employing institution or technology center as a regular full-time employee. Certification of employment shall be provided by the employing institution or technology center for each academic term in which the employee seeks to participate in the program.
2. If employment is terminated prior to the first day of classes, an approved tuition waiver will be cancelled.
3. An employee is not eligible to receive a tuition waiver under this program in excess of six credit hours per academic term from an institution or combination of institutions.

4. Employees must meet the course-offering institution's:
 - a. general admission requirements; and
 - b. any specific program requirements.
5. A course-offering institution may require that a student achieve a minimum grade level, not to exceed a 2.0 on a 4.0 grade scale, in order to continue to be eligible to participate in the Faculty and Staff Tuition Waiver Program in subsequent academic terms.

Certification:

Gordon K. Davies, President

Previous Actions:

November 3, 1997

Original Approval:

August 8, 1997



Area Technology Center Employee Tuition Waiver Program

Proposed for Approval by Council: January 30, 2026

With Effective Date of January 30, 2026

Background and Statement of Purpose

The 1997 First Extraordinary Session of the General Assembly resulted in the creation of a faculty and staff tuition waiver program [KRS 164.020(33)] with the express purpose of promoting employee and faculty development. Specific responsibility was granted to the Council on Postsecondary Education to develop and implement this program.

The initial legislation provided tuition waivers for faculty and staff at postsecondary institutions and area technology centers. During the 2018 Regular Session, the statute was amended to remove tuition waivers for postsecondary institution faculty and staff, but retained tuition waivers for area technology center employees. Additionally, the revised policy stipulates that waiver program participants must complete the Free Application for Federal Student Aid (FAFSA). The revised policy below reflects changes required by the amended statute.

Statutory Authority

KRS 164.020(32) provides that the Council on Postsecondary Education shall:

“Develop a statewide policy to promote employee and faculty development in state and locally operated secondary area technology centers through the waiver of tuition for college credit coursework in the public postsecondary education system. Any regular full-time employee of a state or locally operated secondary area technology center may, with prior administrative approval of the course offering institution, take a maximum of six (6) credit hours per term at any public postsecondary institution. The institution shall waive the tuition up to a maximum of six (6) credit hours per term.”

The statute also stipulates that employees participating in the waiver program must:

“...complete the Free Application for Federal Student Aid to determine the level of need and eligibility for state and federal financial aid programs. The amount of tuition waived shall not exceed the cost of tuition at the institution less any state or federal grants received, which shall be credited first to the student's tuition.”

General Requirements

1. The program shall be named the Area Technology Center Employee Tuition Waiver Program, hereafter referred to as the “tuition waiver program.”
2. The tuition waiver program only provides for the waiver of tuition. It does not apply to fees, including mandatory student fees, course and program fees, housing or dining fees, or any other student charges assessed by a course-offering institution.

3. The public postsecondary institutions that provide tuition waivers under this program shall report annually to the Council the number of area technology center employees who receive a waiver, the number of credit hours waived, and the dollar value of those waivers.
4. An area technology center employee participating in the tuition waiver program shall be identified in the institution's student records consistent with the Council's database reporting guidelines.
5. The tuition waiver program applies to all courses offered for college credit that are not specifically excluded by this policy.
6. Through written policy, a course-offering institution may exclude non-credit continuing education or community education courses, courses offered through overseas programs, correspondence courses, and audited courses.
7. Participation in the Area Technology Center Employee Tuition Waiver Program may generate additional taxable income under the provisions of the federal tax code for graduate, professional, and doctoral level programs.
 - a. The course-offering institution shall provide a report to personnel office staff of each area technology center that identifies employees who participate in the tuition waiver program, course number, and degree level (i.e., undergraduate, graduate, doctoral, or professional).
 - b. Area technology center staff are responsible for withholding taxes and reporting taxable income of program participants, regardless of where the course is taken.
 - c. Participating employees are responsible for any tax liability incurred through participation in this program.
8. This policy confers a financial benefit to regular, full-time employees and is not intended to guarantee access or preferential treatment to any academic course or program.
9. An employee eligible to participate in this program may take courses during normal working hours with written permission from their respective area technology center.
10. Public postsecondary institutions are not required to offer a given course during an academic term, unless there is a sufficient number of paying students taking the course. An institution may restrict enrollment in a given course if space is not available.
11. An area technology center may offer additional benefits to its employees that exceed the waiver benefits provided through this policy.

Eligibility Requirements

1. To be eligible for participation in the tuition waiver program, an employee must be classified by the area technology center as a regular full-time employee. Before the beginning of each academic term, area technology centers shall certify the full-time employment of eligible employees who seek to participate in the tuition waiver program
2. If employment is terminated before the first day of classes, an approved tuition waiver shall be cancelled.
3. An area technology center employee is not eligible to receive tuition waivers that exceed six (6) credit hours per academic term from any single institution or combination of institutions.
4. Eligible employees must meet the participating postsecondary institution's general admission and program-specific academic requirements to receive a waiver.
5. Participating institutions may require waiver recipients to maintain a minimum grade point average (GPA) of 2.0 on a 4.0 scale to continue to receive waivers from the tuition waiver program.

TOPIC/TITLE:	Equine Trust Fund Program Guidelines
STAFF CONTACTS:	Brent Floyd, Senior Associate, Finance Policy and Programs Adam Blevins, Director, Finance Policy and Programs
TYPE/REQUEST:	<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information

SUMMARY OF ACTION REQUESTED

Staff recommends the Finance Committee approve and endorse for Council approval the proposed guidelines for the Equine Trust Fund Program. Staff will also brief the committee on the work of this committee.

APPLICABLE STATUTES, REGULATIONS, POLICIES

KRS 138.510(1)(d)5 establishes the Postsecondary Education Equine Trust and Revolving Fund, where:

“one-tenth of one percent (0.1%) of all money wagered on live races and historical horse races at the track shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities and the Bluegrass Community and Technical College, except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed three hundred twenty thousand dollars (\$320,000).”

SUPPORTING INFORMATION

The Council is named as the administrative agent of the Equine Trust Funds, and the agency may “promulgate administrative regulations to establish procedures for administering the program and criteria for evaluating and awarding grants.”

Thus far, the funds from this program have been managed internally by CPE staff in collaboration with the Equine Trust Fund Advisory Committee. After the last review of the program’s guidelines, staff determined this program should be managed similarly to other programs the Finance Policy and Programs team manages, such as the Endowment Match Program and the asset preservation pools.

The Postsecondary Education Equine Trust Program Guidelines (Attachment A) are divided into 5 sections. Below is an overview of what is contained in each section:

1. Introduction: The Introduction section outlines some of the key language from KRS 138.510(1)(d)5, as well as a brief overview of the functionality of the Advisory Committee (Equine Trust Advisory Committee).
2. Eligibility for Participation: Section states which postsecondary institutions are eligible to participate. Current eligible institutions are Morehead State University, Murray State University, the University of Kentucky, the University of Louisville, Western Kentucky University, and Bluegrass Community and Technical College. The University of Louisville does not have an equine farm; thus, they typically waive participation due to a lack of need for capital and equipment purchases.
3. Criteria for the Award of Funds: This section outlines that funds are to be used for construction, expansion, or renovation projects or for the purchase of capital equipment. Criteria are provided to better define what is and is not acceptable, and information on how allocations are determined is provided.
4. Reporting Guidelines: Budgeting and reporting requirements are outlined in this section. Institutions maintain contracts with CPE that require annual financial reports to confirm compliance before allocation distributions are approved. CPE also requires institutions to obtain approval for any 10% or greater budget revision.
5. Equine Trust Advisory Committee: KRS 138.510(1)(d)5 mandates that CPE “establish an advisory committee of interested parties”. This section of the guidelines explains the committee’s composition and its duties and responsibilities. Committee members shall be nominated by their institution and confirmed by the Chair of the Council on Postsecondary Education.

POSTSECONDARY EDUCATION EQUINE TRUST PROGRAM GUIDELINES

Introduction

KRS 138.510(1)(d)5 establishes the Postsecondary Education Equine Trust and Revolving Fund from the proceeds of the Kentucky pari-mutuel tax. Specifically, it provides that:

- a. An amount equal to one-tenth of one percent (0.1%) of all money wagered on live races and historical horse races at the track shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities and the Bluegrass Community and Technical College, except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed three hundred twenty thousand dollars (\$320,000).
- b. These funds shall not be used for salaries or for operating funds for teaching, research, or administration. Funds allocated under this subparagraph shall not replace other funds for capital purposes or operation of equine programs at state universities and the Bluegrass Community and Technical College.

The Council on Postsecondary Education is designated as the administrative agent for the funds and is required to “establish an advisory committee of interested parties, including all universities and the Bluegrass Community and Technical College with established equine programs, to evaluate proposals and make recommendations for the awarding of funds.” An account has been established to fulfill the purpose prescribed by statute.

The Advisory Committee (aka., the Equine Trust Fund Group) meets at least twice per year to share institutional program updates, review fund revenues and expenditures, and discuss parties’ contractual administrative obligations, including initial budget requests, substantive budget revisions, and annual programmatic financial reporting. The meetings will be publicly noticed by the Council in compliance with the Kentucky Open Meetings Act.

Eligibility for Participation

Morehead State University, Murray State University, the University of Kentucky, the University of Louisville, Western Kentucky University, and Bluegrass Community and Technical College operate equine programs and are eligible to participate in the Postsecondary Education Equine Trust and Revolving Fund per KRS 138.510(5).

Criteria for the Award of Funds

Projects funded shall:

- Significantly improve academic equine program facilities and equine program infrastructure that supports such facilities through construction, expansion, or renovation.
 - “Equine program facilities” includes buildings and key building systems, such as the plumbing system, electrical system and permanently affixed power generators, mechanical and HVAC system, elevator system, escalator system,

fire protection and alarm system, gas distribution system, and the security system.

- “Equine program infrastructure” includes infrastructure, such as roads, walkways, and steam tunnels that support current and ongoing use of academic equine program facilities.
- Qualities of projects that significantly improve academic equine program facilities or equine program infrastructure include:
 - Projects that extend the useful life of the building or key building system, as opposed to projects anticipated to be completed over the expected useful life of the building or key building system (e.g., routine maintenance).
 - 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 for funds.
 - Projects that place the property in better operating condition, as opposed to projects that keep a unit of property in ordinarily efficient operating condition.
- For items of equipment to be eligible for funding, they must: (1) have a useful life in excess of 2 years; and (2) have a cost of \$5,000 or more.
- Recognize the needs of all institutions; and
- Not include salary or other operating expenses or replace other funds for capital purposes.

The *yearly allocation of the Postsecondary Education Equine Trust and Revolving Fund* will include a base-funding amount that may be conservatively supported by the historical receipts of the fund. Institutions shall submit budgets for the expenditure of their base funding allocations identifying each capital construction, expansion, or renovation project and equipment purchase. Cost estimates for individual items along with brief descriptions of each item and their use are also encouraged. Allocations cannot exceed available revenue at any point in time. The Council reserves the right to adjust allocations should actual receipts fall short of the amounts initially approved.

Council staff, along with the Advisory Committee, may evaluate proposals for additional funding for specific capital purposes at the institutions apart from the initial equal distributions in each fiscal year and amend the relevant contracts to accommodate the additional funding.

Council staff, along with the Advisory Committee, may recommend a fiscal year contract amendment if receipts are in excess of the initial fiscal year allotment to the institutions. Budget requests for excess receipts shall be provided to Council staff before additional disbursements are paid to the institutions.

Institutions are required to comply with all statutes relating to capital project authorization. At a minimum, projects meeting the statutory capital project definitions and thresholds (KRS 45.750) must be approved by an institution’s board and the Council on Postsecondary Education to have projects authorized.

Reporting Guidelines (defined in institutional contracts)

An annual or biennial budget shall be received by Council staff prior to the start of the period (year or biennium). The Advisory Committee will review initial institution budgets and substantive budget revisions as information items. Any change of 10% or greater from one line item to another, using the total annual budgeted expenses for a given year as the base, is considered a substantive budget revision and will require CPE approval.

Carryforwards must be designated for a capital project (i.e., capital construction, expansion, or renovation) or equipment purchases. Therefore, carryforwards should always be included in the base when determining the 10% threshold. Expenditures that cross budget periods do not require a budget revision, as it is assumed an institution's carryforward contains the funds to cover these costs. However, the annual programmatic report should note that such an expense is from a prior budget period.

Funds for capital construction, expansion, or renovation projects and equipment purchases that are consistent with the statute will be distributed to the institutions, in accordance with the contracts, and shall be deposited by the institution into institution-designated restricted fund accounts. Funds may be accumulated over more than one fiscal year provided that these funds are designated for a capital construction, expansion, or renovation project or equipment purchase.

Annual programmatic financial reports displaying the expenditure and use of funds (July 1 through June 30) must be submitted to Council staff by the following October 1.

Equine Trust Advisory Committee

Composition:

The Committee shall be composed of one representative from each participating institution. This representative shall be nominated by the institution and confirmed by the chair of the Council on Postsecondary Education. Representatives serve four-year terms and may be reappointed at the will of both parties. Should a representative vacate their position at a participating program, the participating institution shall nominate a replacement within 30 days to serve the remainder of the term.

