

**TITLE:** Tuition-Setting Process for Academic Year 2022-23

**DESCRIPTION:** Staff provides an update on the 2022-23 tuition-setting process, including a listing of Council approved maximum base-rate increases by institution for the upcoming year. Copies of the Academic Year 2022-23 Tuition and Mandatory Fee Policy and Preliminary Tuition Setting Timeline are provided for committee information.

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

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### **EXECUTIVE SUMMARY**

On May 13, 2021, the Council on Postsecondary Education approved tuition and mandatory fee ceilings for academic years 2021-22 and 2022-23. Included among parameters adopted at that meeting was a requirement that base-rate increases for resident undergraduate students not exceed 3.0% over two years, or 2.0% in any one year, at the public universities, nor exceed \$5.00 per credit hour over two years, or \$3.00 per credit hour in any one year, at KCTCS institutions.

In the weeks following that action, the postsecondary institutions submitted tuition and fee proposals for academic year 2021-22 to the Council that had been approved by their respective governing boards. Staff reviewed each institution's proposed 2021-22 tuition and fee charges by degree level, residency, and attendance status and determined that they complied with Council approved ceilings.

On June 25, 2021, the Finance Committee recommended, and the Council approved, tuition and mandatory fee rates for academic year 2021-22 for all nine postsecondary institutions, as approved by their respective governing boards and proposed to the Council. Two institutions, KSU and KCTCS, did not increase tuition charges in academic year 2021-22 (i.e., they adopted a 0.0% increase). The other institutions adopted increases at or below the 2.0 percent cap. Overall, in academic year 2021-22, the system average increase in postsecondary institution resident undergraduate base rates was 1.2 percent, the second lowest system average increase in over 20 years.

For academic year 2022-23, the maximum allowable base-rate increase for resident undergraduate students at each institution is listed in Table 7. For six universities, the "no more than 3.0 percent over two years" cap was the determining parameter. For KSU and MuSU, the "no more than 2.0 percent in any one year" ceiling was applied. The maximum increase for KCTCS was determined using the "no more than \$3.<sup>00</sup> per credit hour in any one year" parameter. Finally, included for Finance Committee information are copies of the Academic Year 2022-23 Tuition and Mandatory Fee Policy (Attachment A) and Preliminary Tuition Setting Timeline Attachment B).

## **COUNCIL APPROVED TUITION AND FEE CEILINGS**

For the 2021-22 tuition-setting cycle, CPE staff recommended, and the Council approved, two-year ceilings that limited increases in resident undergraduate tuition and fees at Kentucky colleges and universities to predetermined amounts in academic years 2021-22 and 2022-23. Specifically, staff recommended that the Finance Committee approve, and endorse to the full Council, resident undergraduate tuition and fee ceilings for academic years 2021-22 and 2022-23, that equate to a maximum base rate increase of no more than 3.0 percent over two years, and a maximum increase of no more than 2.0 percent in any one year, at each public research and comprehensive university.

It was also recommended that, over the same two-year period, the Finance Committee approve and endorse tuition and fee ceilings for resident students attending KCTCS institutions, that equate to a maximum base rate increase of no more than \$5.00 per credit hour over two years, and a maximum increase of no more than \$3.00 per credit hour in any one year.

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

- A maximum base rate increase of no more than 3.0 percent over two years, and a maximum increase of no more than 2.0 percent in any one year, for public research and comprehensive universities; and
- A maximum base rate increase of no more than \$5.<sup>00</sup> per credit hour over two years, and a maximum increase of no more than \$3.<sup>00</sup> per credit hour in any one year, for students attending KCTCS institutions.

The Council also approved a recommendation that allows public institutions 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.

In adopting these parameters, a top priority for the Council was keeping tuition and fee increases to a minimum to help students and families who were struggling financially due to the Coronavirus pandemic. While maintaining affordability was the overriding concern, there was also recognition that small increases in tuition and fees are necessary to help institutions maintain quality academic programs, address inflationary cost increases, and continue making progress toward achieving the state's 60x30 college attainment goal.

## **MAXIMUM 2021-22 BASE RATE INCREASES**

As a reminder, resident undergraduate tuition ceilings approved by the Council apply to each institution's base-rate charge. Base rates are defined as total tuition and fee charges, minus any Special Use Fees 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 staff deduct these fees from total tuition and fees before applying a percent increase parameter, which keeps the fees at a fixed amount each year until they expire.

