FINANCE COMMITTEE | **ACTION ITEM**
KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION | April 14, 2025

TITLE: Tuition and Mandatory Fee Recommendation, Academic Years 2025-26 and 2026-27

DESCRIPTION: Staff recommends that the Finance Committee endorse for full Council approval the proposed tuition and mandatory fee recommendations for academic years 2025-26 and 2026-27.

STAFF CONTACTS: Dr. Bill Payne, Vice President for Finance Policy and Programs
Adam Blevins, Associate Director for Finance Policy and Programs

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RECOMMENDED MOTION

Staff recommends that the Finance Committee approve, and endorse to the full Council, resident undergraduate tuition and mandatory fee ceilings for academic years 2025-26 and 2026-27 that equate to:

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

It is further recommended that the public institutions be allowed to submit for Council review and approval:

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

BACKGROUND INFORMATION

Council staff used a collaborative process to develop its tuition and mandatory fee recommendation for academic years 2025-26 and 2026-27, which included sharing information and engaging in discussions with campus presidents, chief budget officers, and Council members. Based on feedback from multiple stakeholders and recognizing that many Kentucky students and families and the state's postsecondary institutions are coping with the effects of persistent inflation, there is general sentiment that system average increases in resident undergraduate tuition and fees should be capped toward the upper end of the moderate range in academic year 2025-26 and limited to the upper end of the low range in 2026-27 to support a necessary balance between the ability of students and families to pay for college and the resources required for postsecondary institutions to maintain quality academic programs, address cost increases, and support ongoing progress toward the state's 60x30 college attainment goal.

For the upcoming tuition cycle, CPE staff and campus officials agreed that staff's recommendation should include tuition and fee ceilings for the next two academic years (i.e., 2025-26 and 2026-27). Adopting rate ceilings for a two-year period has become an increasingly common approach in recent tuition-setting cycles. Four times over the past 11 years the Council has approved ceilings that span two years, including academic years 2014-15 and 2015-16, 2018-19 and 2019-20, 2021-22 and 2022-23, and 2023-24 and 2024-25. Using a two-year approach facilitates strategic planning and budgeting at the postsecondary institutions and makes college costs more predictable for Kentucky students and families.

KEY ISSUES

Over the past four months, Council staff and campus officials identified and discussed a number of key issues that helped inform construction of staff's 2025-26 and 2026-27 tuition and mandatory fee recommendation, including: (a) the level of state support for campus operations; (b) a pending reduction in the state's pension subsidy; (c) relatively low tuition increases in recent years; (d) the onset of unprecedented and persistent inflationary cost increases; (e) recent trends in college spending; (f) declining college going rates; (g) recent increases in student enrollment at nearly every institution; and (h) recent decreases in student loan debt. Each of these issues is described in detail below.

State Funding

The level of state support for campus operations is a key issue every year. While increases in General Fund appropriations can help institutions address budgetary challenges, funding cuts add to those challenges. The primary sources of revenue that postsecondary institutions use to educate students are state appropriations and net tuition and fee revenue (a.k.a., total public funds). For this reason, reductions in state support or flat funding can stress campus budgets and contribute to higher tuition.

Kentucky Public Postsecondary System
Change in State Funds for Educating Students
Between Fiscal Years 2024-25 and 2025-26

Table 1

Funding Category	Fiscal 2024-25 General Fund	Fiscal 2025-26 General Fund	Dollar Change	Percent Change
Adjusted Net General Fund [1]	$785,575,500	$785,575,500	$0	0.0%
Performance Fund	105,000,000	115,000,000	10,000,000	9.5%
Funds for Educating Students	$890,575,500	$900,575,500	$10,000,000	1.1%

[1] The adjusted net General Fund appropriation (a.k.a., the Formula Base) is calculated by deducting debt service and mandated program funds from each institution's regular appropriation.

On April 12, 2024, the Kentucky General Assembly passed a state budget for fiscal years 2024-25 and 2025-26 (24 RS, HB 6) that for the second biennium in a row provided increases in state support for postsecondary institutions. While the enacted budget provided $43.5 million new dollars to institutions in the first year of the biennium (i.e., a $35.8 million recurring increase in adjusted net General Fund and a $7.7 million increase in the Performance Fund), there was no increase in adjusted net General Fund and a $10.0 million increase in the Performance Fund in the second year.

Specifically, after deducting debt service and mandated program appropriations, the postsecondary institutions, both individually and in the aggregate, will receive the same level of adjusted net General Fund in 2025-26 that they received in 2024-25 (see Table 1). Although the Performance Fund appropriations will ultimately be distributed among institutions, it is important to keep in mind that these are incentive funds, which will not become part of the recurring base of institutions that earn the funds.

Pension Subsidy

Beginning with the 2012-13 tuition-setting cycle, and in every cycle since, CPE staff has explicitly considered the impact of required increases in retirement system contributions on postsecondary institution operating budgets. This approach was necessitated by large and frequently unfunded increases in Kentucky Employees Retirement System (KERS) employer-paid retirement contributions that were required by the state.

