

## **STRONGER** by DEGREES



## **MEETING AGENDA**

### Budget Development Work Group

Thursday, May 21, 2015

Conference Room A

The Council on Postsecondary Education is Kentucky's statewide postsecondary and adult education coordinating agency charged with leading the reform efforts envisioned by state policy leaders in the *Kentucky Postsecondary Education Improvement Act of 1997*. The Council does not discriminate on the basis of race, color, national origin, sex, religion, age, or disability in employment or the provision of services, and provides, upon request, reasonable accommodation, including auxiliary aids and services necessary to afford individuals with disabilities an equal opportunity to participate in all programs and activities.

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## **AGENDA**

### Budget Development Work Group

Council on Postsecondary Education

Thursday, May 21, 2015

1:00 PM

Conference Room A

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**Kentucky Council on Postsecondary Education  
2016-18 Budget Development Work Group  
Meeting Calendar**

May 21, 2015	1:00 – 3:00 PM EST	CPE, Conference Room A
June 23, 2015	1:00 – 3:00 PM EST	CPE, Conference Room A
July ___, 2015	TBD	Campbellsville University, Room TBD
August ___, 2015	TBD	TBD
September ___, 2015	TBD	TBD
October ___, 2015	TBD	TBD
November ___, 2015	TBD	TBD

Conference Call Information:  
Dial-in Number: 866-754-7476  
Conference Code: 1589321673

## Mississippi Funding Model Summary

Distributes a portion of funds based on changes in student credit hours and other outcomes

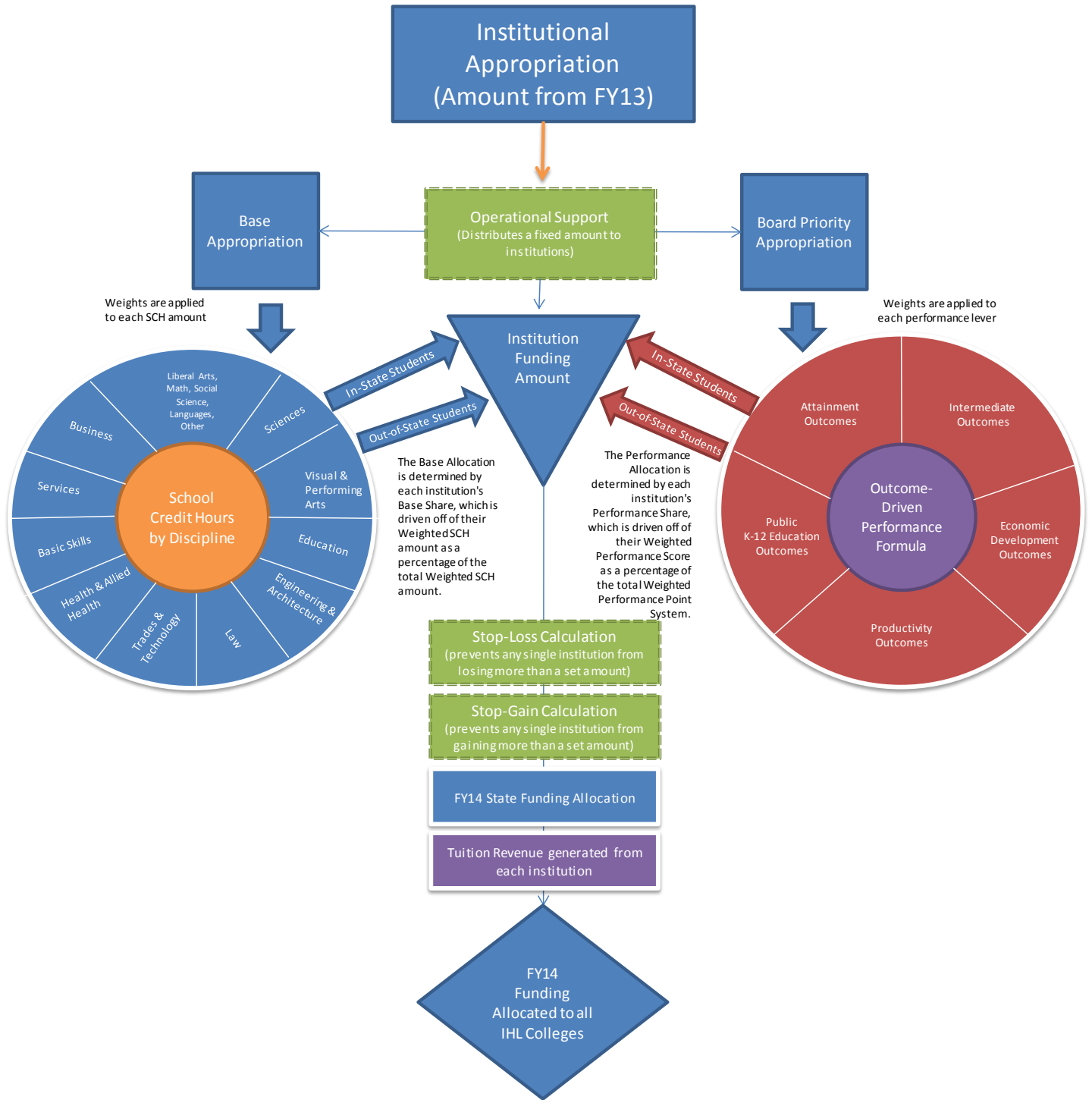
### **Structure**

- Applies to universities only
- Excludes line items, mandated programs, and other set-asides
- Includes stop-loss and stop-gain
- Non-resident students count as 85% of resident students

### **Components**

- Completed student credit hours
  - Weighted based on relative cost of course
- Attainment Outcomes
  - Degrees (Associate, Bachelor, Graduate, Professional)
  - Premiums for students receiving Pell, age 25 or over, have ACT less than 19
  - Premiums for STEM, Health, and Education degrees
- Intermediate Outcomes
  - Complete English
  - Complete Math
  - Accumulate 30 SCH
  - Accumulate 60 SCH
- Economic Development Outcomes
  - Research expenditures
  - Patents Issues/Active Licenses/Start-up Companies
- Productivity Outcomes
  - Undergraduate Degrees/100 FTE
  - Graduate Degrees/100 FTE
  - Degrees/\$100k Revenue

# Mississippi Funding Model Summary



## Tennessee Outcomes-Based Funding Model Summary

Distributes all funds base on annual changes in outcomes and institutional mission.

### Structure

- One allocation methodology for both universities and community colleges
- Items such as hospitals, agricultural extension and experiment stations, and veterinary schools are separate line items in the Tennessee budget
- Does not include stop-loss or stop-gain
- All students’ outcomes are included in the formula, but there is an adjustment for each institution’s non-resident students.

### Components

- Outcomes
  - Weights vary by institutional mission
  - Premium for Adult and Low-Income progression and undergraduate award outcomes
  - List of outcomes:

UNIVERSITY OUTCOMES	COMMUNITY COLLEGE OUTCOMES
Student Progression	Student Progression
Transfers Out	Transfers Out
Awards per 100 FTE	Awards per 100 FTE
Bachelor’s and Associate’s Degrees	Dual Enrollment
Master’s/Ed Specialist Degrees	Associate’s Degrees
Doctoral/Law Degrees	1 to 2 Year Certificates
Research and Public Service Expenditures	Less than 1 Year Certificates
Six-Year Graduation Rate	Job Placements
	Remedial & Developmental Success
	Workforce Training

- Fixed Costs
- Performance Funding/Quality Assurance
  - Up to 5.45% premium for institutional performance measured by achievement of student learning, program evaluation, and satisfaction studies.