Duties and Responsibilities:

The Council is the designated administrative agent for the Equine Trust and Revolving Fund. The primary responsibility of the Committee is to advise Council staff on its administration.

- A. Guidelines: Engage in feedback with CPE staff to review and revise the Postsecondary Education Equine Trust Program Guidelines.
- B. Additional funding: Proposals for additional funding and contract amendments if receipts exceed the initial fiscal year allotment shall also be reviewed by the Committee.
- C. Voting: Actions taken by the Committee require a majority vote of all appointed committee members. In the event of a tie, CPE's Vice President of Finance Policy & Programs or their designee will cast a tie-breaking vote. All actions taken by the committee must be compliant with both KRS 138.510(1)(d)5 and the Postsecondary Education Equine Trust Program Guidelines.

**KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION
FINANCE COMMITTEE**
JANUARY 26, 2026

TOPIC/TITLE:	2026-2028 Biennial Budget Update
STAFF CONTACTS:	Bill Payne, Vice President, Finance Policy and Programs Greg Rush, Assistant Vice President, Finance Policy and Programs
TYPE/REQUEST:	<input type="checkbox"/> Action <input checked="" type="checkbox"/> Information

SUMMARY OF TOPIC

Staff will provide an update on the development of the 2026-2028 biennial budget, including an overview of the budget proposal presented by Governor Andy Beshear on January 7, 2026.

HIGHLIGHTS OF THE POSTSECONDARY INSTITUTION BUDGET

The Governor's proposed budget included the following highlights for postsecondary institutions:

Operating Funds

- Postsecondary Institutions were exempted from the 3% base budget reduction implemented by the Governor.
- The FY 2026 performance funding distribution is added to the base General Fund budgets for the institutions for FY 2027 and FY 2028.
- Base budgets for the institutions were adjusted for Fire and Tornado Fund assessments. This led to increases in some institutions' base budgets and decreases for others.
- General Fund was replaced with Fire Commission restricted funds for the KCTCS State Fire and Rescue Training mandated program.

Capital Investment

The following bond-funded capital projects totaling \$768.0 million are included in the Governor's recommended budget:

University of Kentucky	Construct Research Facility	\$200,000,000
University of Louisville	Construct STEM Building	142,000,000
Eastern Kentucky University	Asset Preservation Pool Aviation Acquisition Pool	65,000,000 10,000,000

Kentucky State University	Renovate Facility for Health Sciences Center Renovate Baseball Stadium	20,000,000 2,000,000
Morehead State University	Construct New Agricultural Sciences Building	30,665,000
Murray State University	Construct Emergency Veterinary & Teaching Clinic	48,500,000
Northern Kentucky University	Renovate Business Academic Building	75,000,000
Western Kentucky University	Asset Preservation Pool	100,000,000
Kentucky Community and Technical College System	Re-entry Campus-Northpoint Training Center	42,000,000
	Renovate Mayo Campus-Big Sandy CTC	4,500,000
	Upgrade Prestonsburg Campus Bldgs-Big Sandy CTC	7,400,000
	Renovate Leestown Building A-Bluegrass CTC	21,000,000
	Total	\$768,065,000

Other

Two one-time appropriations from the Budget Reserve Trust Fund are included in the Governor's recommended budget.

- \$42.0 million for the Eastern Kentucky University Osteopathic Medicine Escrow
- \$4.0 million for the University of Kentucky Holocaust Education initiative

HIGHLIGHTS OF THE CPE AGENCY BUDGET

General Fund

- Proposed Reductions: (1) 3% Baseline Reduction in FY2027 and FY2028. (2) FY2026 KERS retirement factor (Enacted retirement factor was greater than actual)
- Proposed Increases: (1) Defined calculations, health insurance, and KERS retirement factor (2) 2% Salary Increment
- Fund Source Swap: Reduce general funds in FY2027 and replace with restricted funds (Bucks for Brains Interest and Licensure)

Governor's Budget Request 2027-2028		
	FY2027	FY2028
Baseline Budget	\$17,920,500	\$17,920,500
Reduction - 3%	(\$439,300)	(\$439,300)
Reduction: Retirement (FY 26 Enacted vs Actual)	(\$232,900)	(\$232,900)
Increase: Defined Calculations, Health Insurance, and Retirement Increase	\$108,800	\$155,200
Increase: Salary Increment - 2%	\$102,000	\$209,600
Fund Swap - Bucks for Brains Interest	(\$3,077,300)	
Fund Swap - Licensure	(\$400,000)	
TOTAL General Fund Budget	\$13,981,800	\$17,613,100

Restricted Funds

- For FY2027, CPE requested \$8,200,000. Governor's budget proposed \$11,709,700
- For FY2028, CPE requested \$8,200,000. Governor's budget proposed \$9,025,900.
- The proposed differences are attributed mainly to the Licensure and Bucks for Brains fund swaps described in the General Fund section.

Federal Funds

- For FY2027, CPE requested \$6,070,800. Governor's budget proposed \$6,128,800
- For FY2028, CPE requested \$6,070,800. Governor's budget proposed \$6,190,100.

Tobacco Settlement Fund

- For FY2027, CPE requested \$6,250,000. Governor's budget proposed \$6,250,000
- For FY2028, CPE requested \$6,250,000. Governor's budget proposed \$5,480,300. (reduction of \$769,700)

Additional Budget Request Items

- The CPE Agency Budget Request included an additional funding request totaling \$2,020,000 per year to support an increase in Southern Regional Education Board Dues, Futuriti.org platform, Workforce and Economic Development initiatives, Graduate Profile, and Summer Bridge Programs.
- Additional funding for these items was not included in the Governor's budget proposal.

NEXT STEPS

It is expected that the House budget will be released by the end of January. The House Budget Subcommittee on Postsecondary Education has scheduled hearings on the budget each Thursday from January 22nd through March 5th.

TOPIC/TITLE:	Asset Preservation Pool Funding Update, 2022-24 and 2024-26
STAFF CONTACTS:	Adam Blevins, Director, Finance Policy and Programs Greg Rush, Assistant Vice President, Finance Policy and Programs
TYPE/REQUEST:	<input type="checkbox"/> Action <input checked="" type="checkbox"/> Information

SUMMARY OF TOPIC

Staff will provide an update on the status of the 2022-24 and 2024-26 Asset Preservation Pools, including the amount of pool funding for which capital projects have been identified and the portion of state funds that have been reimbursed to institutions as of December 2025.

BACKGROUND INFORMATION

In the 2022-2024 state budget (RS22 HB1), the General Assembly appropriated \$683.5 million in General Fund supported bond funds for asset preservation projects on postsecondary education campuses. When combined with a \$16.5 million stand-alone project for KCTCS, total funding for asset preservation for the biennium was \$700.0 million.

Fund allocation among institutions was based on each institution's share of Education and General square footage. Research universities are required to match each dollar of state funding with 30 cents of institutional resources, while the comprehensive universities and KCTCS are required to match each state dollar with 15 cents. Asset Preservation funds may be used to address renovation and renewal needs of Education and General facilities and state-owned and operated residential housing.

In the 2024-26 state budget (RS24 HB6), the General Assembly authorized \$563.5 million in General Fund supported bond funds for another Postsecondary Education Asset Preservation Pool. Like the 2022-24 Asset Preservation Pool, the 2024-26 funds can be used 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. 199). Senate Bill 91 (24RS) modified the budget bill language, adding that the asset preservation funds could also be used for "fixed asset pedestrian and student parking areas, and for the razing of university-owned buildings" (p. 17).

The \$563.0 million appropriated to the 2024-26 Asset Preservation Pool was allocated among institutions based on each institution's share of system total Education and General square footage, after applying base funds of \$15.0 million to each university and \$30.0 million to KCTCS. Finally, lawmakers adjusted KSU's funding up from the calculated total of \$25.7 million total to \$60.0 million. KCTCS's total was also reduced from \$142.3 million to \$71.0 million. 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.

Included in the enacted budget (RS24 HB6) is language specifying campus matching requirements for accessing allocated 2024-26 Asset Preservation Pool funds. These funds differ from those required for the 2022-24 Asset Preservation Pool and require:

- each project for research institutions to be matched at 25 percent from funds provided by each research institution, and
- no required match for asset preservation projects at the comprehensive institutions and the Kentucky Community and Technical College System.

The General Assembly operationalized the matching requirement for the research institutions by requiring each to spend 25 cents for every state dollar used to complete an individual asset preservation project.

In each biennium, the General Assembly included language in the budget bill authorizing capital projects, as defined in KRS 45.750(1)(f), funded from the Asset Preservation Pools. Per KRS 164.020(11)(a), CPE is also required to "review and approve all capital construction projects covered by KRS 45.750(1)(f), including real property acquisitions, and regardless of the source of funding for projects or acquisitions". Furthermore, CPE, in collaboration with the Office of the State Budget Director, certifies that individual projects are eligible for Asset Preservation Pool funds. As such, on June 17, 2022, and June 21, 2024, the Council approved the 2022-2024 Asset Preservation Pool Guidelines and 2024-2026 Asset Preservation Pool Guidelines, respectively, which specify the criteria institutions' capital projects must meet to be eligible for funding from the Asset Preservation Pools. Each set of guidelines has been revised since initial approval. At each of the aforementioned meetings, the Council also delegated authority to CPE staff to review and approve capital projects submitted for Asset Preservation Pool funds to expedite the reimbursement process.

The 2022-24 and 2024-26 Guidelines require CPE staff to provide the Council with periodic updates regarding the status of Asset Preservation Pool distributions and campus matching funds by project and institution.

2022-24 ASSET PRESERVATION POOL UPDATE

In House Bill 1 of the 2022 Regular Session, the General Assembly appropriated \$683.5 million in General Fund supported bond funds for the 2022-24 Asset Preservation Pool. As of

December 2025, projects have been identified and certified by CPE staff for 99.3% (\$678.5 million) of the state funds. Furthermore, the public postsecondary institutions have received reimbursements for 69.4% (\$474.0 million) of the state funds.

See Attachments A, C, and D for more information on the 2022-24 Asset Preservation Pool.

2024-26 ASSET PRESERVATION POOL UPDATE

In House Bill 6 of the 2024 Regular Session, the General Assembly appropriated \$563.0 million in General Fund supported bond funds for the 2024-26 Asset Preservation Pool. As of December 2025, projects have been identified and certified by CPE staff for 77.6% (\$437.1 million) of the state funds. Furthermore, the public postsecondary institutions have received reimbursements for 8.0% (\$45.2 million) of the state funds.

See Attachments B, E, and F for more information on the 2024-26 Asset Preservation Pool.

Asset Preservation Pool Update

As of December 2025

Attachment A

2022-24 Asset Preservation Pool

By Institution	A	B	C = B - A	D = A / B	E	F = E / B	G	H	I = H - G	J = G / H	K = A + G	L = B + H
Institution	State Funds Designated for Projects ¹	State Funds Appropriated ²	Remaining State Funds (Undesignated) ³	% of State Funds Designated for Projects	State Funds Reimbursed ⁴	% of State Funds Reimbursed	Campus Match Designated for Projects ⁵	Campus Match Appropriation ⁶	Remaining Campus Match (Undesignated) ⁷	% of Campus Match Designated for Projects	Total Funds Designated for Preservation Projects	Total Asset Preservation Authority (State Funds + Campus Match)
UK	\$151,554,477	\$154,196,000	\$2,641,523	98.3%	\$90,338,505	58.6%	\$45,518,143	\$46,260,000	\$741,857	98.4%	\$197,072,620	\$200,456,000
UofL	\$81,882,879	\$81,886,000	\$3,121	100.0%	\$55,087,979	67.3%	\$24,569,121	\$24,566,000	\$0	100.0%	\$106,452,000	\$106,452,000
EKU	\$54,576,096	\$54,806,000	\$229,904	99.6%	\$30,863,178	56.3%	\$7,870,944	\$8,222,000	\$351,056	95.7%	\$62,447,040	\$63,028,000
KSU	\$15,616,522	\$16,078,000	\$461,478	97.1%	\$15,669,565	97.5%	\$2,342,478	\$2,412,000	\$69,522	97.1%	\$17,959,000	\$18,490,000
MoSU	\$35,222,000	\$35,222,000	\$0	100.0%	\$32,589,993	92.5%	\$5,284,000	\$5,284,000	\$0	100.0%	\$40,506,000	\$40,506,000
MuSU	\$47,095,820	\$47,176,000	\$80,180	99.8%	\$34,566,960	73.3%	\$7,209,743	\$7,078,000	\$0	101.9%	\$54,305,563	\$54,254,000
NKU	\$46,656,343	\$46,794,000	\$137,657	99.7%	\$28,864,811	61.7%	\$6,861,328	\$7,020,000	\$158,672	97.7%	\$53,517,671	\$53,814,000
WKU	\$67,144,939	\$68,080,000	\$935,061	98.6%	\$22,017,755	32.3%	\$8,224,407	\$10,212,000	\$1,987,593	80.5%	\$75,369,346	\$78,292,000
KCTCS	\$178,730,597	\$179,262,000	\$531,403	99.7%	\$164,042,640	91.5%	\$26,503,953	\$26,890,000	\$386,047	98.6%	\$205,234,550	\$206,152,000
Total	\$678,479,673	\$683,500,000	\$5,020,327	99.3%	\$474,041,386	69.4%	\$134,384,117	\$137,944,000	\$3,559,883	97.4%	\$812,863,790	\$821,444,000

By Sector

Sector	State Funds Designated for Projects ¹	State Funds Appropriated ²	Remaining State Funds (Undesignated) ³	% of State Funds Designated for Projects	State Funds Reimbursed ⁴	% of State Funds Reimbursed	Campus Match Designated for Projects ⁵	Campus Match Appropriation ⁶	Remaining Campus Match (Undesignated) ⁷	% of Campus Match Designated for Projects	Total Funds Designated for Preservation Projects	Total Asset Preservation Authority (State Funds + Campus Match)
Research	\$233,437,356	\$236,082,000	\$2,644,644	98.9%	\$145,426,484	61.6%	\$70,087,264	\$70,826,000	\$738,736	99.0%	\$303,524,620	\$306,908,000
Comprehensive	\$266,311,720	\$268,156,000	\$1,844,280	99.3%	\$164,572,262	61.4%	\$37,792,900	\$40,228,000	\$2,435,100	93.9%	\$304,104,620	\$308,384,000
Two-Year	\$178,730,597	\$179,262,000	\$531,403	99.7%	\$164,042,640	91.5%	\$26,503,953	\$26,890,000	\$386,047	98.6%	\$205,234,550	\$206,152,000
Total	\$678,479,673	\$683,500,000	\$5,020,327	99.3%	\$474,041,386	69.4%	\$134,384,117	\$137,944,000	\$3,559,883	97.4%	\$812,863,790	\$821,444,000

Notes:

¹State funds assigned to certified Asset Preservation Pool projects as submitted in project identification templates.