Table 1 shows the academic year 2020-21 base rate, maximum allowable base rate for academic year 2021-22, and one-year dollar and percent changes compared to the 2020-21 base rate for each public university, using the recommended “no more than 2.0 percent in any one year” maximum increase parameter.

Kentucky Public Research and Comprehensive Universities Maximum Base Rate Increases for Resident Undergraduates Academic Year 2021-22				Table 1
<u>Institution</u>	<u>Last Year's 2020-21 Base Rates</u>	<u>Maximum 2021-22 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
UK	\$12,484	\$12,734	\$250	2.0%
UofL	11,966	12,205	239	2.0%
EKU	9,266	9,451	185	2.0%
KSU	8,500	8,670	170	2.0%
MoSU	9,038	9,219	181	2.0%
MuSU (Pre Summer 2016)	8,676	8,850	174	2.0%
MuSU (Summer 2016 or After)	9,168	9,351	183	2.0%
NKU	9,912	10,110	198	2.0%
WKU	10,602	10,814	212	2.0%

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

Table 2 shows last year’s base rate, maximum allowable base rate for academic year 2021-22, and one-year dollar and percent changes compared to the 2020-21 base rate for KCTCS institutions, using the recommended “no more than \$3.00 per credit hour in any one year” maximum increase parameter.

Kentucky Community and Technical College System Maximum Base Rate Increase for Resident Students Academic Year 2021-22				Table 2
<u>Institution</u>	<u>Last Year's 2020-21 Base Rate</u>	<u>Maximum 2021-22 Base Rate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
KCTCS (per credit hour)	\$179.00	\$182.00	\$3.00	1.7%
KCTCS (per credit hour x 30)	\$5,370	\$5,460	\$90	1.7%

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

## CAMPUS 2021-22 TUITION AND FEE PROPOSALS

During a six-week period following the Council's adoption of the two-year tuition and fee ceilings, staff worked with campus officials to obtain tuition and fee rate proposals for academic year 2021-22 from each institution, as well as estimates of fixed cost increases and tuition and fee revenue projections for fiscal year 2021-22. On June 23, 2021, the Council approved tuition and fee rate proposals for academic year 2021-22 that had been submitted by all nine postsecondary institutions and endorsed by the Finance Committee. As can be seen in Table 3 below, the proposals submitted by the research and comprehensive universities complied with Council-approved ceilings.

Kentucky Public Research and Comprehensive Universities					Table 3
Approved Base Rate Increases for Resident Undergraduates					
Academic Year 2021-22					
<u>Institution</u>	<u>Last Year's 2020-21 Base Rates</u>	<u>Approved 2021-22 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	
UK	\$12,484	\$12,610	\$126	1.0%	
UofL	11,966	12,174	208	1.7%	
EKU	9,266	9,452	186	2.0%	
KSU	8,500	8,500	0	0.0%	
MoSU	9,038	9,210	172	1.9%	
MuSU (Pre Summer 2016)	8,676	8,760	84	1.0%	
MuSU (Summer 2016 or After)	9,168	9,252	84	0.9%	
NKU	9,912	10,012	100	1.0%	
WKU	10,602	10,792	190	1.8%	

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

As can be seen in Table 4, the proposal submitted by KCTCS also complied with Council ceilings.

Kentucky Community and Technical College System					Table 4
Adopted Base Rate Increase for Resident Students					
Academic Year 2021-22					
<u>Institution</u>	<u>Last Year's 2020-21 Base Rates</u>	<u>Approved 2021-22 Base Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	
KCTCS (per credit hour)	\$179.00	\$179.00	\$0.00	0.0%	
KCTCS (per credit hour x 30)	\$5,370	\$5,370	\$0	0.0%	

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

## MAXIMUM 2022-23 BASE RATE INCREASES

For the 2022-23 tuition-setting cycle, the Council adopted two-year ceilings that limit increases in resident undergraduate base rates to no more than 3.0 percent over two years at the universities and no more than \$5.00 per credit hour over two years at KCTCS. Those maximum base rate increases are shown in tables 5 and 6 below.