## TN Outcomes Model Summary - Example Institution

Outcome		Data	Scaled Data		Weight		Weighted Outcomes
Students Accumulating 24 hrs	(Scale=1)	4,619	4,619	x	2%	=	92
Students Accumulating 48 hrs	(Scale=1)	5,200	5,200	x	3%	=	156
Students Accumulating 72 hrs	(Scale=1)	5,385	5,385	x	5%	=	269
Bachelors and Associates	(Scale=1)	4,593	4,593	x	15%	=	689
Masters/Ed Specialist Degrees	(Scale=0.3)	1,573	5,244	x	15%	=	787
Doctoral / Law Degrees	(Scale=.05)	477	9,540	x	10%	=	954
Research and Service	(Scale=20,000)	\$128.1M	6,404	x	15%	=	961
Transfers Out with 12 hrs	(Scale=1)	822	822	x	5%	=	41
Degrees per 100 FTE	(Scale=.02)	20	989	x	10%	=	99
Six-Year Graduation Rate	(Scale=.04)	66%	1,641	x	20%	=	328
<b>Total</b>							<b>4,376</b>

*Includes premiums for Pell-eligible and adult students*

Total Weighted Outcomes		Avg SREB Salary		Subtotal
4,376	x	\$ 89,473	=	\$ 391,531,000

*Weights differ according to each institution's mission*

M&O, Utilities	+	\$ 74,993,000
Equipment	+	\$ 19,177,000
Performance Funding	+	\$ 22,897,000

*If the overall formula calculation is funded at 60%, each institution would receive 60% of their formula calculation.*

**Grand Total Calculation** **\$ 508,598,000**

## Indiana Performance Funding Model Summary

Distributes 6% of base appropriations based on changes in metrics

### Structure

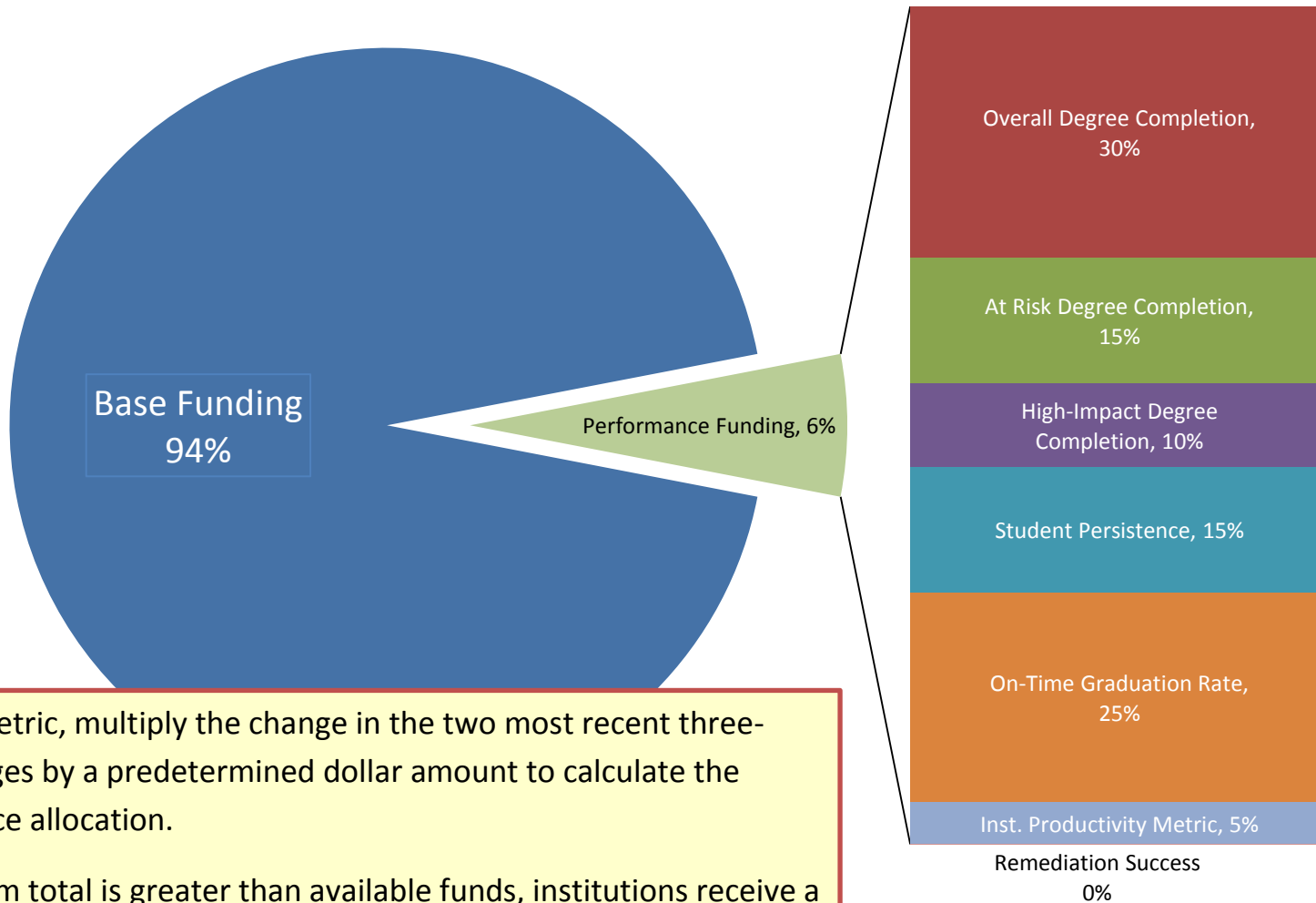
- Applies to universities and community colleges
  - Funds may shift between sectors
- Excludes line items, mandated programs, and other set-asides
- 6% of campus operating funds allocated to performance funding in FY15
- Does not include a stop-loss
- Excludes non-resident students

### Components

	Community Colleges	Comprehensive Universities	Research Universities
<b>DEGREE COMPLETION</b>	Degree/Certificate Completions	Degree Completions	Degree Completions
	At-Risk Degree/Certificate Completion (Pell recipients)	At-Risk Degree Completion (Pell recipients)	At-Risk Bachelor's Degree Completion (Pell recipients)
			High Impact Degree Completion (STEM)
<b>PROGRESSION</b>	Student Persistence (15, 30, 45 credit hours) Remediation Success	Student Persistence (30, 60 credit hours)	
<b>PRODUCTIVITY</b>	On-Time Graduation Rate	On-Time Graduation Rate	On-Time Graduation Rate
	Institution Defined Productivity Metric	Institution Defined Productivity Metric	Institution Defined Productivity Metric



# Indiana Campus Operating Funds, 2014-15



For each metric, multiply the change in the two most recent three-year averages by a predetermined dollar amount to calculate the performance allocation.

If the system total is greater than available funds, institutions receive a pro-rata share of funds based on their formula calculation.

## **Ohio Community College State Share of Instruction Model (FY15)**

Distributes all appropriations based on mostly on earned credit hours and completions.