²Value of state funds allocated by the General Assembly for the 2022-24 Postsecondary Education Asset Preservation Pool (HB1, 2022RS). Amounts reflect the total authority for the 2022-24 biennium although the

³State funds not assigned to or designated for a certified Asset Preservation Pool project as submitted in project identification templates.

⁴Total value of state funds reimbursed for Asset Preservation Pool projects in the given biennium. Figures provided by OSBD.

⁵Campus matching funds designated for certified Asset Preservation Pool projects as submitted in project identification templates.

⁶Value of campus matching funds authorized by the General Assembly for the 2022-24 Postsecondary Education Asset Preservation Pool (HB1, 2022RS). Amounts reflect the total authority for the 2022-24 biennium

⁷Campus matching funds not assigned to or designated for a certified Asset Preservation Pool project as submitted in project identification templates.

Asset Preservation Pool Update

As of December 2025

Attachment B

2024-26 Asset Preservation Pool

By Institution	A	B	C = B - A	D = A / B	E	F = E / B	G	H	I = H - G	J = G / H	K = A + G	L = B + H
Institution	State Funds Designated for Projects ¹	State Funds Appropriated ²	Remaining State Funds (Undesignated) ³	% of State Funds Designated for Projects	State Funds Reimbursed ⁴	% of State Funds Reimbursed	Campus Match Designated for Projects ⁵	Campus Match Appropriation ⁶	Remaining Campus Match (Undesignated) ⁷	% of Campus Match Designated for Projects	Total Funds Designated for Asset Preservation Projects	Total Asset Preservation Authority (State Funds + Campus Match)
UK	\$55,520,000	\$123,450,000	\$67,930,000	45.0%	\$0	0.0%	\$13,880,000	\$30,862,000	\$16,982,000	45.0%	\$69,400,000	\$154,312,000
UofL	\$68,654,446	\$69,106,000	\$451,554	99.3%	\$4,834,223	7.0%	\$17,276,400	\$17,276,000	\$0	100.0%	\$85,930,846	\$86,382,000
EKU	\$50,115,000	\$51,820,000	\$1,705,000	96.7%	\$15,495,159	29.9%	\$0	\$0	\$0	0.0%	\$50,115,000	\$51,820,000
KSU	\$33,180,000	\$60,000,000	\$26,820,000	55.3%	\$18,745,090	31.2%	\$0	\$0	\$0	0.0%	\$33,180,000	\$60,000,000
MoSU	\$30,031,231	\$37,670,000	\$7,638,769	79.7%	\$3,920,508	10.4%	\$0	\$0	\$0	0.0%	\$30,031,231	\$37,670,000
MuSU	\$44,641,800	\$46,682,000	\$2,040,200	95.6%	\$436,706	0.9%	\$0	\$0	\$0	0.0%	\$44,641,800	\$46,682,000
NKU	\$35,377,892	\$46,152,000	\$10,774,108	76.7%	\$684,665	1.5%	\$0	\$0	\$0	0.0%	\$35,377,892	\$46,152,000
WKU	\$48,800,000	\$57,162,000	\$8,362,000	85.4%	\$217,151	0.4%	\$0	\$0	\$0	0.0%	\$48,800,000	\$57,162,000
KCTCS	\$70,748,000	\$71,000,000	\$252,000	99.6%	\$818,395	1.2%	\$0	\$0	\$0	0.0%	\$70,748,000	\$71,000,000
Total	\$437,068,369	\$563,042,000	\$125,973,631	77.6%	\$45,151,897	8.0%	\$31,156,400	\$48,138,000	\$16,981,600	64.7%	\$468,224,769	\$611,180,000

By Sector

Sector	State Funds Designated for Projects ¹	State Funds Appropriated ²	Remaining State Funds (Undesignated) ³	% of State Funds Designated for Projects	State Funds Reimbursed ⁴	% of State Funds Reimbursed	Campus Match Designated for Projects ⁵	Campus Match Appropriation ⁶	Remaining Campus Match (Undesignated) ⁷	% of Campus Match Designated for Projects	Total Funds Designated for Asset Preservation Projects	Total Asset Preservation Authority (State Funds + Campus Match)
Research	\$124,174,446	\$192,556,000	\$68,381,554	64.5%	\$4,834,223	7.0%	\$31,156,400	\$48,138,000	\$16,981,600	64.7%	\$155,330,846	\$240,694,000
Comprehensive	\$242,145,923	\$299,486,000	\$57,340,077	80.9%	\$39,499,279	74.4%	\$0	\$0	\$0	0.0%	\$242,145,923	\$299,486,000
Two-Year	\$70,748,000	\$71,000,000	\$252,000	99.6%	\$818,395	1.2%	\$0	\$0	\$0	0.0%	\$70,748,000	\$71,000,000
Total	\$437,068,369	\$563,042,000	\$125,973,631	77.6%	\$45,151,897	8.0%	\$31,156,400	\$48,138,000	\$16,981,600	64.7%	\$468,224,769	\$611,180,000

Notes:

¹State funds assigned to certified Asset Preservation Pool projects as submitted in project identification templates.

⁴Value of state funds allocated by the General Assembly for the 2024-26 Postsecondary Education Asset Preservation Pool (HB6, 2024RS). Amounts reflect the total authority for the 2024-26 biennium although the appropriations are allocated with half

³State funds not assigned to or designated for a certified Asset Preservation Pool project as submitted in project identification templates.

⁴Total value of state funds reimbursed for Asset Preservation Pool projects in the given biennium. Figures provided by OSBD.

⁵Campus matching funds designated for certified Asset Preservation Pool projects as submitted in project identification templates.

⁶Value of campus matching funds authorized by the General Assembly for the 2024-26 Postsecondary Education Asset Preservation Pool (HB6, 2024RS). Amounts reflect the total authority for the 2024-26 biennium although the appropriations are allocated

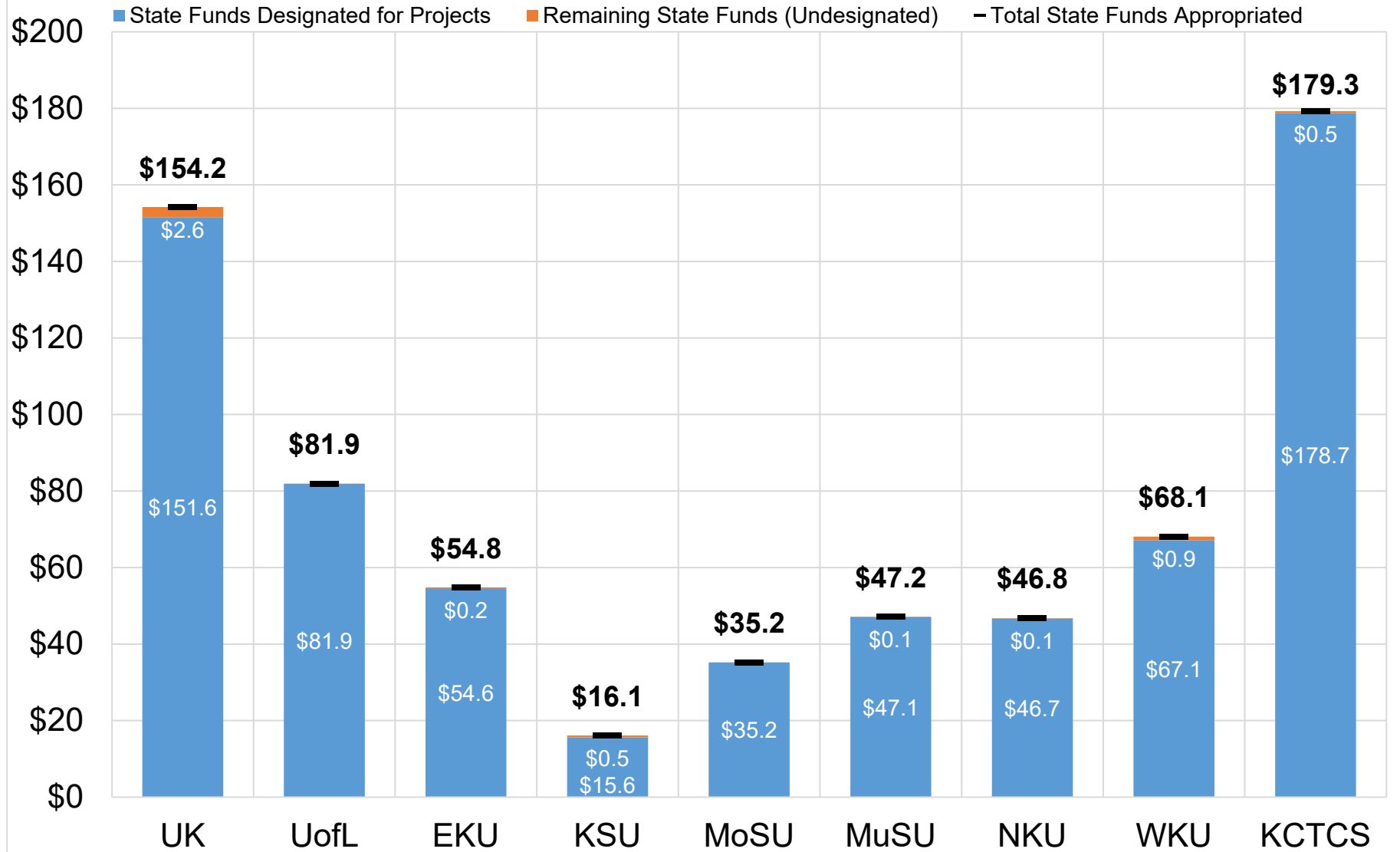
⁷Campus matching funds not assigned to or designated for a certified Asset Preservation Pool project as submitted in project identification templates.