Kentucky Public Research and Comprehensive Universities				Table 5
Maximum Base Rate Increases for Resident Undergraduates				
Academic Year 2022-23				
Institution	Last Year's 2020-21 Base Rates	Maximum 2022-23 Base Rates	Two-Year Dollar Change	Two-Year Percent Change
UK	\$12,484	\$12,859	\$375	3.0%
UofL	11,966	12,325	359	3.0%
EKU	9,266	9,544	278	3.0%
KSU	8,500	8,755	255	3.0%
MoSU	9,038	9,309	271	3.0%
MuSU (Pre Summer 2016)	8,676	8,936	260	3.0%
MuSU (Summer 2016 or After)	9,168	9,443	275	3.0%
NKU	9,912	10,209	297	3.0%
WKU	10,602	10,920	318	3.0%

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

Table 5 shows last year's base rate (i.e., 2020-21), the maximum allowable base rate for academic year 2022-23, and two-year dollar and percent changes compared to the 2020-21 base rate for each public university, using the recommended "no more than 3.0 percent over two years" maximum increase parameter.

Kentucky Community and Technical College System				Table 6
Maximum Base Rate Increase for Resident Students				
Academic Year 2022-23				
Institution	Last Year's 2020-21 Base Rate	Maximum 2022-23 Base Rate	Two-Year Dollar Change	Two-Year Percent Change
KCTCS (per credit hour)	\$179.00	\$184.00	\$5.00	2.79%
KCTCS (per credit hour x 30)	\$5,370	\$5,520	\$150	2.79%

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

Table 6 shows last year's base rate, maximum allowable base rate for academic year 2022-23, and two-year dollar and percent changes compared to the 2020-21 base rate for KCTCS, using the recommended "no more than \$5.00 per credit hour over two years" maximum increase parameter.

In addition to approving resident undergraduate rate ceilings for two years (i.e., the current year, 2021-22, and next year, 2022-23), the Council approved provisions allowing institutions to submit for 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. The institutions are also allowed to charge market competitive rates for graduate and online courses, as approved by their governing boards.

Finally, Table 7 below shows adjusted maximum base rates for three institutions that will have their tuition capped, using the "no more than 2.0 percent in any one year" parameter (i.e., KSU and MuSU), or using the "no more than \$3.00 per credit hour in any one year" ceiling (i.e., KCTCS). The maximum 2022-23 base rates for the other six institutions were determined using the "no more than 3.0 percent over two years" parameter approved by the Council on May 13, 2021, as shown in Table 5.

Kentucky Public Postsecondary Institutions Maximum Base Rate Increases for Resident Undergraduates Academic Year 2022-23				Table 7
Institution	Adopted 2021-22 Base Rates	Maximum 2022-23 Base Rates	Dollar Change	Percent Change
UK	\$12,610	\$12,859	\$249	1.97%
UofL	12,174	12,325	151	1.24%
EKU	9,452	9,544	92	0.97%
KSU	8,500	8,670	170	2.00%
MoSU	9,210	9,309	99	1.07%
MuSU (Pre Summer 2016)	8,760	8,935	175	2.00%
MuSU (Summer 2016 or After)	9,252	9,437	185	2.00%
NKU	10,012	10,209	197	1.97%
WKU	10,792	10,920	128	1.19%
KCTCS (per credit hour)	\$179.00	\$182.00	\$3.00	1.68%
KCTCS (per credit hour x 30)	\$5,370	\$5,460	\$90	1.68%

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

Adjusted maximum base-rate ceilings for 2022-23 shown in yellow highlight.

## TUITION AND MANDATORY FEE POLICY

Included in Attachment A to this agenda item is a copy of the Council's *Tuition and Mandatory Fee Policy* for academic year 2022-23. Typically, once the tuition policy is

approved by the Council it helps guide the development of tuition and mandatory fee ceiling recommendations for the upcoming academic year and facilitates submission and evaluation of campus tuition and fee proposals. However, given that the Council has already adopted tuition ceilings for both academic years 2021-22 and 2022-23, changes to the tuition policy for the upcoming year will likely be minimal and the policy will primarily be used to facilitate the development and submission of campus tuition and fee proposals.

### **TUITION SETTING TIMELINE**

A copy of a *Preliminary 2022-23 Tuition Setting Timeline* can be found in Attachment B to this agenda item. Given that the Council adopted two-year ceilings for academic years 2021-22 and 2022-23, the timeline for the upcoming year is more abbreviated than would normally be the case. It is anticipated that Council staff will work with campus chief budget officers and presidents over the next six weeks to finalize the tuition-setting timeline for academic year 2022-23.