Kentucky Public Postsecondary Institutions — Table 2
Change in Kentucky Employee Retirement System Subsidy [1]
Between Fiscal Years 2024-25 and 2025-26

Institution	Fiscal 2024-25 General Fund	Fiscal 2025-26 General Fund	Dollar Change	Percent Change
UK	NA	NA	--	--
UofL	NA	NA	--	--
EKU	$6,236,800	$5,345,800	($891,000)	-14.3%
KSU	0	0	0	--
MoSU	3,439,100	2,947,800	(491,300)	-14.3%
MuSU	1,800,000	1,800,000	0	0.0%
NKU	NA	NA	--	--
WKU	1,522,200	1,522,200	0	0.0%
KCTCS	0	0	0	--
Total	$12,998,100	$11,615,800	($1,382,300)	-10.6%

In fiscal year 2021-22, the General Assembly appropriated $22.1 million in new funding to support the transition of comprehensive universities (except for NKU) and KCTCS to a level-dollar allocation method for determining KERS pension contributions. These funds were intended to cover 100 percent of the marginal cost increase in employer paid pension contributions in 2021-22, using projections based on an actual 2019-20 employer contribution base. House Bill 8 (21 RS), which established the pension subsidy, also included a schedule for reducing the subsidy amount by 10% per year over a five-year period, until the residual amount reached $11.0 million. The General Assembly ended up delaying the start of the subsidy reduction by one year.

Table 2 shows the annual dollar and percent change in the KERS pension subsidy between fiscal years 2024-25 and 2025-26. As can be seen in the table, between this year and next, the enacted state budget (24 RS, HB 6) calls for an $891,000 reduction in the pension subsidy at Eastern Kentucky University and a $491,300 reduction in the subsidy at Morehead State University (i.e., a $1.4 million system total decrease). These reductions are not inconsequential for the identified institutions. They represent the equivalent of a 1.4 percent budget reduction at EKU and a 1.3 percent budget reduction at MoSU on each institution's respective 2024-25 adjusted net General Fund base.

Recent Tuition Increases

Another issue that CPE staff and campus officials routinely consider during periodic tuition-setting cycles is the level of tuition and fee increase adopted by Kentucky colleges and universities in the previous year, or over the past several years. To the extent that a prior-year tuition increase was relatively low, or that the average annual increase over several years was historically low, that information may provide rationale for increased flexibility in the upcoming tuition cycle, depending on other key factors.

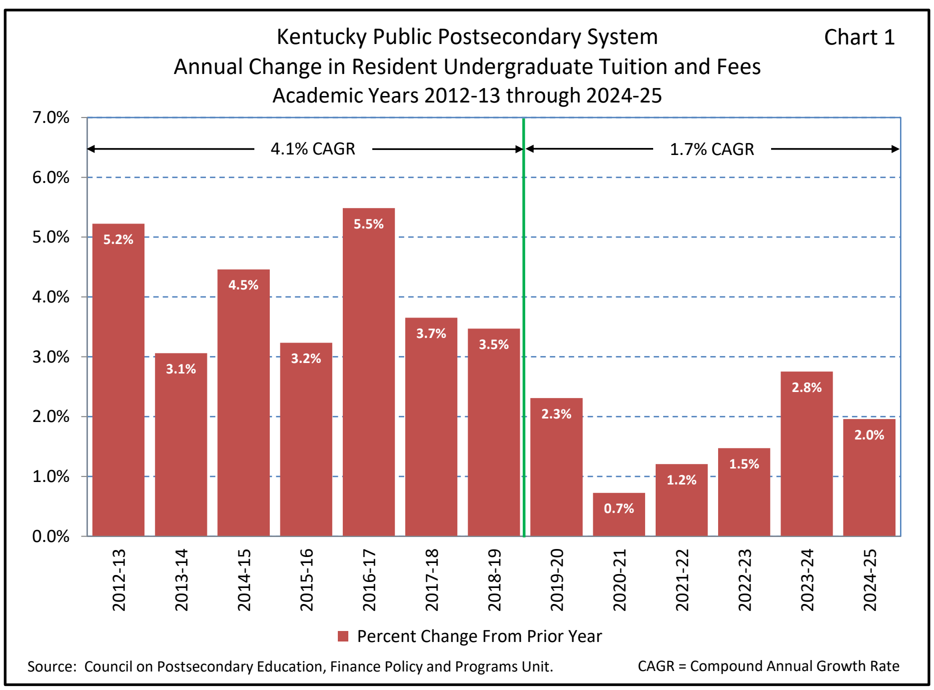
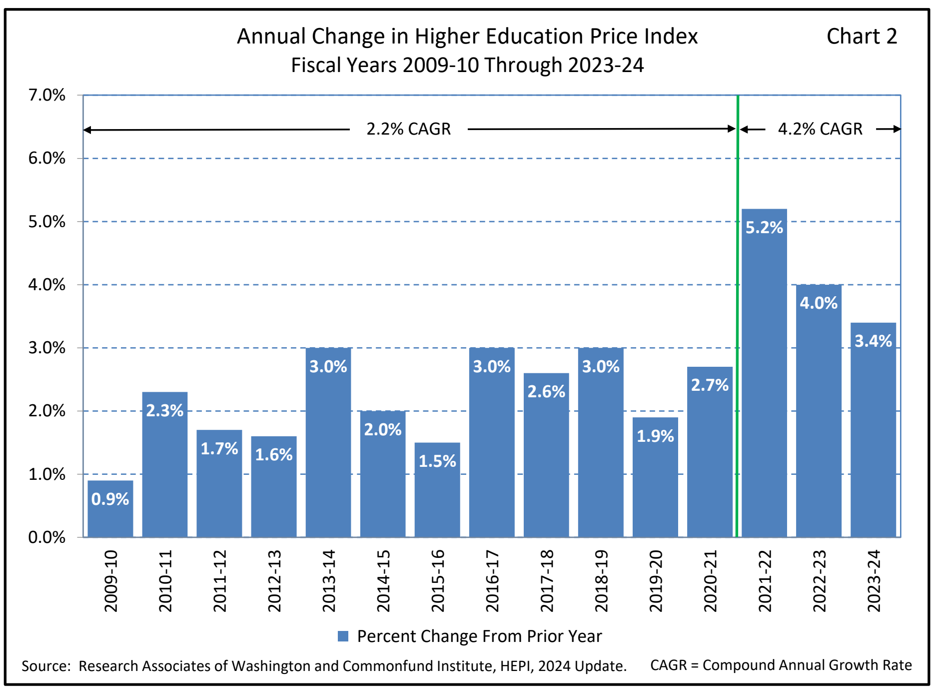