Portion of State Funds Designated for Projects

Attachment C

2022-24 Asset Preservation Pool

December 2025



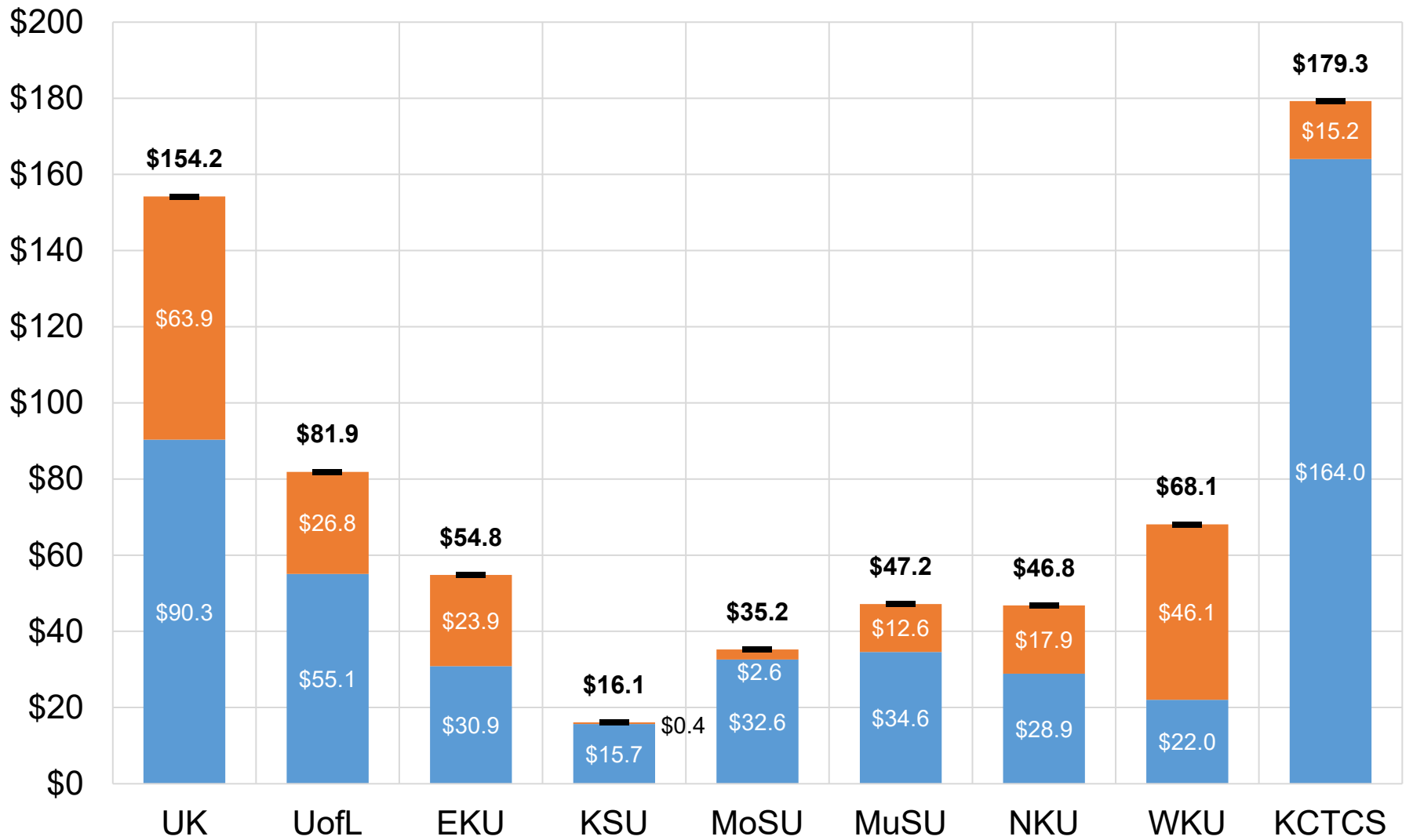
Portion of State Funds Reimbursed

Attachment D

2022-24 Asset Preservation Pool

December 2025

■ State Funds Reimbursed ■ Remaining State Funds (Unreimbursed) — Total State Funds Appropriated



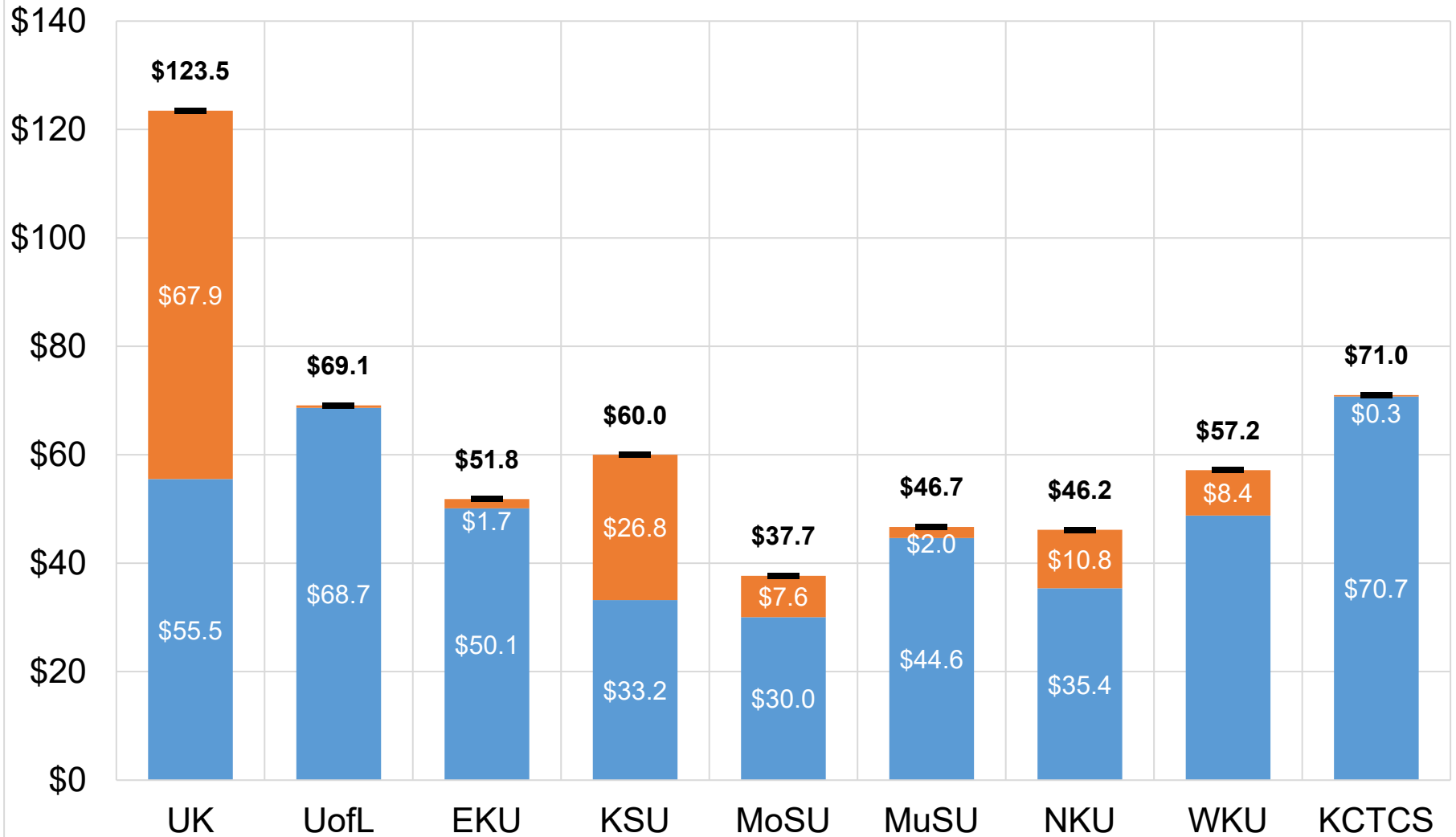
Portion of State Funds Designated for Projects

Attachment E

2024-26 Asset Preservation Pool

December 2025

■ State Funds Designated for Projects ■ Remaining State Funds (Undesignated) – Total State Funds Appropriated

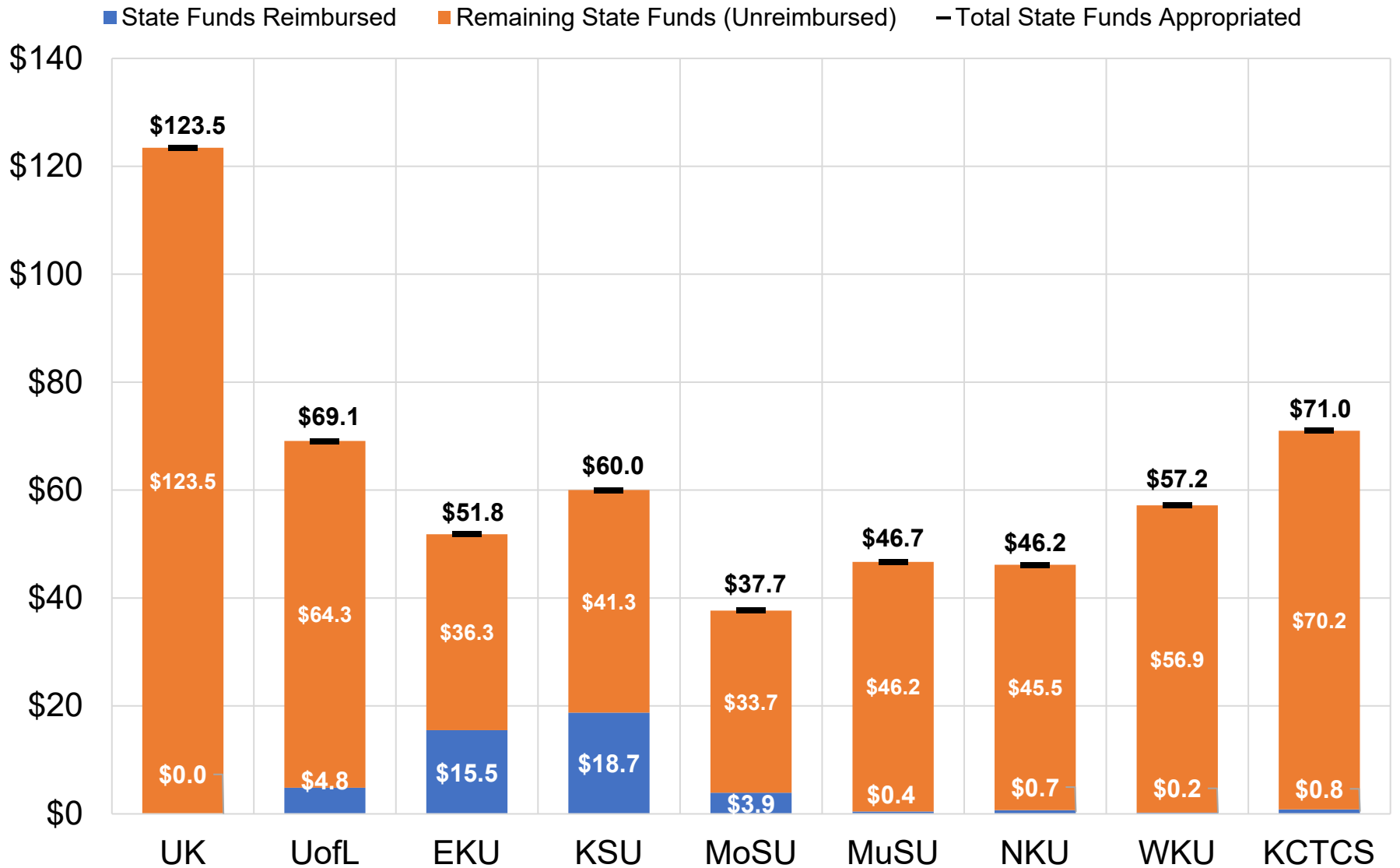


Portion of State Funds Reimbursed

Attachment F

2024-26 Asset Preservation Pool

December 2025



TOPIC/TITLE:	Endowment Match Program (Bucks for Brains) Update, 2022-2024
STAFF CONTACTS:	Brent Floyd, Senior Associate, Finance Policy and Programs Adam Blevins, Director, Finance Policy and Programs
TYPE/REQUEST:	<input type="checkbox"/> Action <input checked="" type="checkbox"/> Information

SUMMARY OF TOPIC

Staff will provide an update on the status of the 2022-24 Endowment Match Program, also known as “Bucks for Brains”. The update will include the total and institutional disbursements by both value and area of support.

SUPPORTING INFORMATION

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 the passage of the Postsecondary Education Improvement Act of 1997 (HB1). The 2022-24 Biennial authorization of \$40 million in bond funds for the Bucks for Brains program represents the fifth round of funding for the program, following rounds in fiscal years 1998-99, 2000-01, 2003-04, and 2008-09. Of the \$40 Million for the 2022-24 round, \$30 Million was appropriated for the RCTF, and \$10 Million was appropriated to the CUETF. Funds are to be used to match private donations supporting new or existing endowed funds for specified purposes.

ALLOCATION USAGE OVERVIEW

As of December 31, 2025, \$7,861,773 is yet to be disbursed as matching funds from the Endowment Match Program. Table 1 contains a breakdown of total usage by institution. \$5,787,820 remains in the Research Challenge Trust Fund, while \$24,212,180 has been disbursed from the total RCTF allocation. \$2,073,953 remains in the Comprehensive University Excellence Trust Fund, with \$7,926,047 already disbursed from the total CUETF allocation. Four institutions have received their total disbursements, while a fifth, Murray State University, has a balance below the minimum request amount and has functionally received its final disbursement despite carrying a small balance. Three institutions, the University of Louisville,

Eastern Kentucky University, and Northern Kentucky University, have a balance sufficient to make future requests.

Table 1 – Allocations and Disbursements by Institution

Institution	Allocation	Disbursed	Remaining Funds
University of Louisville	10,000,000	4,212,180	5,787,820
University of Kentucky	20,000,000	20,000,000	0
RCTF Total	\$30,000,000	\$24,212,180	\$5,787,820
Eastern Kentucky University	2,227,800	604,446	1,623,354
Kentucky State University	667,800	667,800	0
Morehead State University	1,279,000	1,279,000	0
Murray State University	1,484,900	1,483,901	999
Northern Kentucky University	1,864,600	1,415,000	449,600
Western Kentucky University	2,475,900	2,475,900	0
CUETF Total	\$10,000,000	\$7,926,047	\$2,073,953
Program Total	\$40,000,000	\$32,138,227	\$7,861,773

**As of December 31, 2025*

USAGE BY AREA OF SUPPORT

For the 2022-24 round of the Endowment Match Program, research institutions are required to use a minimum of 70% of program funds for the purpose of supporting endowed chairs, professorships, or research scholars, or research staff and infrastructure that directly support the research activities of an endowed chair, professor, or research scholar (i.e., Category 1 Uses). No more than 30% of program funds may be endowed for the purpose of supporting mission support activities or graduate fellowships (i.e., Category 2 Uses). Tables 2 and 3 contain a tally of how many disbursements have been made in support of each available use of funds for research institutions, while Table 4 contains disbursement amounts for each category.