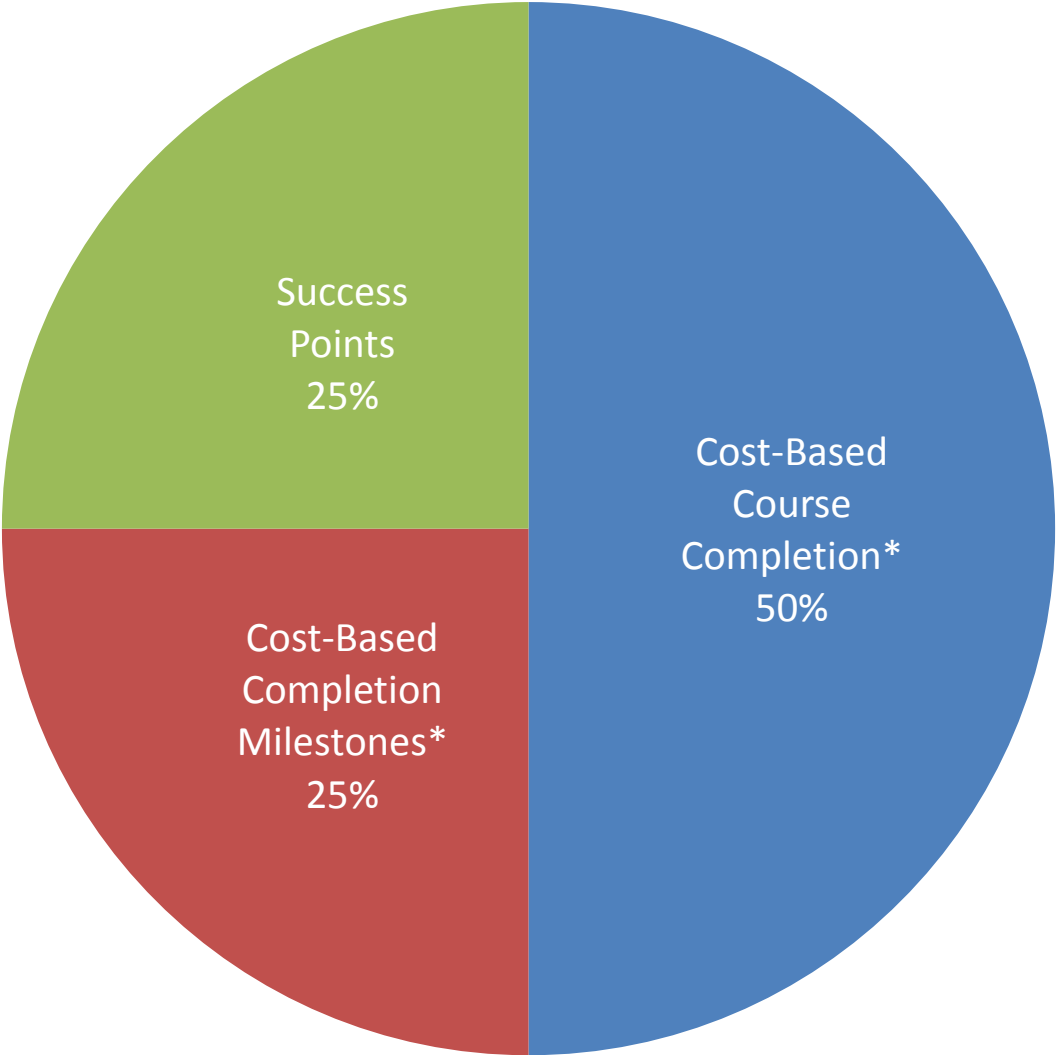
### **Structure**

- Cost based model
  - Uses actual data to determine the cost of each course
- Excludes line items, mandated programs, and other set-asides
- No stop-loss beginning FY15
- Excludes non-resident students

### **Components**

- Cost-Based Course Completion
  - FTE passing a course x average statewide course cost
  - Average statewide cost based on level of course and subject area
  - Premiums for adult, low-income, and minority students
- Cost-Based Completion Milestones
  - Associate and certificates x average statewide degree cost
  - Transfer with 12+ credit hours
  - Premiums for adult, low-income, and minority students
- Success Points
  - Developmental Education Success
  - Earning first 12, 24, and 36 credit hours

# Ohio Community College SSI FY 2015 Framework Summary



### \*Access Categories Applied

- **Adult** (age 25 and over at time of enrollment)
- **Low-Income**, Pell Eligible (ever in college career)
- **Minority** (African American, Hispanic, Native American)

## **Ohio University State Share of Instruction Model (FY15)**

Distributes all appropriations based on mostly on earned credit hours and completions.

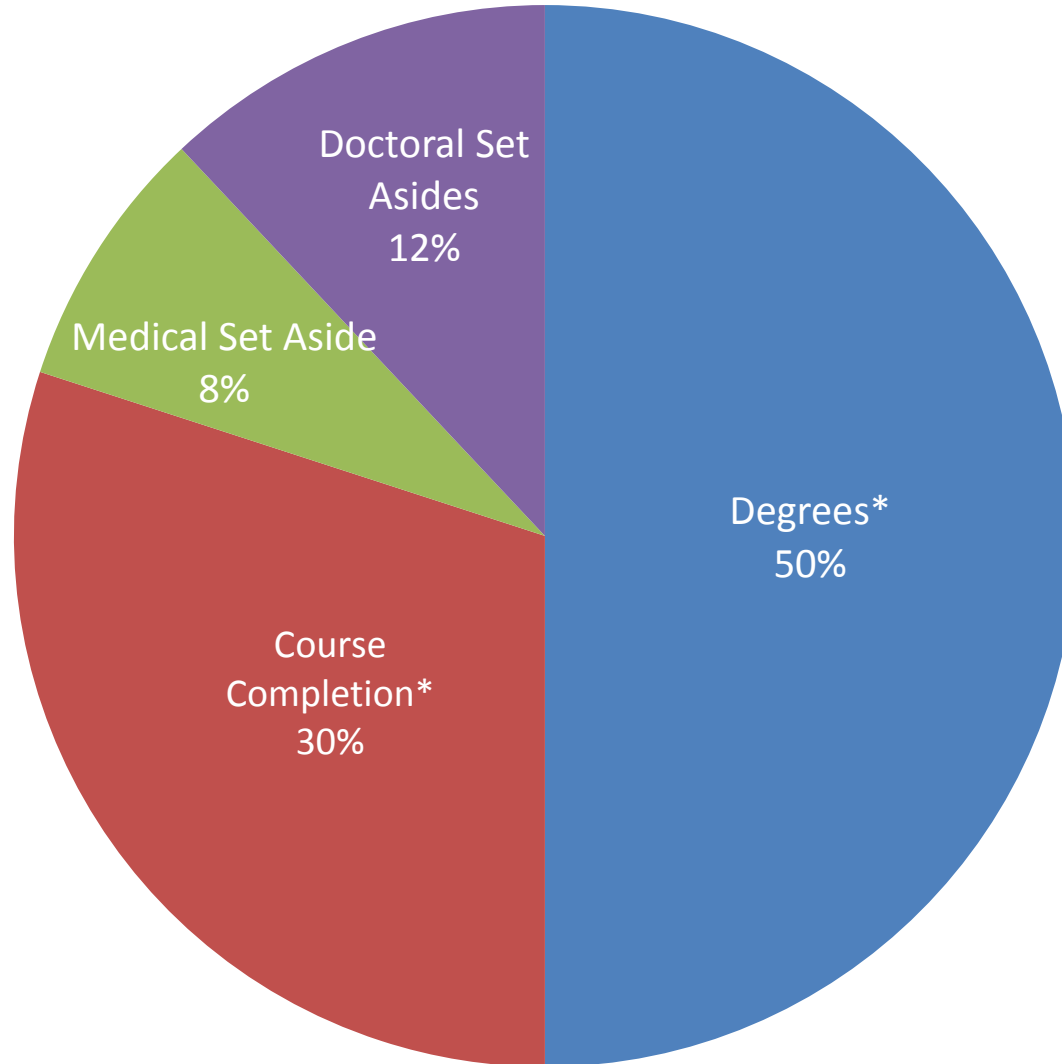
### **Structure**

- Used for Research and Regional Universities
- Cost-based model
  - Uses actual data to determine cost of each course
- Excludes line items, mandated programs, and other set-asides
- Removed stop-loss
- A weight of 0.25 is applied to out-of-state students (0.5 if graduate remains in Ohio)

### **Components**

- Degree Attainment
  - Degrees x average state-wide degree cost
  - Average statewide cost based on level of degree and subject area
  - Premium for at-risk students and STEM degrees
  - Premium if degree cost is less than statewide average
- Course Completions
  - FTE passing a course x average statewide course cost
  - Average statewide cost based on level of course and subject area
  - Premium for at-risk students and STEM courses
- Medical Set Asides
- Doctoral Set Asides

## Ohio University SSI FY 2015 Framework Summary



\*Includes premium for At-Risk Students and STEM degrees and courses

A JOINT RESOLUTION directing the Kentucky Council on Postsecondary Education to develop a performance-based and outcomes-based funding model for the public postsecondary education institutions as part of its biennial budget request to the Governor and the General Assembly.