Chart 1 shows the annual change in resident undergraduate tuition and fees between academic years 2012-13 and 2024-25 for Kentucky's public postsecondary education system. As can be seen in the chart, during the seven-year period between 2012-13 and 2018-19, resident undergraduate tuition and fees at the postsecondary institutions increased at an average annual rate of 4.1% per year; but over the six years since, resident undergraduate tuition and fees grew at an average annual rate of 1.7%, or a reduction of more than half the average annual increase of the prior period.

The difference in average annual growth rates between these two periods was heavily influenced by Council tuition and fee ceilings, which in recent years have prioritized maintaining affordability for Kentucky students and families to help counter a persistent decline in college going rates and decreases in student enrollment.

Impact of Inflation

Another factor considered by stakeholders for the upcoming tuition cycle was the level and persistence of higher education inflation and the impact of those rising costs on campus operating budgets. Inflation is an important metric to monitor because the cost of educating students tends to go up every year and, for the most part, those costs are recurring. Fixed and unavoidable cost increases are receiving heighted scrutiny this cycle due to the magnitude of increases over the past three fiscal years (i.e., 2021-22, 2022-23, and 2023-24) and expectations that cost increases will be high again this year.



In 2022, inflation measured using the Commonfund Institute's Higher Education Price Index (HEPI) registered 5.2%, its highest level in more than 20 years. As can be seen in Chart 2, that unprecedented one-year increase was followed by a 4.0% increase in higher education costs in 2023 and a 3.4% increase in 2024, which on their own represent large increases relative to historical averages. To put these statistics in perspective, in no single year between 2010 and 2021 did growth in the HEPI exceed 3.0%. The compound annual growth rate in the price index over that time period was 2.2% per year, compared to 4.2% average annual growth over the past three years.

Inflation is a key consideration in tuition setting because of the relationship between growth in higher education costs and the availability of resources (or lack thereof) to offset those costs. As previously mentioned, the main sources of funding for educating students are state appropriations and tuition and fee revenue. In any given year, the level of stress on institutional budgets and corresponding need to raise revenue through tuition and fee increases is a function of rising costs and availability of state support to cover those costs. Table 3 below, which calculates the projected tuition increase needed to cover inflationary cost increases for the upcoming academic year, illustrates this point. Assuming that inflation increases by 3.4% (i.e., the five-year average HEPI) and given an expected net change in state support of $8.6 million, a 5.0% increase in tuition and fees would be required to cover the cost increases in 2025-26 alone.

Kentucky Public Postsecondary System — Table 3
Projected Tuition Increase Needed to Cover Inflationary Costs
Between Academic Years 2024-25 and 2025-26

Estimated Inflationary Cost Increase:	
Education and Related Spending (Fiscal 2023-24)	$2,351,726,587
Assumed Inflation Rate (5-Year Average HEPI)	X 3.4%
Estimated Cost Increase	$79,958,700
Expected Change in State Funds:	
Adjusted Net General Fund Appropriations	$0
Postsecondary Education Performance Fund	10,000,000
Reduction in Pension Subsidy (HB 8)	(1,382,300)
Expected Net Change in State Support	$8,617,700
Projected Tuition Revenue (@ 1.0% Increase):	
Net Tuition and Fee Revenue (Fiscal 2023-24)	$1,431,323,000
Apply 1.0% Rate Factor	X 1.0%
Projected Tuition Revenue Generated (@ 1.0%)	$14,313,200
Tuition Increase Needed to Cover Costs:	
Estimated Cost Increase	$79,958,700
Minus: Expected Net Change in State Support	(8,617,700)
Residual Cost (Revenue) Increase	$71,341,000
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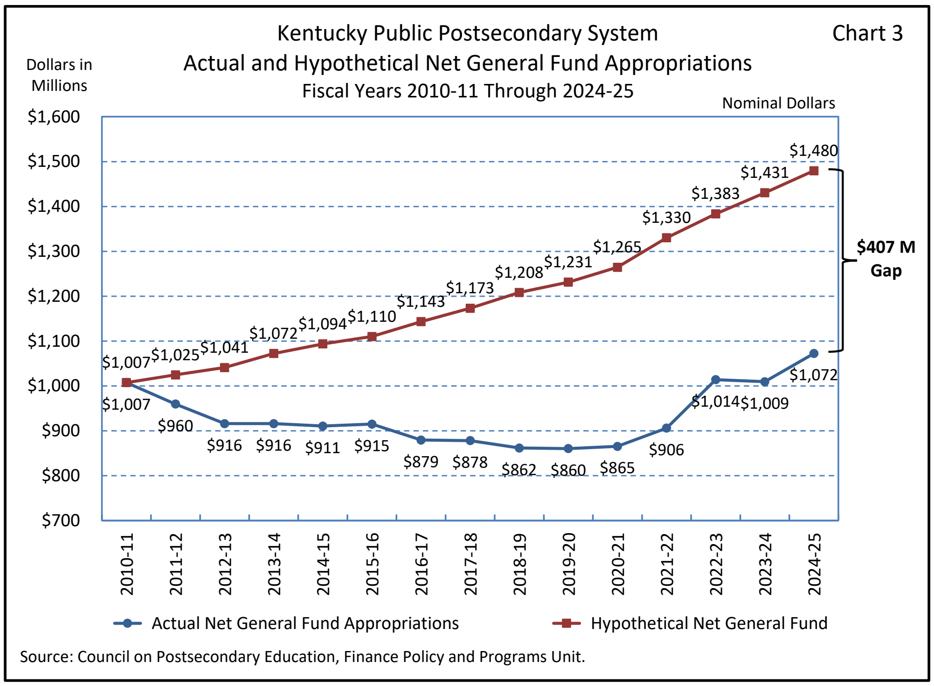
Projected Tuition Revenue Generated (@ 1.0%)	$14,313,200
Required Tuition Increase Multiple	5.0