Table 2 – RCTF Category 1 Uses*

Institution	Chairs	Professorships	Research Scholars	Research Staff	Research Infrastructure	Total Category Use
University of Kentucky	7	17	1	0	1	26
University of Louisville	3	2	0	0	0	5
Total RCTF Uses	10	19	1	0	1	31

**As of December 31, 2025*

Table 3 – RCTF Category 2 Uses*

Institution	Graduate Fellowships	Mission Support	Total Category Use
University of Kentucky	3	11	14
University of Louisville	0	0	0
Total RCTF Uses	3	11	14

*As of December 31, 2025

Table 4 – RCTF Category Disbursements*

Institution	Category 1 Minimum Allocation	Category 1 Uses	Category 2 Maximum Allocation	Category 2 Uses
University of Kentucky	14,000,000	16,465,000	6,000,000	3,535,000
University of Louisville	7,000,000	4,212,180	3,000,000	0
Total RCTF Disbursements by Category	\$21,000,000	\$20,677,180	\$9,000,000	\$3,535,000

*As of December 31, 2025

For comprehensive institutions, at least 50% of 2022-24 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 (i.e., Category 1 Uses). No more than 50% of program funds may be endowed for the purpose of supporting mission support, graduate fellowships, or undergraduate scholarships (i.e., Category 2 Uses). Tables 5 and 6 contain a tally of how many disbursements have been made in support of each available use of funds for comprehensive institutions, while Table 7 contains category disbursement amounts.

Table 5 – CUETF Category 1 Uses*

Institution	Chairs	Professorships	Research Staff	Research Infrastructure	Total Category Use
Eastern Kentucky University	0	1	0	0	1
Kentucky State University	0	1	0	0	1
Morehead State University	0	4	0	0	4
Murray State University	1	7	3	4	15
Northern Kentucky University	0	4	3	0	7
Western Kentucky University	1	1	1	0	3
Total CUETF Uses	2	18	7	4	31

*As of December 31, 2025

Table 6 - CUETF Category 2 Uses*

Institution	Graduate Fellowships	Undergraduate Scholarships	Mission Support	Total Category Use
Eastern Kentucky University	0	6	1	7
Kentucky State University	0	0	0	0
Morehead State University	1	9	1	11
Murray State University	1	11	0	12
Northern Kentucky University	0	7	0	7
Western Kentucky University	0	5	0	5
Total CUETF Uses	2	38	2	42

**As of December 31, 2025*

Table 7 – CUETF Category Disbursements*

Institution	Category 1 Minimum Allocation	Category 1 Uses	Category 2 Maximum Allocation	Category 2 Uses
Eastern Kentucky University	1,113,900	250,000	1,113,900	354,446
Kentucky State University	333,900	667,800	333,900	0
Morehead State University	639,500	639,500	639,500	639,500
Murray State University	742,450	747,886	742,450	736,015
Northern Kentucky University	932,300	845,000	932,300	570,000
Western Kentucky University	1,237,950	1,500,000	1,237,950	975,900
Total CUETF Disbursements by Category	\$5,000,000	\$4,650,186	\$5,000,000	\$3,275,861

**As of December 31, 2025*

Total disbursements across each category, regardless of institution, are illustrated in Table 8. In total, the 2022-24 Endowment Match Program has generated 118 disbursements across all categories of use. Since the Endowment Match Program allows for the expansion of existing endowments provided the funds being matched are new (i.e., additional), the tallies in Table 8 don't necessarily represent the total number of endowments that received state matching dollars per category.

Table 8 – Total Number of Program Disbursements by Support Area*

Support Area	Number of Disbursements
Chairs	12
Professorships	37
Research Scholars	1
Research Staff	7
Research Infrastructure	5
Graduate Fellowships	5
Undergraduate Scholarships	38
Mission Support	13
Total Number of Program Disbursements	118

**As of December 31, 2025*

TOPIC/TITLE:	Performance Funding Update
STAFF CONTACTS:	Bill Payne, Vice President, Finance Policy and Programs Adam Blevins, Director, Finance Policy and Programs
TYPE/REQUEST:	<input type="checkbox"/> Action <input checked="" type="checkbox"/> Information

SUMMARY OF TOPIC

Staff will update the Finance Committee on the upcoming, statutorily required review of university and KCTCS performance funding models, including the composition of the working group that will conduct the review, what that group is charged to accomplish, and a preliminary meeting schedule and timeline for completing the review.

BACKGROUND INFORMATION

On March 21, 2017, Kentucky's Performance Funding Bill (SB 153), which passed the House and Senate with no changes, was signed into law by the Governor. The newly created statute (KRS 164.092) represented the culmination of a six-month effort by a working group comprised of campus presidents, the Council president, a representative of the Governor, and legislative leaders, to develop a rational model for distributing state General Fund appropriations among public universities and KCTCS institutions.

Kentucky uses two funding models to provide financial incentives for postsecondary institutions to pursue state goals for higher education, a model for the public universities and a model for KCTCS institutions. In terms of process, the General Assembly appropriates funds to a Postsecondary Education Performance Fund (PEPF) each year, CPE and KCTCS staffs run their respective university and two-year college funding models, and CPE staff certifies and communicates the resulting distribution of funds among institutions to the Office of State Budget Director (OSBD) by May 1 each year. Distributions to the institutions are accomplished through quarterly allotments.

FUNDING MODEL REVIEWS

Kentucky's performance funding statute, KRS 164.092 *Comprehensive Funding Model for the Public Postsecondary Education System*, directs the Council to convene a Postsecondary Education Working Group beginning in 2020-21 and every three fiscal years thereafter to: (a)

determine if the comprehensive funding model is functioning as expected; (b) identify any unintended consequences of the model; and (c) recommend any adjustments to the model. The statute allows the Council to assemble the working group prior to the start of the required fiscal year to afford sufficient time for the group to complete its work.

There have been three funding model reviews over the past nine years, two that adhered to the statutorily required three-year cycle (i.e., in 2020 and 2023) and one that was off cycle (i.e., in 2024), but directed with the passage of SB 191 (24 RS). As Council members may recall, SB 191 directed the Council to convene the working group in 2024 for the sole purpose of defining “underrepresented students” in the public university and KCTCS funding models. A brief description of the work and recommendations of each of these working groups is provided in the paragraphs below.

- *2020 Review.* The first review of the funding models was conducted during calendar year 2020 and resulted in minimal changes to either the university or KCTCS models. It established a General Fund floor, or base level of state support, for each institution (i.e., thereafter referred to as the *Funding Floor 2020-21*) and discontinued use of stop-loss carve outs of campus funds to finance performance funding. This meant that going forward, any funds appropriated to the Performance Fund would come from the General Assembly (i.e., state General Fund) rather than campus contributions. In addition, distributions from the Performance Fund would no longer be recurring to institutions that earned the funds but would be recurring to the Performance Fund itself. As indicated above, these adjustments were not changes to the funding models, but were changes in the way the models would be applied going forward.
- *2023 Review.* The 2023 working group met five times between January 25 and September 6 to conduct their review. During the course of those meetings, the group reviewed and discussed funding model components and metrics, trends in student outcomes data, appropriations, distributions, and financial impact information, and campus and CPE staff responses to funding model surveys. They also reviewed proposed changes to the models and considered options for the 2024-2026 state operating funds request.

Work group members ultimately agreed to recommend a limited number of changes to the university funding model, including increasing the premium for bachelor’s degrees awarded to low-income students, adding a new adult learner metric, and increasing the weighting in the model for nonresident credit hours earned. Recommended changes to the KCTCS model included adding a new adult learner metric, allocating an existing equity adjustment component based on a new Community Needs Index, and using rolling three-year averages of data for all metrics except square feet. These changes were intended to build on the successes of the university and two-year college models to date and bring about incremental but constructive change.

- *2024 Review.* Pursuant to directives outlined in SB 191, the Postsecondary Education Working Group convened in 2024 for the sole purpose of determining how to define "underrepresented students" in the university and KCTCS funding models. After three meetings and much discussion, a majority of work group members voted to define "underrepresented students" in the university funding model as first-generation college students and to assign 3.0% of available allocable resources to bachelor's degrees earned by such students. In addition, a majority of members voted to apply a sector weighting to the first-generation bachelor's degree metric, calculated at the midpoint between no weighting and full weighting.

With respect to the two-year college model, the working group unanimously accepted the recommendations of KCTCS officials to adopt first-generation college student credentials as the "underrepresented students" metric and to align allocation percentages at 4.0% each for first-generation college student (i.e., underrepresented student), low-income student, underprepared student, and nontraditional age (25+) student credentials.

WORKING GROUP COMPOSITION

By statute, the Postsecondary Education Working Group is comprised of the president of the Council, the president or designee of each public postsecondary institution, including the president of KCTCS, the Governor or designee, the Speaker of the House or designee, and the President of the Senate or designee (KRS 164.092). This was the composition of the original 2016 working group and has remained the membership of the working group for three subsequent funding model reviews. CPE staff's role in the process has been to schedule and facilitate meetings, share information about program funding, fiscal impact, and trends in student outcomes, and run performance funding scenarios as requested by work group members.

For the upcoming 2026 review, the composition of the working group may change. On January 7, 2026, a bill sponsored by Representative James Tipton was introduced in the House (26 RS, HB 96), calling for an amendment to KRS 164.092 (i.e., Performance Funding Statute) to change the membership of the Postsecondary Education Working Group of the Council on Postsecondary Education and require that group to convene on a calendar year, rather than a fiscal year, basis.

If enacted, HB 96 would expand membership of the working group from 13 to 21 (with the eight additional members appointed in equal numbers from the House and Senate), designate the president of the Council as chairperson and a nonvoting member of the working group, and modify the frequency of work group convenings from every three fiscal years to every three calendar years. Specific proposed changes to the statute are shown in strikethrough and underline.

- (11)(A) The Council on Postsecondary Education is hereby directed to establish a postsecondary education working group composed of the following:
- The president of the Council, **who shall serve as chairperson of the working group and a nonvoting member**;
 - The president or designee of each public postsecondary institution, including the president of KCTCS;
 - The Governor or designee;
 - **Four (4) members of the House of Representatives appointed by** the Speaker of the House ~~[or designee]~~; ~~[and]~~
 - **Four (4) members of the Senate appointed by** the President of the Senate ~~[or designee]~~;
 - **One (1) member of the House of Representatives appointed by the Minority Floor Leader of the House of Representatives; and**
 - **One (1) member of the Senate appointed by the Minority Floor Leader of the Senate**.

(HB 96, pages 8-9)

PRELIMINARY TIMELINE

KRS 164.092 requires the results and recommendations of the funding model review to be reported by the Council to the Governor, Interim Joint Committee on Appropriations and Revenue, and Interim Joint Committee on Education by December 1 of each fiscal year that the working group convenes. For the upcoming 2026 iteration of the working group, December 1, 2026 is the deadline for submitting recommended changes to the funding models to state policymakers.

Although current statute stipulates that the Postsecondary Education Working Group shall be convened every three fiscal years, beginning in fiscal year 2020-21, it also indicates that the Council may call the working group to convene prior to the start of the required fiscal year to allow sufficient time for the group to complete its work. In keeping with statutory provisions and after discussions with CPE Executive Leadership, staff is planning to recommend that the working group meet once a month between February 2026 and November 2026 to allow for sufficient time for group discussion and to reach consensus.

It is anticipated that the first three meetings (i.e., February, March, and April) will be scheduled for either Monday mornings or Friday afternoons to accommodate the busy schedules of House and Senate members during the legislative session. Subsequent meetings could be scheduled for the first Wednesday of every month, so they would coincide with previously scheduled presidents' meetings. Ultimately, the specific dates and times of work group meetings will be determined by group members as the 2026 iteration of the funding model review process gets underway.