WHEREAS, in 1997, the Kentucky General Assembly enacted the Postsecondary Education Reform Act, on the principle that the general welfare and material well-being of the citizens of the Commonwealth depend upon the development of a well-educated and highly trained workforce; and

WHEREAS, as part of the Postsecondary Education Reform Act of 1997, the General Assembly set forth goals to be achieved on behalf of the people of the Commonwealth by the year 2020, as codified in KRS 164.003; and

WHEREAS, among these goals was the recognition that "the education and training of the current and future workforce of the Commonwealth can provide its businesses and industries with the competitive edge critical to their success in the global economy and must be improved to provide its citizens the opportunity to achieve a standard of living in excess of the national average"; and

WHEREAS, the General Assembly recognized that achieving these goals will be accomplished only through increased educational attainment at all levels; and

WHEREAS, in the rapidly evolving workforce and economic environment, institutions must act proactively in pursuit of these goals in a manner that is effective, efficient, and measurable, and in so doing be rewarded as well as held accountable;

NOW, THEREFORE,

***Be it resolved by the General Assembly of the Commonwealth of Kentucky:***

➔Section 1. The Kentucky Council on Postsecondary Education is hereby directed to develop a performance-based and outcomes-based funding model for the public postsecondary education institutions that includes but is not limited to:

(1) Guiding principles that shall:

- (a) Provide incentives for improved graduation rates, degree and credit hour productivity, and efficiency in time required to produce work-ready students;
  - (b) Strengthen the ability for institutions to respond to new or increased workforce development opportunities across the Commonwealth;
  - (c) Increase post-graduation earnings as evidenced by annual data review;
  - (d) Attract the best and brightest students from the Commonwealth and elsewhere to learn and work in Kentucky;
  - (e) Encourage institutions to attract, prepare, and graduate Kentucky's non-traditional and at-risk students; and
  - (f) Ensure that postsecondary education is affordable for Kentucky's students and families;
- (2) Metrics that align with the goals of the Postsecondary Education Reform Act of 1997 with appropriate differentiation that reflects the missions of the Commonwealth's research universities, comprehensive regional universities, and community and technical colleges;
- (3) A structure by which the model shall:
- (a) Create a reward pool of funds composed of new General Fund appropriations for the public postsecondary institutions;
  - (b) Be enhanced through the provision of institutional matching funds from the base operating appropriations;
  - (c) Ensure that awarded performance funds are not added to the General Fund base of the institutions in future years; and
- (4) Policy recommendations for the General Assembly and the Kentucky Council on Postsecondary Education for the establishment of a performance-based and outcomes-based funding model that improves the allocation of state appropriations for public postsecondary education institutions in Kentucky; and
- (5) Biennial reports of the performance-based funding model's results to the

Interim Joint Committee on Education and the Interim Joint Committee on Appropriations and Revenue no less than 30 days prior to the start of each future regular session of the General Assembly that includes the setting of the state budget.

➔Section 2. The performance-based and outcomes-based model shall not preclude the Kentucky Council on Postsecondary Education from requesting recurring General Fund appropriations for the institutions to address specific educational needs and inflationary budget increases and to minimize increases in student tuition and fees.

➔Section 3. The Kentucky Council on Postsecondary Education shall submit a report of its findings and recommendations to the Legislative Research Commission, the Interim Joint Committee on Education, and the Interim Joint Committee on Appropriations and Revenue and shall provide a presentation to a combined meeting of the Interim Joint Committee on Education and the Interim Joint Committee on Appropriations and Revenue no later than December 11, 2015.



Kentucky's Research Universities  
Proposed Performance Funding Approach  
2016-18 Operating Request

The information below represents a proposed performance funding approach for Kentucky's public research universities for the 2016-18 operating request.

1. The first goal of the *Kentucky Postsecondary Education Improvement Act of 1997* (HB 1) advances that the Commonwealth is to have a system of postsecondary education that is strategically planned and adequately funded to enhance economic development and quality of life by 2020. The law further declares that the University of Kentucky is to become a major comprehensive research institution ranked nationally in the top twenty public universities and the University of Louisville is to become a premier, nationally-recognized metropolitan research university.
2. Defining funding adequacy to achieve these goals is imperative but there is insufficient time to accomplish the task in a thoughtful, comprehensive manner to inform the 2016-18 operating request. However, given the decrease in state appropriations over the last decade, it is readily apparent that Kentucky's research institutions are inadequately funded to achieve the goals of HB 1.
3. The research universities propose that the Council request additional state funding for UK and UofL based upon the prior reductions and request that the new funds be appropriated to each institution proportionally based on existing state appropriations. **However, recognizing the cost of such an investment by the Commonwealth, the research universities agree that 100 percent of the new funds must be earned based on performance to be retained beyond the 2016-18 biennium.**
4. Rather than using an "outcomes-based" approach, which fosters competition among institutions, the research universities recommend a "performance-based" approach patterned after the Council's degree eligibility program (see KRS 164.020(19) and 13 KAR 2:060). Each institution would be rewarded for showing improvement relative to its own goals for performance, not for exceeding performance levels of other institutions.
5. To incentivize the institutions to make progress addressing the Commonwealth's most critical issues, the research universities propose:
  - A. CPE staff and research university officials will agree on a limited number of areas of interest and related metrics for both institutions that are aligned with the goals, objectives, and strategies of the *Kentucky Postsecondary Education*

*Improvement Act of 1997 (HB 1) and with the Council's Strategic Agenda for Postsecondary and Adult Education.*

- B. Each institution will select five metrics, including at least one from each area of interest. CPE staff and the university officials will negotiate a goal for each metric. In order for the new funds received in 2016-18 to be added to the institution's base appropriations going forward, the institution must meet the goal or demonstrate continuous progress in four of the five metrics. Consistent with 13 KAR 2:060, continuous progress is to be defined as a positive change in the metric compared to the base measurement.
- C. If the institution meets the goal or demonstrates continuous progress in three of the five metrics, fifty percent of the new funds received in 2016-18 will be added to the institution's base appropriations going forward. The unearned funds will be deducted from the 2018-20 funding request for that institution.
- D. If the institution fails to meet the goal or demonstrate continuous progress in at least three of the five metrics, none of the new funds received in 2016-18 will be added to the institution's base appropriations going forward. The unearned funds will be deducted from the 2018-20 funding request for that institution.
- E. Performance will be measured in Fall 2017 to determine if funds are recurring and included in the institution's base for the 2018-20 operating request.

## 2014-16 Postsecondary Education Budget Recommendation Executive Summary

*The Kentucky Postsecondary Education Improvement Act of 1997 (House Bill 1), codified under KRS 164.020, authorizes the Council on Postsecondary Education to submit to the Governor and General Assembly the biennial budget recommendation for the postsecondary education sector and its nine institutions.*

**ACTION: The staff recommends that the Council approve the budget recommendation as submitted for 2014-16.**

### Overview

Over the past five years, Kentucky's public postsecondary system has faced a challenging resource environment that has strained institutional operating budgets and threatens to impede continuing progress toward attainment of the goals and objectives outlined in *The Postsecondary Education Improvement Act (HB 1, 1997)* and the Council's *2011-15 Strategic Agenda for Kentucky Postsecondary and Adult Education*. Between fiscal years 2007-08 and 2012-13, the institutions sustained six budget cuts, losing a total of \$168.0 million or 15.5 percent of their combined net General Fund appropriations. During that same period, the number of full-time equivalent students attending state colleges and universities increased by 13,095 students or 9.0 percent.

At the February 2013 Council meeting, staff shared data showing that on an inflation-adjusted basis, Kentucky's public postsecondary system was expected to lose about \$2,592 per student or 32 percent of its real net General Fund appropriations per student between fiscal years 2007-08 and 2012-13. At some institutions that loss was offset by increased tuition and fee revenue, but at the system level, growth in tuition revenue has not been sufficient to fully fund the gap caused by declining state support. Institutions have responded to this funding deficit by implementing aggressive cost containment and avoidance strategies and reallocating funds from other purposes to maintain programmatic integrity. These actions helped produce cost savings and efficiencies that enabled the postsecondary system to maintain quality and move forward on improvement efforts in a fiscally challenging environment.

The ongoing economic and fiscal uncertainty provides a challenging environment for the Council to make a reasonable yet aggressive 2014-16 budget recommendation that is consistent with the mandates of HB 1 and closely aligned with the Council's *2011-15 Strategic Agenda*. HB 1 charges postsecondary education with primary responsibility for

increasing the skills and abilities of Kentucky's workforce and citizenry, leading to an improved quality of life and higher standards of living for all Kentuckians.

## **2014-16 Budget Development Process**

Beginning in April 2013, Council staff began meeting regularly (for the most part monthly) with campus presidents and chief budget officers (CBOs), as well as the Council's Budget Development Workgroup, to discuss and develop the 2014-16 postsecondary education budget recommendation. The workgroup, chaired by Dan Flanagan and including members Glenn Denton, Joe Graviss, Carolyn Ridley, and Robert Staat, provided direction and valuable input to the budget development process, meeting eight times with staff over the past eight months to discuss core elements of the recommendation. Throughout the process, the workgroup reinforced the imperative of achieving strong alignment with the Council's *2011-15 Strategic Agenda*.