The importance of state General Fund support for maintaining affordability for students and families cannot be overstated, as was illustrated in the previous table. But that support should not be a one-time occurrence. An examination of HEPI components and calculations over the past 20 years reveals that higher education cost factors, and thus the composite regression index, increase every year. As previously mentioned, most of those costs are recurring. For these reasons, it requires sustained state support over an extended time horizon to achieve the multiple, simultaneous, and often competing goals of affordability, access, and academic quality.

Unfortunately, for more than a decade during the past 15 years, state support for campus operations in Kentucky did not keep pace with inflation. Chart 3 compares actual net General Fund appropriations for Kentucky public postsecondary institutions (represented by the blue line) to hypothetical net General Fund appropriations allowed to increase at the rate of growth in higher education costs (represented by the red line) over a 15-year period between fiscal years 2010-11 and 2024-25. This time frame is significant because by 2010-11 most states in the U.S. had begun reinvesting in higher education following the Great Recession.

As can be seen in Chart 3, between fiscal years 2010-11 and 2019-20, nominal net General Fund appropriations for Kentucky's public postsecondary system decreased seven out of nine years, falling from $1.0 billion to $860 million, respectively. Then, between 2020-21 and 2022-23, Kentucky began reinvesting in higher education, an outcome that is very much appreciated by the Council and postsecondary institutions.



Beginning in 2022-23 and in each year over the next two years, net General Fund appropriations (i.e., regular appropriation minus debt service) to the postsecondary institutions exceeded the 2010-11 funding level in nominal terms. However, had the level of state support increased at the rate of inflation (HEPI), the institutions would have received $1.5 billion in 2024-25, or $407 million more in state appropriations.

It is important to remind Council members that, despite stresses on campus budgets over the past decade, the Council has not allowed institutions to fully recover losses from state budget cuts or fully cover increased spending demands caused by inflation through higher tuition and fees. Rather, the funding gap has been addressed through campus cost savings and efficiencies.

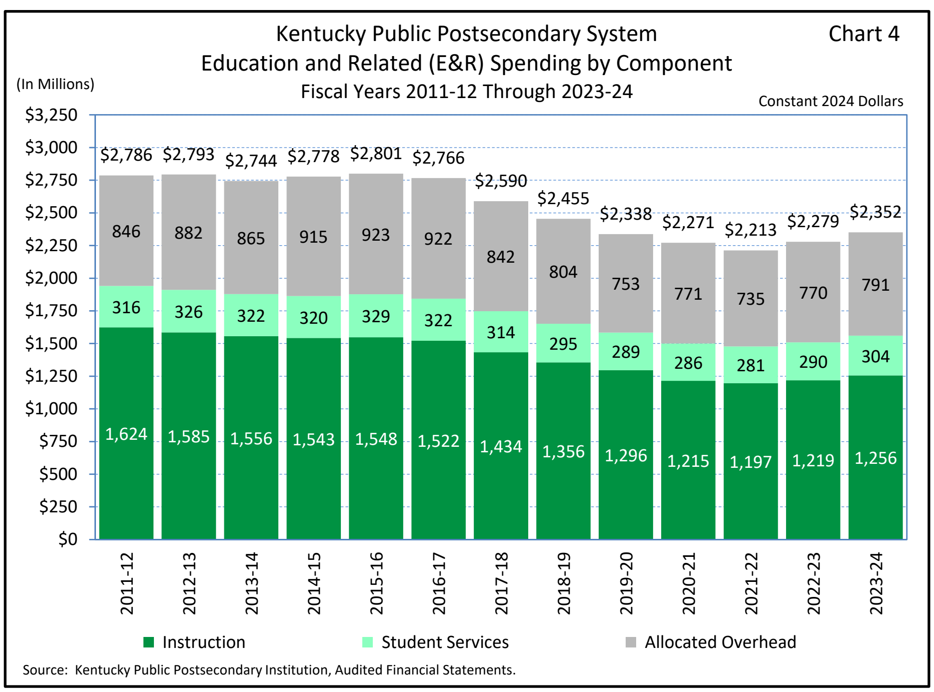
College Spending

A metric that has recently been added to the list of key issues reviewed by CPE staff and campus officials is the trend in higher education spending. Specifically, Education and Related

(E&R) spending is calculated for each institution (using Delta Cost Project methodology), aggregated for the system, and tracked over time. The source of data for this metric is campus audited financial statements. Monitoring the level of expenditures over time is useful for assessing the adequacy of total public funds resources (i.e., state appropriations, plus net tuition and fee revenue) available to educate students.