Finance Committee Meeting

Kentucky Council on Postsecondary Education

Finance Policy and Programs Unit Staff
January 26, 2026

Meeting Agenda (Overview)

- Tuition and Mandatory Fee Policy
- Campus Tuition and Fee Proposal
- Murray State University Interim Capital Project
- Area Technology Center Employee Waiver Policy
- Postsecondary Equine Trust Program Guidelines
- 2026-2028 Biennial Budget Update
- Asset Preservation Pools Update
- Endowment Match Program Update
- Performance Funding Model Review

Tuition and Mandatory Fee Policy

Bill Payne

Vice President, Finance Policy and Programs

Greg Rush

Assistant Vice President, Finance Policy and Programs

Kentucky Council on Postsecondary Education



Tuition and Mandatory Fee Policy

- Every year, staff works with campus officials to review and make changes to the *Tuition and Mandatory Fee Policy*, as needed
- In 2025, there were some notable changes to the policy:
 - eliminated *Special Use Fee Exception* and *Asset Preservation Fee Exception* provisions from the policy
 - added an explicit definition of **mandatory fees** that could be used to evaluate fees proposed by institutions
- Other than a minor change to the title, staff is not recommending any substantive changes to the policy at this time
- The amended policy will provide a framework for evaluating campus tuition and fee proposals for academic year 2026-27

Tuition and Mandatory Fee Policy

Staff Recommendation

➤ *Staff recommends that the Finance Committee approve and endorse for full Council approval the Tuition and Mandatory Fee Policy for Academic Years 2025-26 and 2026-27*

- A copy of the policy is provided in the agenda materials for this meeting (Attachment A)
- CPE will work with campus presidents and CBOs in coming months to identify and vet any potential changes for 2027-28

Campus Tuition and Fee Proposal

Bill Payne

Vice President, Finance Policy and Programs

Greg Rush

Assistant Vice President, Finance Policy and Programs

Kentucky Council on Postsecondary Education



Campus Tuition and Fee Proposal

- Council Approved Ceilings
- Maximum Allowable Base Rates
- Kentucky State University Proposed Rates
- Staff Recommendation

Campus Tuition and Fee Proposal

Council Approved Ceilings

On April 17, 2025, the Council approved resident undergraduate tuition and fee ceilings for academic years 2025-26 and 2026-27 that equated to:

- Maximum base rate increases of no more than **\$675.⁰⁰** over two years, and no more than **\$450.⁰⁰** in any one year, for public research universities
- Maximum base rate increases of no more than **\$630.⁰⁰** over two years, and no more than **\$420.⁰⁰** in any one year, for comprehensive universities
- Maximum base rate increases of no more than **\$9.⁰⁰** per credit hour over two years, and no more than **\$6.⁰⁰** per credit hour in any one year, for KCTCS institutions

Campus Tuition and Fee Proposal

Council Approved Ceilings (Cont'd)

At the same April meeting, the Council approved staff's recommendation that institutions be allowed to submit for Council approval:

- Nonresident undergraduate tuition and fee charges that comply with the Council's *Tuition and Mandatory Fees Policy*, or an existing Memorandum of Understanding (MOU) between the Council and an institution
- Market competitive tuition and fee rates for graduate and online courses

Campus Tuition and Fee Proposal

Maximum Allowable Base Rates

Kentucky Public Postsecondary Institution
Maximum Base Rate Increase for Resident Undergraduates
Academic Year 2025-26

Institution	Adopted 2024-25 Base Rates ¹	Maximum 2025-26 Base Rates	One-Year Dollar Change	One-Year Percent Change
UK	\$13,502	\$13,952	\$450	3.3%
UofL	12,940	13,390	450	3.5%
WKU	\$11,452	\$11,872	\$420	3.7%
NKU	10,704	11,124	420	3.9%
EKU	10,020	10,440	420	4.2%
MuSU	9,900	10,320	420	4.2%
MoSU	9,772	10,192	420	4.3%
KSU	9,087	9,507	420	4.6%
KCTCS _(pch)	\$189.00	\$195.00	\$6.00	3.2%
KCTCS _(pch x 30)	5,670	5,850	180	3.2%

¹ Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart fee at KCTCS.

Kentucky Public Postsecondary Institution
Maximum Base Rate Increase for Resident Undergraduates
Academic Year 2026-27

Institution	Adopted 2024-25 Base Rates ¹	Maximum 2026-27 Base Rates	Two-Year Dollar Change	Two-Year Percent Change
UK	\$13,502	\$14,177	\$675	5.0%
UofL	12,940	13,615	675	5.2%
WKU	\$11,452	\$12,082	\$630	5.5%
NKU	10,704	11,334	630	5.9%
EKU	10,020	10,650	630	6.3%
MuSU	9,900	10,530	630	6.4%
MoSU	9,772	10,402	630	6.4%
KSU	9,087	9,717	630	6.9%
KCTCS _(pch)	\$189.00	\$198.00	\$9.00	4.8%
KCTCS _(pch x 30)	5,670	5,940	270	4.8%

¹ Base rates do not include Special Use Fees or Asset Preservation Fees previously approved by the Council, or a BuildSmart fee at KCTCS.

Campus Tuition and Fee Proposal

Kentucky State University Proposed Rates

- KSU’s Board of Regents approved the university’s tuition and fees for 2026-27 on December 5, 2025
- The university’s maximum allowable base rate for 2026-27 is **\$9,717**
- KSU proposes to charge resident undergraduates **\$9,656** in 2026-27, an increase of \$149.⁰⁰ or 1.6%
- KSU has entered into a nonresident MOU with CPE
- KSU’s proposed rates for 2026-27 comply with Council parameters

Kentucky State University Proposed Tuition and Fee Base Rates Academic Year 2026-27				Table 1
<u>Rate Category</u>	<u>Current 2025-26 Base Rates</u>	<u>Proposed 2026-27 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Undergraduate				
Resident	\$9,507	\$9,656	\$149	1.6%
Nonresident	13,848	14,071	223	1.6%
Graduate				
Resident	\$645.00 pch	\$645.00 pch	\$0.00	0.0%
Nonresident	645.00 pch	645.00 pch	0.00	0.0%
Base rates for KSU do not include an Asset Preservation Fee of \$150. ⁰⁰ per semester, or \$300. ⁰⁰ per year for full-time students.				
pch = per credit hour				

Campus Tuition and Fee Proposal

Staff Recommendation

- The tuition proposal submitted by Kentucky State University complies with the resident undergraduate rate ceiling adopted by the Council
- As permitted under Council policy, the university submitted market competitive rates for graduate and online students
- KSU's governing board approved the university's proposed rates for academic year 2026-27

➤ *Staff recommends that the Finance Committee approve and endorse for full Council approval tuition and fee rates for academic year 2026-27 as proposed by Kentucky State University*

Murray State University

Interim Capital Project – Bauernfeind Wellness Center Pool HVAC and BAS Controls

Adam Blevins

Director, Finance Policy and Programs

Greg Rush

Assistant Vice President, Finance Policy and Programs

Kentucky Council on Postsecondary Education



MuSU Interim Capital Project

- All capital projects with a scope of \$1,000,000 or more require Council approval
- Council approves most projects during the biennial budget submission and review process
- Interim approval is required for capital projects that are not included in the biennial budget request (2024-2026)

MuSU Interim Capital Project

- KRS 45.760 stipulates that interim projects may be authorized if they:
 - are funded with non-general fund appropriations
 - do not jeopardize funding for existing programs; and
 - are reported to the Capital Projects and Bond Oversight Committee
- KRS 45.763 states that institutions cannot issue debt for capital projects

MuSU Interim Capital Project

- The Susan E. Bauernfeind Wellness Center is a 83,071 square foot recreation facility
- The \$2,200,000 project will address HVAC concerns for the natatorium (swimming pool) section of the facility
 - Relocating the existing HVAC unit from the recessed section of the roof to an adjacent area to improve airflow
 - Replacing the outdated building automation system (BAS) to improve temperature and humidity controls for the entire facility
- MuSU Board of Regents approved the project with the \$2.2 million scope on December 12, 2025

MuSU Interim Capital Project



Funding source for this project is being changed to Plant Deferred Maintenance funds.

MuSU Interim Capital Project

- *Staff recommends that the Finance Committee endorse for full Council approval a \$2.2 million interim capital project for Murray State to relocate HVAC Unit #5 and replace BAS controls in the Bauernfeind Wellness Center.*

Area Technology Center Employee Waiver Policy Update

Adam Blevins

Director, Finance Policy and Programs

Brent Floyd

Senior Associate, Finance Policy and Programs

Kentucky Council on Postsecondary Education

Area Technology Center Employee Waiver Policy Update

- Codified in 1997, KRS 164.020(33) specified that the Council on Postsecondary Education shall:
 - “Develop a statewide policy to promote employee and faculty development in all postsecondary institutions and in state and locally operated secondary area technology centers through the waiver of tuition for college credit coursework in the public postsecondary education system. Any regular full-time employee of a postsecondary public institution or a state or locally operated secondary area technology center may, with prior administrative approval of the course offering institution, take a maximum of six (6) credit hours per term at any public postsecondary institution. The institution shall waive the tuition up to a maximum of six (6) credit hours per term.”
- During the 2018 Regular Session, this policy was revised to remove employees from postsecondary education institutions from the waiver program, limiting it only to employees at state or locally owned area technology centers (ATCs).
 - Due to other revisions in KRS 164.020, the updated policies are now included in KRS 164.020(32)

Area Technology Center Employee Waiver Policy Update

- KRS 164.020(32) now requires that the Council:
 - “Develop a statewide policy to promote employee and faculty development in state and locally operated secondary area technology centers through the waiver of tuition for college credit coursework in the public postsecondary education system. Any regular full-time employee of a state or locally operated secondary area technology center may, with prior administrative approval of the course offering institution, take a maximum of six (6) credit hours per term at any public postsecondary institution. The institution shall waive the tuition up to a maximum of six (6) credit hours per term.”
- Additionally, the new language specifies that waiver participants must:
 - “...complete the Free Application for Federal Student Aid to determine the level of need and eligibility for state and federal financial aid programs. The amount of tuition waived shall not exceed the cost of tuition at the institution less any state or federal grants received, which shall be credited first to the student's tuition.”

Area Technology Center Employee Waiver Policy Update

- CPE has maintained a policy since the original statute was codified in 1997
 - The most recent update to the policy was made in 2000
 - The current Council-approved policy does not reflect the revisions made to the statute in 2018
- CPE staff is proposing to update the policy to align with institutional practice and statutory requirements
 - Revisions include changes to language for clarity, removal of a “definitions” section to streamline the document, and relevant updates to reflect the eligibility of the program exclusively to ATC employees

Area Technology Center Employee Waiver Policy Update

Proposed changes to the waiver policy include:

- Revising language throughout the document to improve clarity and readability
- Renaming the policy from the “Faculty and Staff Tuition Waiver Program” to the “Area Technology Center Employee Tuition Waiver Program”
- Replacing statutory language on the first page to reflect the revised statute
- Striking the “Definitions” section to address redundant language throughout the document
- Revising items 1, 4, 7, 9, and 11 in the “General Requirements” section to reflect statutory changes
- Removing item 12 in the “General Requirements” section to better align with the revised statute
- Revising items 1 and 3 in the “Eligibility Criteria” section to refine language specifying that only area and technology center employees are eligible

Area Technology Center Employee Waiver Policy Update

- *CPE staff recommends that the Finance Committee endorse for full Council approval the updated Area Technology Center Employee Waiver Policy to comply with the revised statute in KRS 164.020(32)*

Approval of Postsecondary Education Equine Trust Program Guidelines

Brent Floyd

Senior Associate, Finance Policy and Programs

Adam Blevins

Director, Finance Policy and Programs

Kentucky Council on Postsecondary Education

Equine Trust Program Guidelines - Overview

- KRS 138.510(1)(d)5 establishes the Postsecondary Education Equine Trust and Revolving Fund, where “one-tenth of one percent (0.1%) of all money wagered on live races and historical horse races at the track shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities and the Bluegrass Community and Technical College, except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed three hundred twenty thousand dollars (\$320,000).”
- CPE is named as the administrative agent of these funds, and the agency may “promulgate administrative regulations to establish procedures for administering the program and criteria for evaluating and awarding grants.”
- The Postsecondary Education Equine Trust Program Guidelines have been reviewed by the Equine Trust Fund Advisory Committee and are presented to the Finance Committee for approval and endorsement to the full Council.

Equine Trust Program – Current Eligible Institutions

- University of Kentucky
- University of Louisville
- Morehead State University
- Murray State University
- Western Kentucky University
- Bluegrass Community and Technical College

Equine Trust Program – Criteria

- Projects shall significantly improve academic equine program facilities and equine program infrastructure that supports such facilities through construction, expansion, or renovation.
 - Routine Maintenance and Operations costs are not eligible for funds.
 - Key focus for facility and infrastructure projects:
 - Extending the useful life of buildings or key building systems.
 - Placing property in better operating condition as opposed to maintaining operating condition.
- For items of equipment to be eligible for funding, they must: (1) have a useful life in excess of 2 years; and (2) have a cost of \$5,000 or more.
- Not include salary or other operating expenses or replace other funds for capital purposes.

Equine Trust Program - Budgets & Reports

- Institutions are required to submit annual or biennial budgets to CPE for review
 - Changes of 10% or greater across line items must be approved by CPE staff
 - Carryforward of funds is allowed
- Funds must be deposited into an institution-designated restricted fund account
- Annual programmatic financial reports are submitted to CPE no later than October 1 each year
 - Fund disbursements are not approved until an institution's report has been received and reviewed by CPE staff
- CPE maintains contracts with each institution further outlining procedures for the disbursement of funds.

Equine Trust Program – Equine Trust Advisory Committee

- KRS 138.510(1)(d)5 requires CPE to “establish an advisory committee of interested parties, including all universities and the Bluegrass Community and Technical College with established equine programs, to evaluate proposals and make recommendations for the awarding of funds.”
- The Advisory Committee is composed of one representative from each participating institution. Representatives are confirmed by the Chair of the Council on Postsecondary Education.
- Representatives serve four-year terms and may be reappointed.
- The Advisory Committee:
 - Engages in feedback with CPE staff to review and revise the Postsecondary Education Equine Trust Program Guidelines (the Council maintains final approval).
 - Reviews budgets, additional funding proposals, and contract amendments for all participating institutions.