The Council staff is pleased to report that after months of collaboration and deliberation, a 2014-16 postsecondary education budget recommendation to the Governor and General Assembly has been developed that staff believes will be endorsed by a majority of Kentucky's public college and university presidents.

The 2014-16 budget recommendation is comprised of four major funding categories: (a) institutional operating funds; (b) strategic investment and incentive trust funds; (c) capital investments and information technology; and (d) the CPE agency budget. Recommended funding levels and programmatic emphases for each of these categories are described below.

### **Institutional Operating Funds**

General Funds for institutional operations, along with tuition and fee revenue, support education and general (E&G) expenditures on campus, including faculty and staff salaries and benefits, student financial aid, utilities, building maintenance, libraries, student support services, and numerous other operating expenses. Institutional operating funds are also used to pursue more specialized activities and initiatives that further the goals of *The Postsecondary Education Improvement Act (HB 1, 1997)* and the objectives of the Council's *2011-15 Strategic Agenda for Kentucky Postsecondary and Adult Education*.

As can be seen in Table 1, the Council's 2014-16 operating funds request contains base adjustments and strategic investments. Base adjustments are technical in nature and relate to existing postsecondary obligations, including changes in state supported debt service and the University of Louisville hospital contract. Strategic investments, which comprise the lion's share of the request, typically represent additional budget requests (new money) for programs and initiatives that are well aligned with the goals and objectives of HB 1 and the *2011-15 Strategic Agenda*.

The Council staff is recommending appropriations of \$50,567,800 in fiscal year 2014-15 and \$51,949,700 in fiscal year 2015-16 to support strategic investments that will allow the

public postsecondary system to continue making progress toward attainment of HB 1 and *2011-15 Strategic Agenda* goals and objectives. Components of the strategic investments request include college and career readiness, research and economic development, a new performance funding program, land grant mission funds, and a Kentucky Adult Learner Initiative. Each of these components is described briefly below.

**Table 1: Components of 2014-16 Operating Funds Request**

<b>Description</b>	<b>2014-15</b>	<b>2015-16</b>
Beginning Base (2013-14 Total General Fund)	\$941,574,700	\$941,574,700
Base Adjustments	(4,156,300)	(2,495,400)
Strategic Investments:		
College and Career Readiness	19,185,900	19,185,900
Research and Economic Development	12,000,000	12,000,000
Performance Funding (Degree Production)	18,000,000	18,000,000 <sup>(a)</sup>
UK/KSU Land Grant Mission Funds	1,381,900	2,763,800
Kentucky Adult Learner Initiative	0 <sup>(b)</sup>	0 <sup>(b)</sup>
Subtotal	50,567,800	51,949,700
<b>Total Operating Funds Request</b>	<b>\$987,986,200</b>	<b>\$991,029,000</b>

<sup>(a)</sup> Does not include an additional \$18.0 million for Performance Funding, which will be requested as part of CPE's agency budget in fiscal year 2015-16, pending distribution to the institutions when academic year 2013-14 degree numbers are known.

<sup>(b)</sup> Does not include \$2.4 million for the Kentucky Adult Learner Initiative, which will be requested as part of CPE's agency budget in fiscal years 2014-15 and 2015-16, pending distribution to the institutions when campus participation levels are known.

College and Career Readiness: This program is designed to increase college preparation levels of Kentucky residents entering postsecondary education. This aim will be accomplished by: (a) implementing a Clinical Model of teacher preparation at the public universities; (b) improving diagnostic assessment and placement testing at middle and high schools; (c) supporting development of transitional courses and summer bridge programs to address academic deficiencies; (d) creating a new model of developmental education that places students in credit bearing courses with academic support; and (e) providing professional development to improve instruction and support student learning.

The College and Career Readiness Program is well aligned with the following *2011-15 Strategic Agenda* objectives and strategies:

*Policy Objective 1: Increase the number of college ready Kentuckians entering postsecondary education.*

- Strategy 1.2. Support effective intervention strategies for underprepared students prior to postsecondary admission.

*Policy Objective 3: Increase the effectiveness of Kentucky's K-12 teachers and school leaders.*

- Strategy 3.1. Ensure K-12 educator preparation programs attract, retain, and prepare highly effective teachers and school leaders.
- Strategy 3.2. Expand the role of higher education institutions in the delivery of professional development programs for teachers, school leaders, guidance counselors, adult education instructors, and faculty members.

Research and Economic Development: This initiative supports creation of “Centers of Research Excellence” at the University of Kentucky and University of Louisville through targeted cluster hires in research focus areas that address important state needs and have ties to growing or promising business and industry sectors. Creating a critical mass of scholars in high-potential focus areas will bolster recruitment and retention of outstanding research faculty and staff in both targeted and related disciplines, increase federal and extramural research funding, accelerate translation of discoveries from technological development to commercial utility, and support economic development and improved quality of life in Kentucky.

The Research and Economic Development Program is well aligned with the following 2011-15 *Strategic Agenda* objectives and strategies:

*Policy Objective 6: Increase basic, applied, and translational research to create new knowledge and economic growth.*

- Strategy 6.1. Support the critical role that the University of Kentucky and the University of Louisville play in the creation of new knowledge and recognize universities and faculty members for the advancement of knowledge and enlightenment.
- Strategy 6.2. Support collaborative research efforts that leverage university expertise, lead to research investments and commercialization in high-growth or emerging areas, and are aligned with business and industry growth.
- Strategy 6.4. Secure additional funding for research matching programs and explore new funding approaches to maximize research, *Kentucky Innovation Act* investments, and multi-campus collaborations.

Performance Funding (Degree Production): This is a new performance funding approach that provides incentives for institutions to increase the number of high-quality degrees they produce by linking funding to outcomes. Program funds will be distributed among the institutions based on each institution's share of a rolling three-year average of total annual degrees produced, weighted by level, with premiums for STEM+H, underrepresented student, and low-income student degrees, then adjusted using average salary data by sector as a proxy for cost of instruction.

The Performance Funding Program is well aligned with the following *2011-15 Strategic Agenda* objectives and strategies:

*Policy Objective 4: Increase high-quality degree production and completion rates at all levels and close achievement gaps, particularly for lower-income, underprepared, and underrepresented minority students.*

- Strategy 4.2. Provide institution and student incentives to increase high-quality degree production and completion rates.
- Strategy 4.5. Secure adequate institutional funding to support high-quality faculty and staff, effective student and academic support services, technology enhancements, and other resources to enhance student success.

Land Grant Mission Funds: This is a new initiative that will help maintain service levels and programmatic activities of land grant programs at the University of Kentucky and Kentucky State University. These funds will help sustain the effectiveness and impact of outreach, service, and applied research at Kentucky's land grant programs, and provide continuing support for science-based education in agriculture, natural resources, foods and nutrition, and community development.

Kentucky Adult Learner Initiative: This is a new program designed to increase college attainment of Kentucky's adult population through online learning opportunities. It is an outgrowth of the Adult Learner Degree Attainment Initiative (HB 265) that directs the Council to work with public four-year universities and KCTCS to help develop and improve educational opportunities for adult learners. The Council and institutions are developing a statewide postsecondary alliance, whose primary mission will be to meet the higher education needs of Kentucky's adult population through online learning and credit for prior learning.

The Kentucky Adult Learner Initiative is well aligned with the following *2011-15 Strategic Agenda* objectives and strategies:

*Policy Objective 4: Increase high-quality degree production and completion rates at all levels and close achievement gaps, particularly for lower-income, underprepared, and underrepresented minority students.*

- Strategy 4.4. Support new pathways for adult learners to enroll and complete postsecondary degrees and credentials.

*Policy Objective 8: Increase academic productivity through program innovations.*

- Strategy 8.1. Increase productivity and maximize success for both traditional and nontraditional students through course redesign and alternative methods of program delivery.

- Strategy 8.2. Build upon the success of Kentucky’s Virtual Campus and Virtual Library to maximize the use of technology in implementing academic innovations.

### Strategic Investment and Incentive Trust Funds

The *Postsecondary Education Improvement Act of 1997* (HB 1) created six Strategic Investment and Incentive Trust Funds to bring about change and improvement in Kentucky’s colleges and universities by providing strategic financial incentives that advance the state’s goals for postsecondary education. When the General Assembly provides appropriations for the trust funds, they typically are maintained and administered by the Council, but represent resources that are passed through to postsecondary institutions based on compliance with Council approved guidelines and procedures. The purpose of such funds is to accelerate statewide achievement of reform goals.