When the trend in E&R spending was examined two years ago, it was evident that the combination of relatively low increases in tuition and fees (i.e., a result of Council tuition ceilings) and declining or flat state support had taken a toll on campus operating budgets. Although real campus spending to educate students had remained relatively flat for five years in a row (i.e., between 2011-12 and 2015-16) indicating that it kept pace with inflation, between 2015-16 and 2021-22, campus spending decreased six years in a row, falling from $2.8 billion to $2.2 billion, respectively. This information provided support for Council adoption of a moderate tuition increase in 2023-24.

The recent trend has been positive. As can be seen in Chart 4, campus spending to educate students rebounded from the 2021-22 low and increased two years in a row. Specifically, between 2021-22 and 2023-24, real E&R spending increased from $2.2 billion to $2.35 billion, respectively. The level of increased spending the past two years was supported by a $108 million increase in state General Fund support in 2022-23, the aforementioned moderate increase in tuition and fees (i.e., a 2.8% system average increase in 2023-24), and enrollment increases at most institutions in both years.



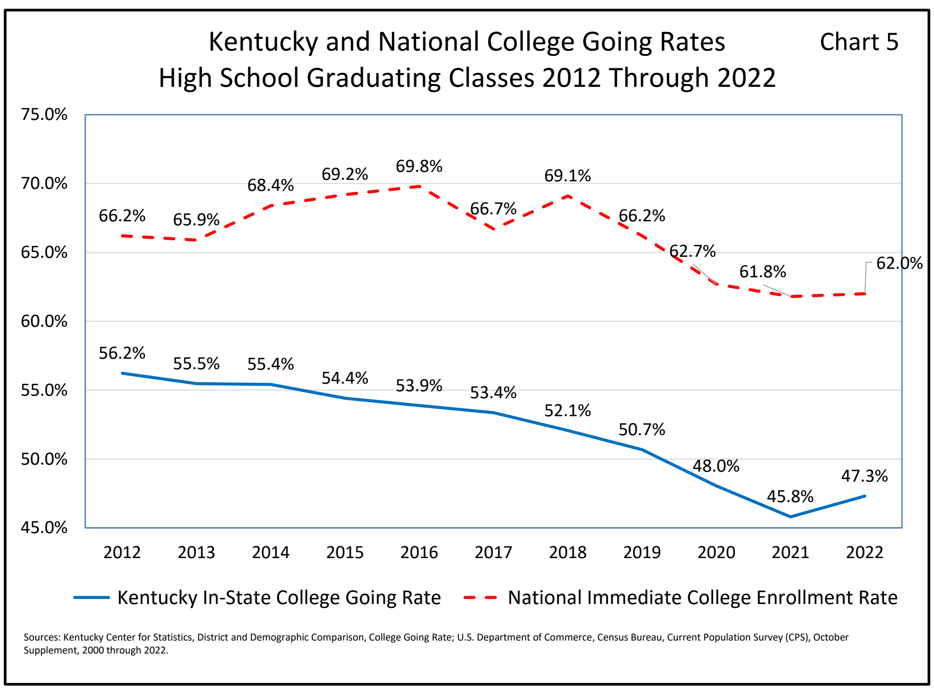
These data support the premise that declining state support coupled with Council tuition and fee ceilings have required Kentucky institutions to become more efficient. As previously mentioned, state appropriations and tuition and fees are the main sources of revenue available for educating students. Given the lack of state investment in higher education for much of the decade and given relatively low tuition increases in recent years, the downward trend in college spending is not surprising. The recent increase in real spending over the past two years was expected and intended.

College Going Rates

The trend in college going rates among Kentucky high school graduates was added to the list of key issues for the 2023-24 tuition cycle. Maintaining or increasing the college participation rate is an important determinant in maintaining student enrollment and helping the state meet its 60x30 college attainment goal. Unfortunately, for most of the past decade, college-going rates in Kentucky trended in the wrong direction.

As can be seen in Chart 5, Kentucky's in-state college going rate (represented by the solid blue line) decreased nine out of the past 10 years. After peaking at 56.2% for the high-school graduating class of 2012, the state's college participation rate decreased nine years in a row to a low of 45.8% in 2021, before rebounding to 47.3% in 2022.

While the COVID-19 pandemic likely contributed to the 4.9 percentage point decrease between 2019 and 2021, that two-year change represents the continuation of a longer-term trend of declining rates. To a certain extent, the decline in Kentucky college going rates between 2016 and 2021 mirrors the broader trend that occurred at the national level during this period, although Kentucky did not experience similar growth in college going rates that occurred at the national level between 2013 and 2016.



As can be seen in Chart 5, the national immediate college enrollment rate (represented by the dotted red line) decreased from 69.8 percent in 2016 to 61.8 percent in 2021, an 8.0 percentage point decline. However, as clearly shown in the chart, in any given year, Kentucky's college-going rate was well below the national average rate. In fact, it lagged the national rate by between 10 to 17 percentage points every year during this period.