Equine Trust Program – Staff Recommendation

- *CPE staff recommends that the Finance Committee endorse for full Council approval the Postsecondary Education Equine Trust Program Guidelines*

2026-2028 Biennial Budget Update

Greg Rush

Assistant Vice President, Finance Policy and Programs

Leslie Brown

Assistant Vice President, Operations

Kentucky Council on Postsecondary Education



Governor's Budget Recommendation – 2026-2028 Biennium

- Postsecondary Institutions were exempted from the 3% base budget reduction implemented by the Governor.
- The FY 2026 performance funding distribution is added to the base General Fund budgets for the institutions for FY 2027 and FY 2028.
- Base budgets for the institutions were adjusted for Fire and Tornado Fund assessments. This led to increases in some institutions' base budgets and decreases for others.
- General Fund was replaced with Fire Commission restricted funds for the KCTCS State Fire and Rescue Training mandated program.
- Two one-time appropriations from the Budget Reserve Trust Fund are included in the Governor's recommended budget.
 - \$42.0 million for the Eastern Kentucky University Osteopathic Medicine Escrow
 - \$4.0 million for the University of Kentucky Holocaust Education initiative

Governor's Budget Recommendation – 2026-2028 Biennium

Bond funded capital projects:

University of Kentucky	Construct Research Facility	\$200,000,000
University of Louisville	Construct STEM Building	142,000,000
Eastern Kentucky University	Asset Preservation Pool	65,000,000
	Aviation Acquisition Pool	10,000,000
Kentucky State University	Renovate Facility for Health Sciences Center	20,000,000
	Renovate Baseball Stadium	2,000,000
Morehead State University	Construct New Agricultural Sciences Building	30,665,000
Murray State University	Construct Emergency Veterinary & Teaching Clinic	48,500,000
Northern Kentucky University	Renovate Business Academic Building	75,000,000
Western Kentucky University	Asset Preservation Pool	100,000,000
Kentucky Community and Technical College System	Re-entry Campus-Northpoint Training Center	42,000,000
	Renovate Mayo Campus-Big Sandy CTC	4,500,000
	Upgrade Prestonsburg Campus Bldgs-Big Sandy CTC	7,400,000
	Renovate Leestown Building A-Bluegrass CTC	21,000,000
	Total	\$768,065,000

Governor’s Budget Recommendation – 2026-2028 Biennium

Agency Budget Request vs. Governor’s Budget Recommendation

Fiscal Year 2027

Appropriation Category	CPE Agency Budget Request	Governor's Proposed Budget	Difference
General Fund	\$17,920,500	\$13,981,800	(\$3,938,700)
Restricted Fund	8,200,000	11,709,700	3,509,700
Federal Fund	6,070,800	6,128,800	58,000
Tobacco Settlement Fund	6,250,000	6,250,000	0
TOTAL	\$38,441,300	\$38,070,300	

Governor’s Budget Recommendation – 2026-2028 Biennium

Agency Budget Request vs. Governor’s Budget Recommendation

Fiscal Year 2028

Appropriation Category	CPE Agency Budget Request	Governor's Proposed Budget	Difference
General Fund	\$17,920,500	\$17,613,100	(\$307,400)
Restricted Fund	8,200,000	9,025,900	825,900
Federal Fund	6,070,800	6,190,100	119,300
Tobacco Settlement Fund	6,250,000	5,480,300	(769,700)
TOTAL	\$38,441,300	\$38,309,400	

Governor's Budget Recommendation – 2026-2028 Biennium

Agency Budget Request vs. Governor's Budget Recommendation

General Fund Overview 2027-2028		
	FY2027	FY2028
Baseline Budget	\$17,920,500	\$17,920,500
Reduction: 3% Assessed FY26 Budget Shortfall	(439,300)	(439,300)
Reduction: Retirement (FY 26 Enacted vs Actual)	(232,900)	(232,900)
Increase: Defined Calculations, Health Insurance, and Retirement Increase	108,800	155,200
Increase: Salary Increment - 2%	102,000	209,600
Fund Swap: Bucks for Brains Interest (Increase in Restricted Fund)	(\$3,077,300)	
Fund Swap: Licensure (Restricted Fund)	(400,000)	
TOTAL General Fund Budget	\$13,981,800	\$17,613,100

Governor’s Budget Recommendation – 2026-2028 Biennium

Agency Budget Request vs. Governor’s Budget Recommendation

Not Included in Governor’s Budget Request Additional Agency Request Summary

Component	2026-27	2027-28
Defined Calculations	TBD	TBD
Increase to BREB Dues	\$20,000	\$20,000
Futuriti.org	\$250,000	\$250,000
Summer Bridge Programs	\$750,000	\$750,000
Workforce and Economic Development	\$1,000,000	\$1,000,000
TOTAL Additional Request	\$2,020,000	\$2,020,000

2022-24 and 2024-26 Asset Preservation Pools Update

Adam Blevins

Director, Finance Policy and Programs

Greg Rush

Assistant Vice President, Finance Policy and Programs

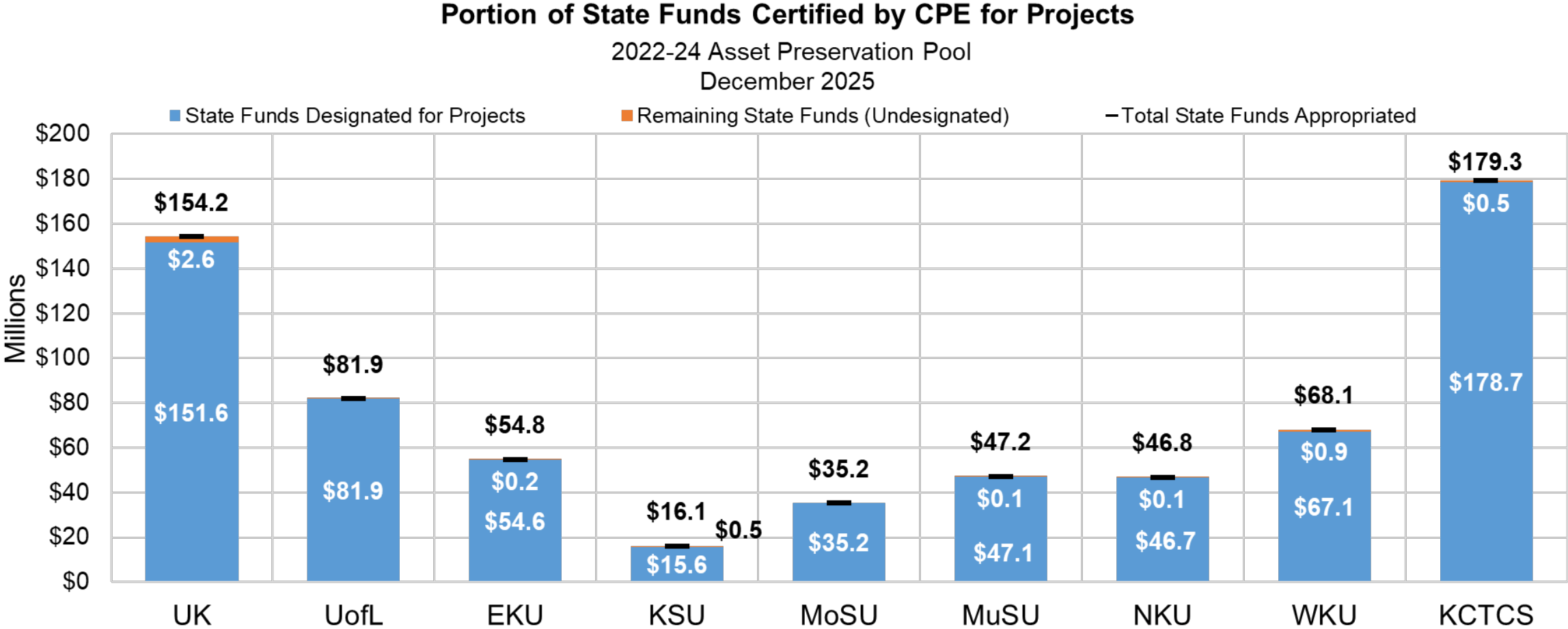
Kentucky Council on Postsecondary Education



Asset Preservation Update

- In the enacted 2022-24 Budget of the Commonwealth, the General Assembly authorized **\$700.0 million** in General Fund supported bond funds for asset preservation projects
 - Appropriated **\$683.5 million** for the 2022-24 Asset Preservation Pool
 - Appropriated **\$16.5 million** for an individual KCTCS project
- As of December 2025, **99.3%** of funds (**\$678.5 million**) have been certified for reimbursement
 - OSBD officials indicate that **69.4%** of funds have been reimbursed
- Attachment A in the board packet contains a table providing institutional breakdowns for the 2022-24 Asset Preservation Pool

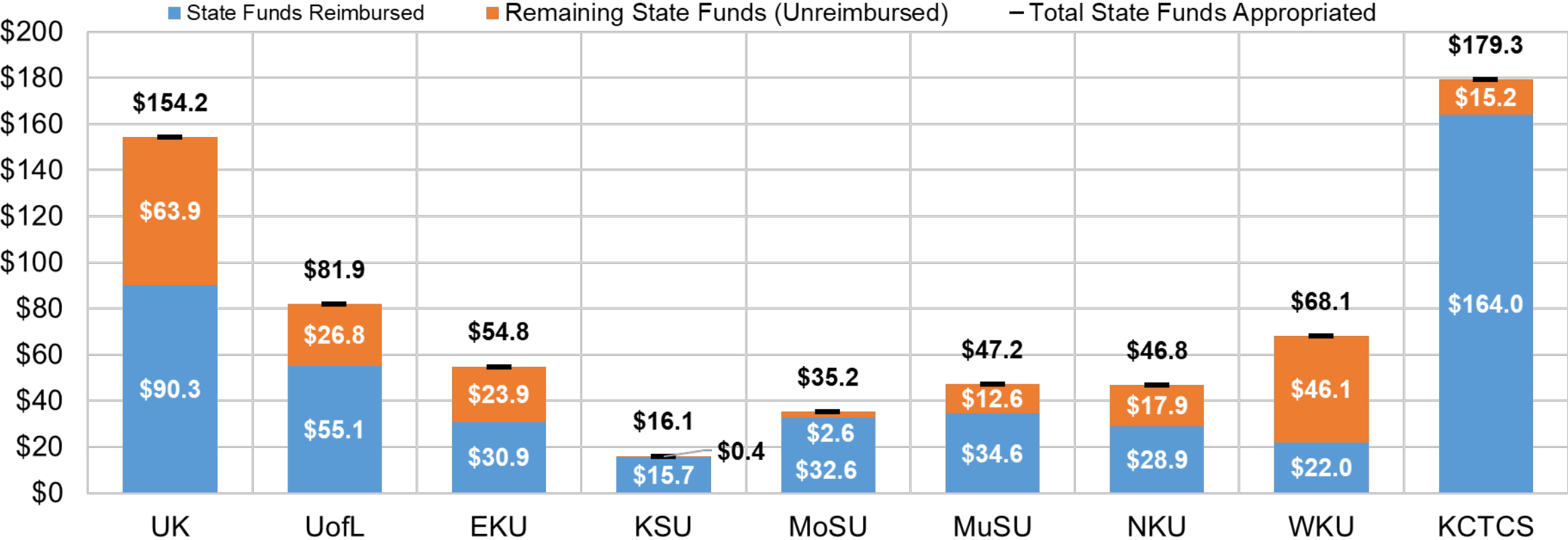
Asset Preservation Update



Source: CPE Asset Preservation Project Identification Templates

Asset Preservation Update

Portion of State Funds Reimbursed by OSBD
2022-24 Asset Preservation Pool
December 2025



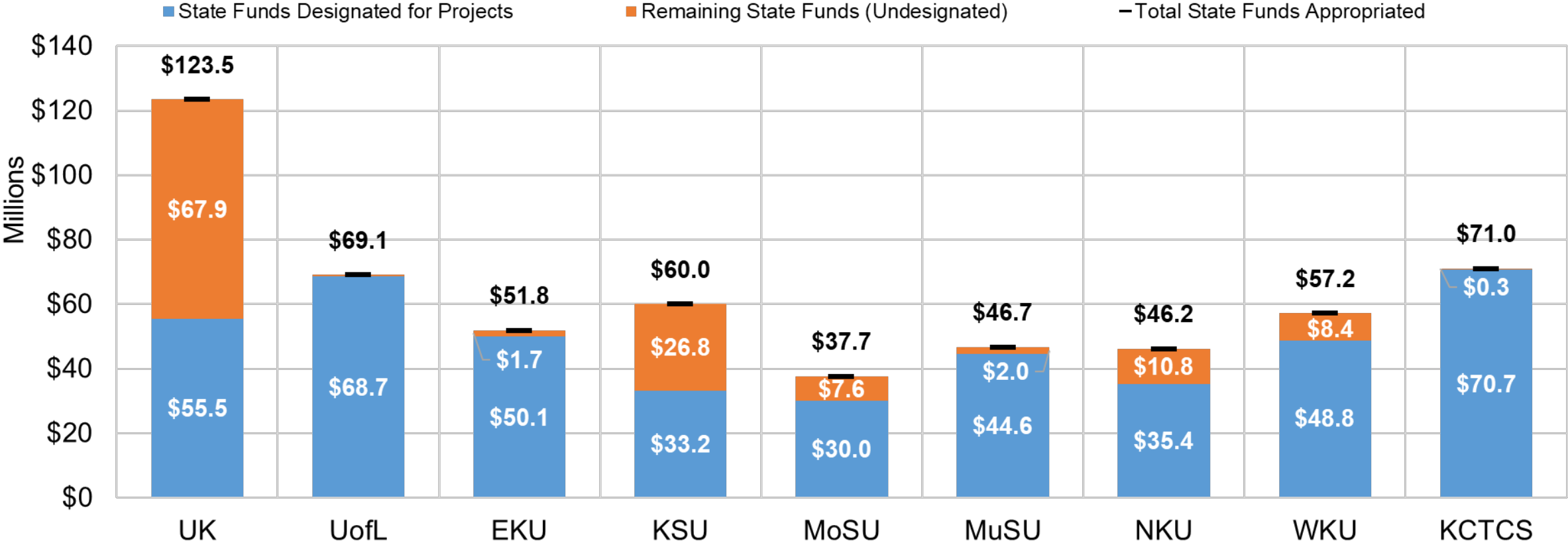
Source: CPE Asset Preservation Project Identification Templates