Major components of the staff’s 2014-16 Trust Funds recommendation include Bucks for Brains and a new Workforce Development Match Program (Table 2). Each of these components is described in more detail below.

**Table 2: Components of 2014-16 Trust Funds Request**

Description	2014-15	2015-16
Additional Budget Requests For:		
Bucks for Brains (Debt Service)	\$0	\$8,382,000 <sup>(a)</sup>
Workforce Development Match Program (Debt Service)	0	468,000 <sup>(b)</sup>
<b>Total Trust Funds Request</b>	<b>\$0</b>	<b>\$8,850,000</b>

<sup>(a)</sup> Debt service on a \$90.0 million bond issue for Bucks for Brains.

<sup>(b)</sup> Debt service on a \$5.0 million bond issue for a new Workforce Development Match Program.

Bucks for Brains: This program is a key strategic funding component of Kentucky’s postsecondary reform agenda. It matches state appropriations with private gifts to encourage research at the University of Kentucky and the University of Louisville and to strengthen vital programs at Kentucky’s comprehensive universities. Typically, state and private funds are endowed, which provides a perpetual source of funding for research related activities. Returns are used to create endowed chairs and professorships and establish endowed scholarship and fellowship programs. Beginning in 2008-10, program funds could also be used to construct new research or E&G facilities and upgrade equipment.

The Bucks for Brains Program is well aligned with the following *2011-15 Strategic Agenda* objectives and strategies:

*Policy Objective 6: Increase basic, applied, and translational research to create new knowledge and economic growth.*



- Strategy 6.1. Support the critical role that the University of Kentucky and the University of Louisville play in the creation of new knowledge and recognize universities and faculty members for the advancement of knowledge and enlightenment.
- Strategy 6.4. Secure additional funding for research matching programs and explore new funding approaches to maximize research, *Kentucky Innovation Act* investments, and multi-campus collaborations.

Workforce Development Match Program: This is a new program that is the two-year college equivalent of Bucks for Brains for the four-year universities, but rather than supporting research, it will strengthen workforce education and training programs in targeted focus areas to meet critical employment needs in Kentucky. State funding for this program will be matched dollar for dollar with private gifts and the resulting total will be endowed to provide a perpetual source of funding for KCTCS workforce development activities. Proceeds from the endowments will be used to support faculty and staff positions, student scholarships, and workforce education and training infrastructure.

The Workforce Development Match Program is well aligned with the following 2011-15 *Strategic Agenda* objectives and strategies:

*Policy Objective 7: Increase educational attainment and quality of life in Kentucky communities through regional stewardship, public service, and community outreach.*

- Strategy 7.1. Strengthen and expand partnerships with business, industry, government, non-profit, and other educational entities to meet Kentucky's workforce and community needs.

## **Capital Investments and Information Technology**

Each biennium the Council is asked to present a recommendation to the Governor and General Assembly that identifies the capital needs of Kentucky's public postsecondary institutions. Two years ago, staff recommended that the Council and elected leadership of the Commonwealth commit to a capital investment strategy that provides a consistent level of funding over three biennia. For 2014-16, staff again advocates that the Council adopt a multi-biennial approach, which invests more heavily in asset preservation and renovation, while continuing to provide a sufficient level of new and expanded space to accommodate continuing enrollment growth of the public postsecondary system.

As can be seen in Table 3, the recommended capital investments and technology initiatives request includes funding components for asset preservation and renovation, new and expanded space, and information technology initiatives. A brief description of each of these components is provided below.

**Table 3: Components of 2014-16 Capital and Technology Request**

Description	2014-15	2015-16
Additional Budget Requests For:		
Asset Preservation and Renovation	\$0	\$29,612,000 <sup>(a)</sup>
New and Expanded Space	\$0	\$26,260,000 <sup>(b)</sup>
Information Technology Initiatives	0	8,349,000 <sup>(c)</sup>
<b>Total Capital and Technology Request</b>	<b>\$0</b>	<b>\$64,221,000</b>

<sup>(a)</sup> Annual debt service payment on a \$318.0 million bond issue to fund asset preservation and renovation projects on postsecondary institution campuses.

<sup>(b)</sup> Annual debt service payment on a \$282.0 million bond issue to fund new and expanded space (E&G and research) on postsecondary institution campuses.

<sup>(c)</sup> Annual debt service payment on a \$60.0 million bond issue to fund information technology initiatives at the postsecondary institutions and CPE.

Asset Preservation and Renovation: The Council staff recommends \$318.0 million in state bonds to fund asset preservation and renovation projects to begin addressing a backlog of over \$6.1 billion in asset preservation needs identified in a VFA statewide facilities study (2007). Among many findings in that study, VFA recommended that buildings should serve current and future programmatic needs either by design or retrofit. Funds are allocated among the institutions using a blended distribution approach endorsed by campus officials.

New/Expanded Space: The Council staff recommends \$282.0 million in state bonds to build new and expanded E&G and research space on public postsecondary campuses. These funds will provide additional capacity to accommodate increasing numbers of students coming into the system and further the goals and objectives of HB 1 (1997) and the Council’s 2011-15 *Strategic Agenda* to increase access and degree production and expand research capacity. If approved and authorized, the recommended funds will be distributed among the institutions using an agreed upon blended approach.

Information Technology: Staff recommends \$60.0 million in state bonds to support information technology initiatives at the postsecondary institutions and CPE, including postsecondary network infrastructure upgrades, replacement of instructional and administrative systems, investments in system upgrades, replacement of aging and obsolete systems, and expanded capacity. A special \$1.2 million allocation from this pool is reserved to implement an Adult Learner Initiative (HB 265).

Institutionally Funded Projects: Staff recommends that the Council endorse and support agency bond authority at a level that allows completion of each institution’s highest priority agency-bond-funded capital projects. The Council staff recommends authorization of agency, federal, private, and other fund source projects to address life safety, major maintenance, equipment acquisitions, infrastructure repair and upgrades, and new construction. The Council staff recommends authorization of nine projects to improve energy efficiency in campus buildings including energy equipment acquisitions and infrastructure repair and upgrades.

## CPE Agency Budget

The Council staff recommends that the Council request increases in General Fund appropriations of \$2,071,700 in 2014-15 and \$3,316,600 in 2015-16 to support the agency's statewide postsecondary education coordinating board role. When added to the agency's enacted 2013-14 General Fund base of \$43,933,000, these increases result in total appropriations of \$46,004,700 in 2014-15 and \$47,249,600 in 2015-16 (excluding postsecondary institution funds and debt service).

The Council staff's agency budget recommendation can be broken down into five main categories: (1) agency staff and operating costs; (2) Kentucky Adult Education (KYAE) local program providers; (3) student aid and assistance; (4) technology and academic support; and (5) research and economic development. Each of these components is described briefly below. For most agency budget components, the Council staff is recommending a modest 2 percent inflationary increase in the first year of the biennium and a 4 percent increase in the second year. These increases are intended to help maintain buying power in budget areas that have seen substantial cuts in recent years.

Major components of the agency budget request are shown in Table 4, followed by a brief description of each component.

**Table 4: Components of 2014-16 Agency Budget Request**

<b>Description</b>	<b>2014-15</b>	<b>2015-16</b>
Beginning Base (2013-14 General Fund)	\$43,933,000	\$43,933,000
Additional Budget Requests For:		
Agency Staff and Operating Costs	451,900	859,900
KYAE Local Program Providers	1,114,300	1,466,100
Student Aid and Assistance	305,300	590,300
Technology and Academic Support	85,800	171,600
Research and Economic Development	114,400	228,700
Subtotal <sup>(a)(b)</sup>	2,071,700	3,316,600
<b>Total Agency Budget Request</b>	<b>\$46,004,700</b>	<b>\$47,249,600</b>

(a) Does not include \$2.4 million in 2014-15 or \$20.4 million in 2015-16 for an Adult Learner Initiative and a Performance Funding Program for the postsecondary institutions.

(b) Does not include \$73.1 million in debt service for asset preservation, renovation, and new or expanded space projects at the postsecondary institutions, for an information technology pool, for a fifth round of Bucks for Brains funding, or for a new Workforce Development Match Program, which will be housed in several CPE trust funds.