Maintaining affordability for Kentucky students and families is an obvious strategy for trying to bolster college going rates and it is one that the Council and postsecondary institutions pursued over the past six years by adopting relatively low tuition and fee ceilings. As a reminder, the average annual increase in postsecondary system average tuition and fees over the past six years was 1.7% per year. In comparison, the average yearly increase in tuition and fees over the previous seven-year period was 4.1% per year or more than double the recent rate of increase.

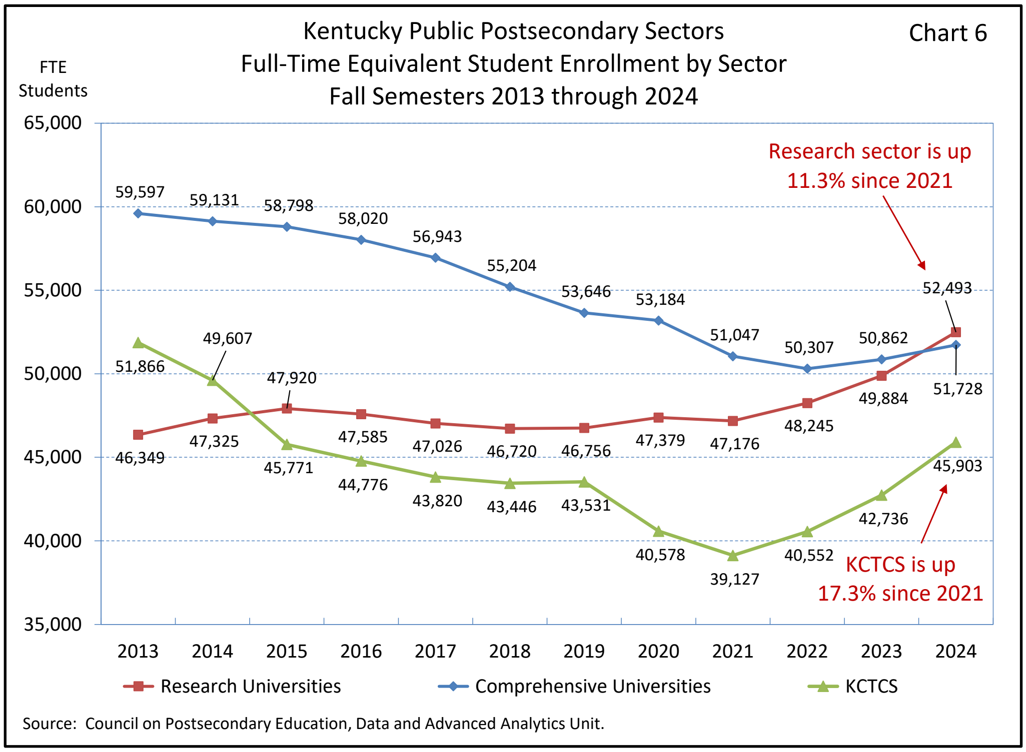
Enrollment Trends

The direction and magnitude of changes in postsecondary institution enrollment have been key considerations in the tuition-setting process every year for at least the past six years. This is because the trend in student enrollment at most Kentucky colleges and universities was downward for much of the past decade (i.e., primarily fall semesters 2013 through 2021), but it is also because the Council adopted a resolution directing staff and campus officials to adopt strategies to halt and hopefully reverse the decline.

On March 3, 2021, the Council's Executive Committee, operating under a delegation of authority from the Council, adopted a resolution, expressing concern about the potential effects of enrollment decline on the ability of the postsecondary system to meet the state's 60X30 attainment goal. The resolution charged CPE staff and campus leaders to implement strategies and undertake bold actions to mitigate the near-term enrollment effects of COVID-19 and stem the tide of declining enrollment. One strategy pursued by the Council was to encourage enrollment by maintaining college affordability.

The good news is that enrollment numbers have rebounded at many institutions since fall semester 2021. As can be seen in Chart 6, aggregate full-time equivalent (FTE) student enrollment at the research universities, represented by the red line, increased by 6,144 students or 13.5% between fall semesters 2013 and 2024. The research sector was the only sector that recorded an overall increase during this period. The recent trend for the sector is positive, as well, with research university FTE enrollment growing by 5,317 students or 11.3% since fall 2021.

In the comprehensive sector, represented by the blue line in Chart 6, FTE student enrollment decreased nine years in a row, falling by 9,290 students or -15.6% between fall semesters 2013 and 2022, before increasing by 1,421 students or 2.8% over the past two years. At KCTCS, represented by the green line, FTE student enrollment decreased eight years in a row, falling by 12,739 students or -24.6% between fall semesters 2013 and 2021, but then increased by 17.3% over the next three years.