Asset Preservation Update

- In the enacted 2024-26 Budget of the Commonwealth, the General Assembly authorized **\$656.0 million** in General Fund supported bond funds for asset preservation projects
 - Appropriated **\$563.0 million** for the 2024-26 Asset Preservation Pool
 - Appropriated **\$93.0 million** for other asset preservation projects
- As of December 2025, **77.6% (\$437.1 million)** of pool funds have been certified for reimbursement
 - OSBD officials indicate that **8.0%** of funds have been reimbursed
- Attachment B in the board packet contains a table providing institutional breakdowns for the 2024-26 Asset Preservation Pool

Asset Preservation Update

Portion of State Funds Certified by CPE for Projects
2024-26 Asset Preservation Pool
December 2025



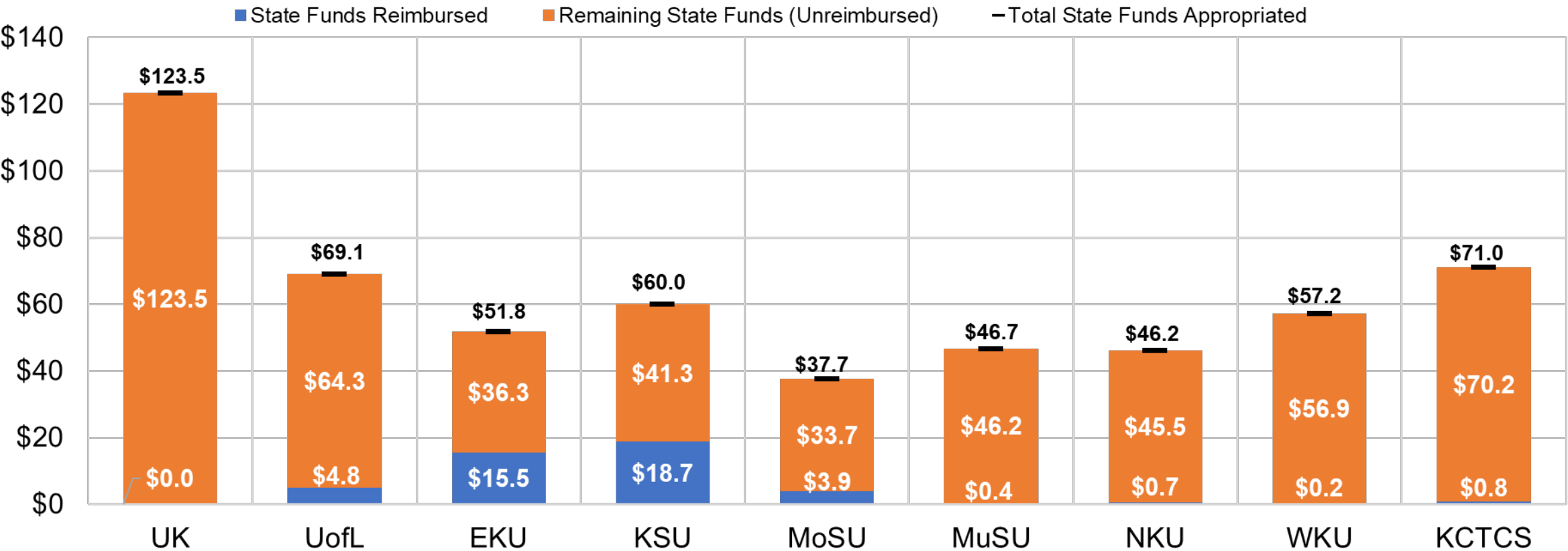
Source: CPE Asset Preservation Project Identification Templates

Asset Preservation Update

Portion of State Funds Reimbursed by OSBD

2024-26 Asset Preservation Pool

December 2025



Source: CPE Asset Preservation Project Identification Templates

Endowment Match Program (Bucks for Brains) Update

Brent Floyd

Senior Associate, Finance Policy and Programs

Adam Blevins

Director, Finance Policy and Programs

Kentucky Council on Postsecondary Education

Endowment Match Program – Introduction

- First created with the passage of the Postsecondary Education Improvement Act of 1997 (HB1), the Endowment Match Program (EMP) is comprised of one Trust Fund for each 4-year institution sector:
 - Research Challenge Trust Fund (RCTF)
 - Comprehensive University Excellence Trust Fund (CUETF)
- The 2022-24 biennial authorization of \$40 Million in bond funds is the fifth round of funding for the program. \$30 Million was appropriated for the RCTF and \$10 Million for the CUETF. These funds are to be used to match private donations in specified support areas for each sector.
- As of December 31, 2025, \$7,861,773 is yet to be disbursed.
 - RCTF remaining funds: \$5,787,820
 - CUETF remaining funds: \$2,073,953

EMP – Allocations & Disbursements by Institution

Institution	Allocation	Disbursed	Remaining Funds
University of Louisville	10,000,000	4,212,180	5,787,820
University of Kentucky	20,000,000	20,000,000	0
RCTF Total	\$30,000,000	\$24,212,180	\$5,787,820
Eastern Kentucky University	2,227,800	604,446	1,623,354
Kentucky State University	667,800	667,800	0
Morehead State University	1,279,000	1,279,000	0
Murray State University	1,484,900	1,483,901	999
Northern Kentucky University	1,864,600	1,415,000	449,600
Western Kentucky University	2,475,900	2,475,900	0
CUETF Total	\$10,000,000	\$7,926,047	\$2,073,953
Program Total	\$40,000,000	\$32,138,227	\$7,861,773

All figures as of December 31, 2025

EMP – Area of Support Requirements

- Areas of support are divided into two categories for both the RCTF and CUETF.
- For Research institutions;
 - A minimum of 70% of program funds must be used to support Category 1 uses, defined as endowed chairs, professorships, research scholars, research staff, or research infrastructure.
 - Up to 30% of program funds may be used to support Category 2 uses, defined as graduate fellowships or mission support.
- For Comprehensive institutions;
 - A minimum of 50% of program funds must be used to support Category 1 uses, defined as endowed chairs, professorships, research staff, or research infrastructure.
 - Up to 50% of program funds may be used to support Category 2 uses, defined as graduate fellowships, undergraduate scholarships, or mission support.

EMP – RCTF Usage by Support Area

Category 1 Uses							Category 2 Uses		
Institution	Chairs	Professorships	Research Scholars	Research Staff	Research Infrastructure	Total Category 1 Use	Graduate Fellowships	Mission Support	Total Category 2 Use
University of Kentucky	7	17	1	0	1	26	3	11	14
University of Louisville	3	2	0	0	0	5	0	0	0
Total RCTF Uses	10	19	1	0	1	31	3	11	14

All figures as of December 31, 2025

Disbursements by Category

Institution	Category 1 Minimum Allocation	Category 1 Uses	Category 2 Maximum Allocation	Category 2 Uses
University of Kentucky	14,000,000	16,465,000	6,000,000	3,535,000
University of Louisville	7,000,000	4,212,180	3,000,000	0
Total RCTF Disbursements by Category	\$21,000,000	\$20,677,180	\$9,000,000	\$3,535,000

All figures as of December 31, 2025

EMP – CUETF Usage by Support Area

Category 1 Uses

Category 2 Uses

Institution	Chairs	Professorships	Research Staff	Research Infrastructure	Total Category Use	Graduate Fellowships	Undergraduate Scholarships	Mission Support	Total Category Use
Eastern Kentucky University	0	1	0	0	1	0	6	1	7
Kentucky State University	0	1	0	0	1	0	0	0	0
Morehead State University	0	4	0	0	4	1	9	1	11
Murray State University	1	7	3	4	15	1	11	0	12
Northern Kentucky University	0	4	3	0	7	0	7	0	7
Western Kentucky University	1	1	1	0	3	0	5	0	5
Total CUETF Uses	2	18	7	4	31	2	38	2	42

All figures as of December 31, 2025

EMP – CUETF Usage by Support Area (cont.)

Disbursements by Category

Institution	Category 1 Minimum Allocation	Category 1 Uses	Category 2 Maximum Allocation	Category 2 Uses
Eastern Kentucky University	1,113,900	250,000	1,113,900	354,446
Kentucky State University	333,900	667,800	333,900	0
Morehead State University	639,500	639,500	639,500	639,500
Murray State University	742,450	747,886	742,450	736,015
Northern Kentucky University	932,300	845,000	932,300	570,000
Western Kentucky University	1,237,950	1,500,000	1,237,950	975,900
Total CUETF Disbursements by Category	\$5,000,000	\$4,650,186	\$5,000,000	\$3,275,861

All figures as of December 31, 2025

Performance Funding Model Review

Bill Payne

Vice President, Finance Policy and Programs

Adam Blevins

Director, Finance Policy and Programs

Kentucky Council on Postsecondary Education



Performance Funding Model Review

- Working Group Composition
- Working Group Charge
- Previous Funding Model Reviews
- Preliminary Timeline

Performance Funding Model Review

Working Group Composition

➔ KRS 164.092, 11(a)

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

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

* If HB 96 (26 RS) passes the current composition of the group could change

Performance Funding Model Review

Working Group Charge

➔ KRS 164.092, 11(b)(c)

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

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

The results of the review and recommendations of the working group shall be reported to the Governor, the Interim Joint Committee on Appropriations and Revenue, and Interim Joint Committee on Education by December 1 of each fiscal year that the working group convenes

Previous Funding Model Reviews

The 2020 working group recommended few changes to the model:

- Establish a general fund floor, or base level of state support, for each postsecondary institution (i.e., **Funding Floor 2020-21**)
- Discontinue **stop-loss carve outs** made by the institutions to the performance fund each year
- Require appropriations to be recurring to the performance fund, not the institutions
 - *This meant that going forward, any funds appropriated to the performance fund would be provided by the General Assembly*
 - *Distributions from the fund would be determined using existing models and be nonrecurring to the institutions*

Previous Funding Model Reviews (Cont'd)

The **2023** working group recommended five changes to the university funding model:

- 1) increase the premium for **low-income bachelor's degrees** awarded (from 3% to 8% pool allocation)
- 2) add a **new adult learner metric** to the model
- 3) eliminate degree efficiency weighting (from bachelor's metric)
- 4) increase the **small school adjustments** for KSU and MoSU
- 5) increase nonresident credit hour weighting (from 0.50 to 0.75)

Previous Funding Model Reviews (Cont'd)

The **2023** working group recommended six changes to the [KCTCS](#) funding model:

- 1) add a **new adult learner metric** to the model
- 2) allocate equity adjustment using a **new Community Needs Index**
- 3) reduce weighting of progression metrics (from 12% to 7%)
- 4) merge overlapping metrics into one credential metric tied to the economy (merge STEM+H, high-wage-demand, targeted)
- 5) reduce credential metric weighting (from 15% to 8%); increase weighting for URM, underprepared, low income, and transfer
- 6) use **rolling three-year average data** for all metrics except square feet

Previous Funding Model Reviews (Cont'd)

SB 191 (24 RS) directed the Council to convene the working group for the sole purpose of defining "underrepresented students" in the model

The 2024 working group recommended the following changes to the [university](#) funding model:

- Define "underrepresented students" as **first-generation college students**
- Assign 3.0% of allocable resources to bachelor's degrees earned by first-generation college students
- Apply a **differential sector weighting** to the first-generation bachelor's degree metric, calculated at the **midpoint** between no weighting and full weighting

Previous Funding Model Reviews (Cont'd)

The 2024 working group recommended the following changes to the KCTCS funding model:

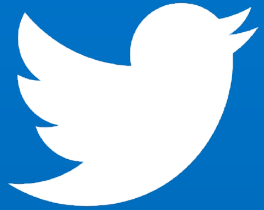
- Adopt first-generation college student credentials as the “underrepresented students” metric
- Align allocation percentages at 4.0% each for credentials earned by:
 - first-generation college students
 - low-income students
 - underprepared students
 - nontraditional age (25+) students

Performance Funding Model Review

Preliminary Timeline

- For the **2026** working group, December 1 is the deadline for submitting recommended changes to the models to state policymakers
- Current statute allows the working group to be convened prior to the start of the fiscal year to allow time for the group to complete its work
- CPE staff is planning to recommend that the working group meet once a month between February and November 2026 (up to 10 meetings)
- First three meetings of working group may be scheduled on Monday mornings or Friday afternoons to accommodate legislative members
- Ultimately, specific dates and times of meetings will be determined by work group members as the 2026 funding model review gets underway

Stay Connected



Twitter: **CPENews and CPEPres**



Data Center: **cpe.ky.gov/data**



Newsletter: **cpe.ky.gov/news/subscribe**