Agency Staff and Operating Costs: The Council is required under the 2014-16 Branch Budget Guidelines to request appropriations to cover cost increases related to statutory cost of living salary adjustments and increases in Kentucky Employee Retirement System (KERS) contributions. In 2014-16, over 90 percent of proposed increases in agency staff and operating costs stem from defined calculations and mandated salary adjustments.

KYAE Local Program Providers: Funds for the Adult Education and Literacy Funding Program support local providers of adult education services throughout Kentucky. On a percentage basis, the recommended increases are similar to increases being requested on behalf of the public postsecondary institutions each year of the biennium. If approved and authorized, the lion's share of these funds will be distributed among the KYAE local program providers based on relative need for program services in each county of the Commonwealth.

Student Aid and Assistance: Every year, a small number of student financial aid and assistance programs are funded through the Council's agency budget. In 2014-16, requested increases for Contract Spaces and the SREB Doctoral Scholars Program comprise over 95 percent of the total increase for student aid and assistance programs. The Contract Spaces Program allows Kentucky residents to attend out-of-state veterinary and optometry schools at in-state tuition rates. Requested increases for this program will maintain the current number of reserved spaces for Kentucky students and cover anticipated tuition increases in academic years 2014-15 and 2015-16 for these programs. Additional funding for the SREB Doctoral Scholars Program will allow for two additional participants in this program (for a total of five) which assists underrepresented minorities in obtaining doctoral degrees.

Technology and Academic Support: Staff recommends inflationary increases to support statewide information technology and academic support services provided by the Kentucky Virtual Campus (KYVC), the Kentucky Virtual Library (KYVL), the Kentucky Postsecondary Education Network (KPEN), and the Kentucky Postsecondary Education Data System (KPEDS). In addition, staff recommends that the Council endorse continuation funding for K-12 teacher quality initiatives funded through SB 1, which have produced impressive results in the first few years of program implementation through teacher professional development and P-12 and postsecondary institution partnerships.

Research and Economic Development: These funds primarily support Kentucky Science and Technology Corporation (KSTC) programs to stimulate innovation and create high-paying jobs. Staff recommends inflationary increases for KSTC's two major programs, the Kentucky Science and Engineering Foundation and the Kentucky Enterprise Fund.

Postsecondary Institutions: The agency budget includes \$18.0 million in fiscal year 2015-16 for a postsecondary institution Performance Funding Program (i.e., Degree Production) and \$2.4 million in start-up funds each year of the biennium for a Kentucky Adult Learner Initiative, which is still in development. Degree Production funds will be allocated among institutions and disbursed when academic year 2013-14 degree numbers are known. The requested funds for the adult learner initiative are vital to the success of this program and will be distributed among institutions when campus participation levels are known.

Debt Service: The agency budget request includes annual debt service associated with requests for \$318.0 million in bond funds to support asset preservation and renovation projects at the postsecondary institutions, \$282.0 million in bond funds to support new and expanded facilities space at the institutions, and \$60.0 million in bond funds to support information technology initiatives for the system, as well as, debt service on a \$90.0 million

bond issue for a fifth round of Bucks for Brains funding for the research and comprehensive universities and \$5.0 million in bond funds for a new Workforce Development Match Program for KCTCS.

Staff preparation by Bill Payne, Sherron Jackson, Shaun McKiernan, and Scott Boelscher

## Components of 2014-2016 Institutional Operating Funds Request

Description	2014-15	2015-16
Beginning Base (2013-14 General Fund)	\$ 941,574,700	\$ 941,574,700
Base Adjustments		
Debt Service	\$ (4,471,700)	\$ (3,132,300)
UofL Hospital Contract	315,400	636,900
KERS and 403(b) Plan Increases <sup>(a)</sup>	-	-
Subtotal	\$ (4,156,300)	\$ (2,495,400)
Strategic Investments		
College and Career Readiness	\$ 19,185,900	\$ 19,185,900
Research and Economic Development	12,000,000	12,000,000
Performance Funding (Degree Production) <sup>(b)</sup>	18,000,000	18,000,000
UK/KSU Land Grant Mission Funds	1,381,900	2,763,800
Kentucky Adult Learner Degree Initiative <sup>(c)</sup>	-	-
Subtotal	\$ 50,567,800	\$ 51,949,700
<b>Total Operating Funds Request</b>	<b>\$ 987,986,200</b>	<b>\$ 991,029,000</b>
Increase Over 2013-14 Base	\$ 46,411,500	\$ 49,454,300

### Included in CPE Agency Budget Request to be distributed to the Institutions

Performance Funding (Degree Production)	\$ -	\$ 18,000,000
Kentucky Adult Learner Degree Initiative	2,400,000	2,400,000
	\$ 2,400,000	\$ 20,400,000
<b>Total Operating Funds (with CPE items)</b>	<b>\$ 990,386,200</b>	<b>\$ 1,011,429,000</b>
Increase Over 2013-14 Base	\$ 48,811,500	\$ 69,854,300

<sup>(a)</sup> CPE fully supported and endorsed any funding that the Governor and General Assembly could provide to help the postsecondary institutions defray the cost of state mandated KERS cost increases.

<sup>(b)</sup> Does not include an additional \$18,000,000 in 2015-16 which was included in the CPE Agency Budget Request. This funding would be allocated based on 2013-14 degree numbers.

<sup>(c)</sup> Does not include \$2.4 million in each fiscal year for the Kentucky Adult Learner Degree Initiative, which was requested in the CPE Agency budget.

## Strategic Investments Endorsed by the Council, 2014-16 Budget Request

### College and Career Readiness: \$19.2 M in each year of the biennium

This program was designed to increase college preparation levels by: (a) implementing a Clinical Model of teacher preparation at the public universities; (b) improving diagnostic assessment and placement testing at middle and high schools; (c) supporting development of transitional courses and summer bridge programs to address academic deficiencies; (d) creating a new model of developmental education that places students in credit bearing courses with academic support; and (e) providing professional development to improve instruction and support student learning.

- \$5.5 million allocated to institutions based on number of middle and high school students in their service region.
- \$6.0 million to support teacher preparation allocated to the universities based on K-12 teachers produced.
- \$7.7 million to support developmental education to the institutions based on developmental education students served.

### Research and Economic Development: \$12.0 M in each year of the biennium

This initiative supports creation of “Centers of Research Excellence” at the University of Kentucky and University of Louisville through targeted cluster hires in research focus areas that address important state needs and have ties to business and industry.

- Allocated one-third to the University of Louisville and two-thirds to the University of Kentucky in accordance with statutory provisions of the RCTF.

### Performance Funding (Degree Production): \$18.0 M in FY 14-15, \$36 M in FY 15-16

This new performance funding approach would provide incentives for institutions to increase the number of high-quality degrees they produce by linking funding to outcomes.

- Allocated among the institutions based on each institution’s share of a rolling three-year average of total annual degrees produced, weighted by level, with premiums for STEM+H, underrepresented student, and low-income student degrees, then adjusted using average salary data by sector as a proxy for cost of instruction.

### Land Grant Mission Funds: \$1.4 M in FY 14-15, \$2.8 M in FY 15-16

This funding will help maintain service levels and programmatic activities of land grant programs at the University of Kentucky and Kentucky State University.

- University of Kentucky: \$1,229,200 in FY 2014-15 and \$2,458,400 in FY 15-16
- Kentucky State University: \$152,700 in FY 2014-15 and \$305,400 in FY 15-16

### Kentucky Adult Learner Initiative: \$2.4 M in each year of the biennium

This new program, included in the 2012-14 state budget (HB 265), will increase college attainment of Kentucky’s adult population through online learning and credit for prior learning.

- \$2.4 million was included in the CPE Agency Budget for this program since levels of participation by the various institutions were unknown.