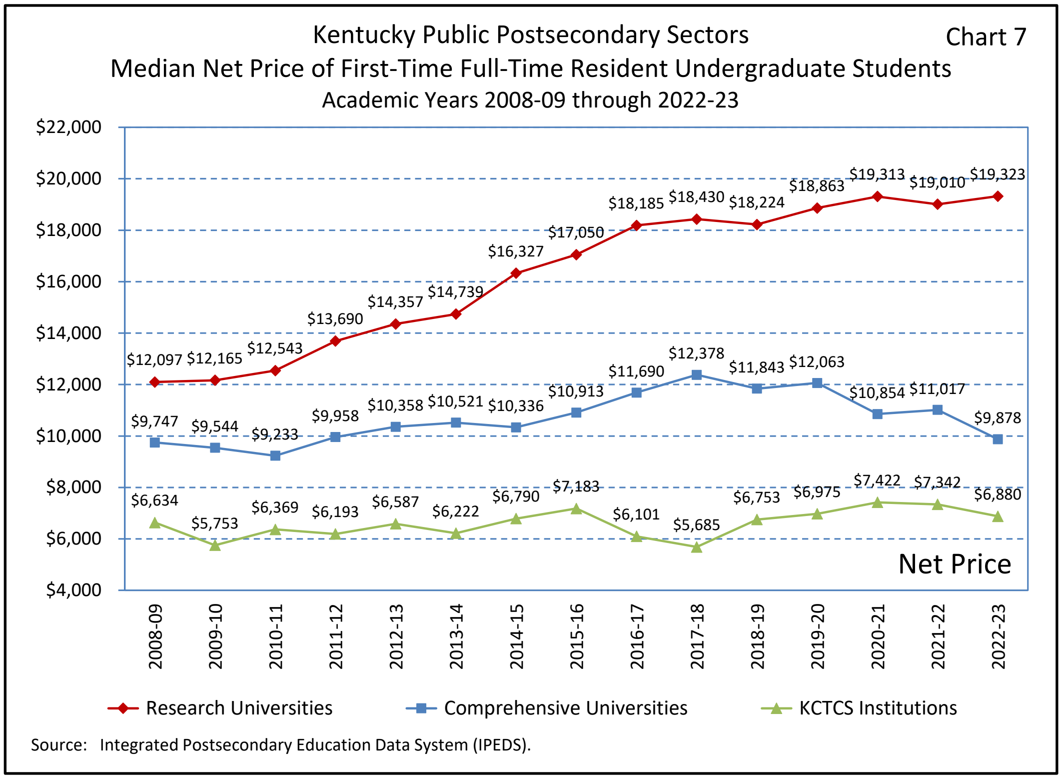


While maintaining affordability is still a high priority for Council staff and campus officials, the lack of sustained state support for campus operations over the past decade combined with several years of relatively low tuition and fee increases has resulted in real declines in college spending, which if left unchecked, could lead to increased reliance on adjunct faculty, fewer sections of courses being taught, larger class sizes, and a diminished level of academic quality. For this reason, staff is recommending tuition ceilings at the upper end of the moderate range in academic year 2025-26 and at the upper end of the low range in 2026-27 to achieve an appropriate balance between the resource needs of the institutions and affordability for Kentucky students and families.

Net Price

An important metric for assessing the impact over time of changes in price and student financial aid on college affordability is the trend in the net college price. It has been added as a key issue this tuition cycle because of very positive trends in the net price of college attendance exhibited within the comprehensive and two-year college sectors.

As can be seen in Chart 7, the net price of college attendance differs markedly across Kentucky's public postsecondary sectors. As expected, the median net price paid by resident undergraduate students attending KCTCS institutions (represented by the green line) is the lowest among the sectors (i.e., $6,880 in 2022-23), followed by a somewhat higher net price (i.e., $9,878 that same year) paid by students enrolled at comprehensive universities (represented by the blue line), and exceeded by the net price paid (i.e., $19,323) by students at research universities (represented by red line).



The overall trends in median net price over time also differ among sectors. At KCTCS institutions, annual changes in median net price have been sporadic, increasing in seven out of 14 years and decreasing in seven out of 14 years, with nine directional changes during that period. The overall trend is relatively flat, with median net price increasing by only $246 between academic years 2008-09 and 2022-23.

A similar pattern can be observed in the net price trend in the comprehensive sector. Between 2008-09 and 2022-23, the median net price paid by resident undergraduate students attending comprehensive universities increased eight out of 14 years and decreased six out of 14 years, with five directional changes during that period. Like the two-year sector, the overall trend was relatively flat, with median net price increasing by only $131 during this period.

Finally, the trend in net price has been generally up for students attending a research university. Between 2008-09 and 2022-23, the median net price paid by resident undergraduate students attending research universities increased 12 out of 14 years and decreased two out of 14 years. The overall trend was upward, with median net price increasing by $7,226 during this period.

Student Loan Debt

A final measure that has been added to the list of key issues for the 2025-26 tuition cycle is the trend in student loan debt. Average student loan debt and the percentage of students graduating with debt are indicators that CPE staff has routinely monitored both in terms of conducting interstate comparisons and reviewing trends over time for Kentucky institutions. Many researchers consider trends in student loan debt as a litmus test for assessing college affordability. Abrupt changes in average loan debt or the percentage of students graduating with debt, as well as overall trends in these metrics can signal the extent to which changes in college prices or in the amount and availability of student financial aid impact the ability of students and families to pay for college.

Over the past five years, average loan amounts for undergraduate degree and credential completers who graduated with debt has decreased, both among graduates of KCTCS institutions and graduates of public universities. The average loan amount of KCTCS degree, certificate, and diploma completers who graduated with debt decreased from $14,571 in 2018-19 to $13,629 in 2023-24, a 6.5% reduction. The average loan amount of public university undergraduate degree completers who graduated with debt decreased from $34,773 in 2018-19 to $32,996 in 2023-24, a 5.1% decrease.

In recent years, a smaller percentage of graduates from Kentucky public postsecondary institutions are leaving college with student loan debt. This is the case among graduates of KCTCS and among public university graduates. Specifically, among students who graduated from a KCTCS institution, 42.7% graduated with debt in 2018-19, compared to 28.0% who graduated with debt in 2023-24, a 14.7 percentage point reduction. Among students who graduated from a public university, 61.6% graduated with debt in 2018-19, compared to 54.9% of graduates in 2023-24, a 6.7 percentage point drop.