Distribution of Fiscal 2014-15 Operating Request Components by Institution

Institution	A		2014-15 Operating Request Components				B	C	
	Beginning Base						New Funds	Ending Base	
	2013-14 Net General Fund	Percent of Total	College Readiness	Research & Econ. Devel.	Degree Production	UK/KSU Land Grant Funds	Requested New Funds 2014-15 <sup>(1)</sup>	2014-15 Net General Fund	Percent of Total
University of Kentucky	\$283,869,300	31.0%	\$1,181,500	\$8,000,000	\$4,477,900	\$1,229,200	\$14,888,600	\$298,757,900	30.9%
University of Louisville	141,194,800	15.4%	1,335,600	4,000,000	3,497,600	0	8,833,200	150,028,000	15.5%
Eastern Kentucky University	67,673,700	7.4%	1,816,800	0	1,539,200	0	3,356,000	71,029,700	7.3%
Kentucky State University	23,537,400	2.6%	659,400	0	162,500	152,700	974,600	24,512,000	2.5%
Morehead State University	41,016,400	4.5%	1,482,000	0	790,200	0	2,272,200	43,288,600	4.5%
Murray State University	48,005,800	5.2%	1,418,800	0	1,168,800	0	2,587,600	50,593,400	5.2%
Northern Kentucky University	46,835,100	5.1%	1,288,200	0	1,408,300	0	2,696,500	49,531,600	5.1%
Western Kentucky University	72,425,200	7.9%	2,346,200	0	1,882,200	0	4,228,400	76,653,600	7.9%
KCTCS	191,455,700	20.9%	7,657,400	0	3,073,300	0	10,730,700	202,186,400	20.9%
<b>System Totals</b>	<b>\$916,013,400</b>	<b>100.0%</b>	<b>\$19,185,900</b>	<b>\$12,000,000</b>	<b>\$18,000,000</b>	<b>\$1,381,900</b>	<b>\$50,567,800</b>	<b>\$966,581,200</b>	<b>100.0%</b>

<sup>(1)</sup> Requested new funds in fiscal 2015-16 do not include \$2.4 million for the Kentucky Adult Learner Initiative, which would be appropriated to CPE before being distributed to the institutions.

Distribution of Fiscal 2015-16 Operating Request Components by Institution

Institution	A		2015-16 Operating Request Components				B	C	
	Beginning Base						New Funds	Ending Base	
	2013-14 Net General Fund	Percent of Total	College Readiness	Research & Econ. Devel.	Degree Production <sup>(2)</sup>	UK/KSU Land Grant Funds	Requested New Funds 2015-16 <sup>(1)(2)</sup>	2015-16 Net General Fund	Percent of Total
University of Kentucky	\$283,869,300	31.0%	\$1,181,500	\$8,000,000	\$4,477,900	\$2,458,400	\$16,117,800	\$299,987,100	31.0%
University of Louisville	141,194,800	15.4%	1,335,600	4,000,000	3,497,600	0	8,833,200	150,028,000	15.5%
Eastern Kentucky University	67,673,700	7.4%	1,816,800	0	1,539,200	0	3,356,000	71,029,700	7.3%
Kentucky State University	23,537,400	2.6%	659,400	0	162,500	305,400	1,127,300	24,664,700	2.5%
Morehead State University	41,016,400	4.5%	1,482,000	0	790,200	0	2,272,200	43,288,600	4.5%
Murray State University	48,005,800	5.2%	1,418,800	0	1,168,800	0	2,587,600	50,593,400	5.2%
Northern Kentucky University	46,835,100	5.1%	1,288,200	0	1,408,300	0	2,696,500	49,531,600	5.1%
Western Kentucky University	72,425,200	7.9%	2,346,200	0	1,882,200	0	4,228,400	76,653,600	7.9%
KCTCS	191,455,700	20.9%	7,657,400	0	3,073,300	0	10,730,700	202,186,400	20.9%
<b>System Totals</b>	<b>\$916,013,400</b>	<b>100.0%</b>	<b>\$19,185,900</b>	<b>\$12,000,000</b>	<b>\$18,000,000</b>	<b>\$2,763,800</b>	<b>\$51,949,700</b>	<b>\$967,963,100</b>	<b>100.0%</b>

<sup>(1)</sup> Requested new funds in fiscal 2015-16 do not include \$2.4 million for the Kentucky Adult Learner Initiative, which would be appropriated to CPE before being distributed to the institutions.

<sup>(2)</sup> Does not include an additional \$18.0 million requested for the Degree Production Fund. This funding would be appropriated to CPE and would be distributed to the institutions as soon as academic year 2013-14 degree data were available.



## 2014-16 General Fund Capital Recommendation

### Asset Preservation/Renovation and New/Expanded Space

Institution	A		B		A+B		Campus Distribution based on VFA Study								
	Asset Preservation & Renovation		New & Expanded		2014-16 Capital Investment (a)		Estimated Annual Debt Service		A		B				
University of Kentucky	\$	85,608,600	\$	75,917,000	\$	161,525,600	27%	15,041,000	\$	105,525,200	65%	\$	56,000,400	35%	
University of Louisville		45,763,100		40,582,400		86,345,500	14%	8,041,000		26,337,800	31%		60,007,700	69%	
Eastern Kentucky University		25,248,500		22,390,300		47,638,800	8%	4,436,000		34,095,900	72%		13,542,900	28%	
Kentucky State University		11,847,300		10,506,200		22,353,500	4%	2,082,000		12,563,400	56%		9,790,100	44%	
Morehead State University		19,318,100		17,131,200		36,449,300	6%	3,394,000		28,106,900	77%		8,342,400	23%	
Murray State University		20,894,000		18,528,600		39,422,600	7%	3,672,000		33,667,900	85%		5,754,700	15%	
Northern Kentucky University		21,601,900		19,156,400		40,758,300	7%	3,796,000		18,426,500	45%		22,331,800	55%	
Western Kentucky University		37,475,400		33,232,800		70,708,200	12%	6,585,000		44,336,800	63%		26,371,400	37%	
KCTCS		<u>50,243,100</u>		<u>44,555,100</u>		<u>94,798,200</u>	16%	<u>8,828,000</u>		<u>41,751,500</u>	44%		<u>53,046,700</u>	56%	
System Totals	\$	318,000,000	53%	\$	282,000,000	47%	\$	600,000,000	100%	\$	55,875,000	\$	344,811,900	\$	255,188,100

(a) The 2014-2020 6-year plan was for 3 biennia (\$1.8 billion) of support. The \$600 million requested for 2014-16 was one-third of that total.

Notes:

Distribution among the institutions was based upon a blend of 55% VFA, 26% FTE, 12% TPF, and 7% Research Spending, with a \$15 million base over the 3 biennia.

Institutions would have flexibility to move from the 53%/47% Asset Preservation/New & Expanded split if the VFA study indicated a different mix was more appropriate.

### Information Technology and Equipment Purchase Pool

Institution	2011-12 Actual Unrestricted Expend. for Instruction	Share of Unrestricted Expend. for Instruction	Base Funding	Allocation IT/Equip Pool	Total	% Share of Pool
University of Kentucky	\$ 256,058,300	26%	\$ 1,000,000	\$ 10,142,000	\$ 11,142,000	19%
University of Louisville	146,612,735	15%	1,000,000	5,807,100	6,807,100	11%
Eastern Kentucky University	89,984,800	9%	1,000,000	3,564,100	4,564,100	8%
Kentucky State University	14,011,600	1%	1,000,000	555,000	1,555,000	3%
Morehead State University	41,904,200	4%	1,000,000	1,659,800	2,659,800	4%
Murray State University	54,044,832	5%	1,000,000	2,140,600	3,140,600	5%
Northern Kentucky University	69,914,000	7%	1,000,000	2,769,200	3,769,200	6%
Western Kentucky University	100,462,300	10%	1,000,000	3,979,100	4,979,100	8%
KCTCS	<u>211,650,943</u>	21%	<u>1,000,000</u>	<u>8,383,100</u>	<u>9,383,100</u>	16%
Subtotal	\$ 984,643,710	100%	\$ 9,000,000	\$ 39,000,000	\$ 48,000,000	80%
CPE/KYVC/KYVL Statewide Initiatives			\$ 12,000,000	\$ -	\$ 12,000,000	20%
Total - IT & Equipment Pool			\$ 21,000,000	\$ 39,000,000	\$ 60,000,000	100%

Notes:

Institutions would certify that 2011-12 levels of actual unrestricted instruction expenditures for information technology and equipment would be maintained.

Each institution would have selected approved projects to advance the achievement of the goals outlined in the 2014-16 CPE budget request.

Projects selected by the institutions would have been evaluated by an external consultant for compliance prior to the release of pool funds.