The positive trends in average student loan debt and the percentage of students graduating with debt were highlighted in the following quote by President Thompson. “This report is good news for Kentucky college students and reflects the tremendous efforts campuses are making to keep higher education accessible and affordable, despite inflationary pressures,” said Dr. Aaron Thompson, CPE president. “While headlines warn of a national student loan debt crisis, balances among Kentucky students have been falling for a decade, and especially over the last five years.”

STAFF RECOMMENDATION

For the current tuition-setting cycle, staff recommends that the Council adopt two-year ceilings that will limit increases in resident undergraduate tuition and mandatory fees at Kentucky colleges and universities to predetermined amounts over the next two years.

Specifically, staff recommends that the Finance Committee approve, and endorse to the full Council, resident undergraduate tuition and mandatory fee ceilings for academic years 2025-26 and 2026-27 that equate to:

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

In addition to proposing resident undergraduate rate ceilings for the next two years, staff recommends that the public institutions be allowed to submit for Council review and approval:

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

Finally, it is recommended that the public postsecondary institutions be allowed to submit for Council review and approval:

- Market competitive tuition and fee rates for graduate and online courses, as approved by their respective governing boards.

Included in the paragraphs below are four tables that identify each institution's adopted 2024-25 base rate (i.e., current-year base rates) and maximum allowable base rates for academic years 2025-26 and 2026-27 given staff's recommended parameters. As a reminder, 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.

Kentucky Public Postsecondary Institution — Table 4
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%

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

Table 4 shows the current-year base rate, maximum allowable base rate for academic year 2025-26, and one-year dollar and percent changes compared to the current-year base rate for each public university, using the recommended "no more than $450.00 in any one year for public research universities" and "no more than $420.00 in any one year for comprehensive universities" maximum increase parameters.

Kentucky Public Postsecondary Institution Maximum Base Rate Increase for Resident Undergraduates Academic Year 2026-27				Table 5
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%

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

Table 5 shows the current-year base rate, maximum allowable base rate for academic year 2024-25, and two-year dollar and percent changes compared to the current-year base rate for each public university, using the recommended “no more than 5.0 percent over two years” maximum increase parameter.

See Attachment A for detail regarding the maximum allowable total tuition and fee charges in 2025-26 and 2026-27 for resident undergraduate students at each public university. Unlike base rates, total tuition and fee charges include Special Use Fees and Asset Preservation Fees previously approved by the Council.

Kentucky Public Postsecondary Institution Maximum Base Rate Increase for Resident Students Academic Year 2025-26				Table 6
Institution	Adopted 2024-25 Base Rates [1]	Maximum 2025-26 Base Rates	One-Year Dollar Change	One-Year Percent Change
KCTCS (per credit hour)	$189.00	$195.00	$6.00	3.2%
KCTCS (per credit hour 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.

Table 6 shows the adopted 2024-25 base rate, maximum allowable base rate for academic year 2025-26, and one-year dollar and percent changes compared to the current-year base rate for KCTCS institutions, using the recommended “maximum increase of no more than $6.00 per credit hour in any one year” parameter. These rates are displayed both on a per-credit-hour basis and for a full-time student taking 30 hours.

Kentucky Public Postsecondary Institution Maximum Base Rate Increase for Resident Students Academic Year 2026-27				Table 7
Institution	Adopted 2024-25 Base Rates [1]	Maximum 2026-27 Base Rates	Two-Year Dollar Change	Two-Year Percent Change
KCTCS (per credit hour)	$189.00	$198.00	$9.00	4.8%
KCTCS (per credit hour 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.

Table 7 shows the adopted 2024-25 base rate, maximum allowable base rate for academic year 2026-27, and two-year dollar and percent changes compared to the current-year base rate for KCTCS institutions, using the recommended "maximum increase of no more than $9.00 per credit hour over two years" parameter.

See Attachment A for detail regarding the maximum allowable total tuition and fee charges in academic years 2025-26 and 2026-27 for resident students attending a KCTCS institution. Unlike base rates, total tuition and fee charges include KCTCS' BuildSmart agency bond fee. CPE staff's tuition and fee recommendation and corresponding maximum base rate increases are consistent with the objectives of the Council's *Tuition and Mandatory Fee Policy*, including funding adequacy, shared benefits and responsibility, affordability and access, attracting and importing talent, and effective use of resources.

If the proposed parameters for academic years 2025-26 and 2026-27 are endorsed by the Finance Committee and approved by the full Council, and if every university, KCTCS, and their respective governing boards were to adopt the maximum allowable increase in each year (which is not always a given), the system average increase in resident undergraduate base rates for Kentucky public postsecondary institutions would be 3.9 percent in 2025-26 and 1.9 percent in 2026-27.

Because Special Use Fees, Asset Preservation Fees, and a KCTCS BuildSmart Fee are backed out of base rates before applying the percent increase parameters, the effective rates of increase in total tuition and fee charges will be lower.

INSTITUTION RATE PROPOSALS

It is anticipated that the postsecondary institutions will submit their proposed 2025-26 tuition and fee rates for review and approval at the June 9 meeting of the Finance Committee and the June 13 meeting of the Council. CPE staff will recommend approval of resident undergraduate tuition and fees that comply with Council approved ceilings, nonresident undergraduate rates that comply with the Council's *Tuition and Mandatory Fee Policy* or otherwise adhere to a previously approved Memorandum of Understanding, and market competitive rates for graduate and online courses.