

## AGENDA

Council on Postsecondary Education

Thursday, February 1, 2018

8:30 AM

UK/Lexmark Center for Innovation, 1737 Russell Cave Rd, Lexington, KY 40505

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### 1. **Coffee & Conversation**

CPE will provide a light continental breakfast. Please arrive early for casual conversation with your board members.

Time: 8:30-9:00

### 2. **Welcome & Overview**

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Chair Zimmerman welcomes attendees and overviews the day's agenda.

Time: 9:00-9:05 a.m.

### 3. **Making the Most of Your Board Experience**

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When a friend or colleague asks what the CPE is, how do you answer? Can you succinctly describe the role of state higher education coordinating boards and your primary responsibilities as a board member? How can we make the most of the time we have in meetings, work sessions, and committees? Since board members bring different understandings and expectations to their role, coming to a consensus around these questions will help increase our efficiency, engagement, and effectiveness. Helping facilitate the discussion is Aims McGuinness, senior fellow with the National Center For Higher Education Management Systems (NCHEMS), and primary consultant in the development of HB 1 (1997), Kentucky's Postsecondary Education Improvement Act.

Time: 9:05-10:30 a.m.

### 4. **Performance Funding 101**

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The passage of the performance funding bill in 2016 is arguably the biggest development in state higher education in over a decade. How well do you really understand the model and its implications for our public colleges and universities? How will the model be implemented given the current funding environment? Presenting the data will be CPE's President King and Vice President Bill Payne.

Time: 10:45-11:45 a.m.

### 5. **Lunch Break**

Lunch will be provided onsite for Council members and attending staff.

Time: 11:45-12:30 p.m.

### 6. **Transitions, Part 1: Navigating the Path to Postsecondary Education for K-12 students**

How can CPE, KDE and other stakeholders strengthen statewide, collaborative efforts to increase postsecondary education participation among the traditional college student population? What tools and resources are available, and what's missing? How can we help high school counselors, admissions/recruitment staff, and others work together to maximize their effectiveness? Stephen Pruitt, Kentucky's Commissioner of Education, will join the group to discuss P-12 to postsecondary transitions and strategies for improving these pathways for Kentucky students.

Time: 12:30-1:30 p.m.

**7. Transitions, Part 2: Navigating the Path to Postsecondary Education for Adult Students**

How can CPE, KYAE, workforce partners and other stakeholders strengthen statewide, collaborative efforts to increase postsecondary education participation and completion among adults? What tools and resources are available, and what's missing? How can Kentucky encourage more adults to return to postsecondary education to finish what they started? How can we make campuses more adult-friendly? Jessica Gibson, Assistant Executive Director for Adult Learner Initiatives at the Tennessee Higher Education Commission, will share information about Tennessee's widely regarded "Reconnect" program for adult learners, and join the conversation about ways Kentucky can strengthen our work in this area.

Time: 1:30-2:30 p.m.

**8. Transitions, Part 3: Navigating the Path from Postsecondary Education to Career** 49

How can we ensure that colleges and universities are preparing students for success in the workplace? Are there ways the state could facilitate higher education/employer partnerships and increase business and industry engagement? Are colleges and universities doing enough to help students gain internships and other experiential learning experiences in their field of study? How can CPE better assist economic and workforce development partners in creating a more skilled workforce and stimulating job growth in Kentucky? This session will include a facilitated panel discussion with Beth Davisson, Executive Director of The Workforce Center at the Kentucky Chamber of Commerce, Dr. Jay Box, President of the Kentucky Community & Technical College System, and Sue Ott Rowlands, Provost and Executive Vice President for Academic Affairs at Northern Kentucky University.

Time: 2:45-4:00 p.m.

**9. Closing Discussion**

Board members will spend time reflecting on the day's sessions and identifying key issues for additional consideration and review in the coming year.

Time: 4:00-4:25 p.m.

**10. Adjournment - 4:30 p.m.**

Council members are invited to attend a dinner at 5:30 p.m. at the J.W. Steakhouse, located within the Marriott Griffin Gate Resort at 1800 Newtown Pike, Lexington, KY 40511.

## Guest Speaker/Presenter Biographies

### CPE Board Retreat – February 1, 2018

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**Session:** Making the Most of your Board Experience

**Speaker:** Aims McGuinness, *Senior Fellow, National Center for Higher Education Management Systems (NCHEMS)*

Aims McGuinness is Senior Fellow with the National Center for Higher Education Management Systems (NCHEMS), a private nonprofit policy center in Boulder, Colorado. At NCHEMS, he specializes in state governance and coordination of higher education; strategic planning and restructuring higher education systems; roles and responsibilities of public institutional and multi-campus system governing boards; and international comparison of education reform. Prior to joining NCHEMS in 1993, he was director of higher education policy at the Education Commission of the States (ECS). Before joining ECS in 1975, was executive assistant (chief of staff) to the Chancellor of the University of Maine System where he participated in the establishment of the system through the merger of the University of Maine with the former state college system.

Over the past forty years, McGuinness has advised many of the states that have conducted major studies of their higher education systems and undertaken higher education reforms. Recent and ongoing projects (conducted through NCHEMS) were in Alaska, Arkansas, California, Colorado, Connecticut, Kentucky, Illinois, Louisiana, Massachusetts, Mississippi, Missouri, Nevada, New York, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Virginia, Washington State, West Virginia, and Wisconsin. McGuinness is active at the international level in conducting policy reviews and advising governments on education policy, primarily through the Organization for Economic Co-operation and Development (OECD) and the World Bank. Projects were in Australia, the Baltic States (Estonia, Latvia and Lithuania), the Dominican Republic, Egypt, Greece, India, Israel, Ireland, Kazakhstan, the Republic of Korea, Japan, Malaysia, the Russian Federation, and Turkey. He chaired the international task force leading to the 2011 OECD report, *Strong Performers and Successful Reforms: Education Policy Advice to Greece*, making recommendations to the Government of Greece on reforms in primary, secondary and higher education. <http://www.oecd.org/greece/48407731.pdf>

McGuinness earned his undergraduate degree in political science from the University of Pennsylvania, an MBA from The George Washington University, and a Ph.D. in social science from the Maxwell School, Syracuse University.

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**Session:** Transitions Part 1: Navigating the Path to Postsecondary Education for K-12 Students

**Speaker:** Stephen Pruitt, *KY Commissioner of Education*

Commissioner Pruitt came to Kentucky with an extensive background in education at the local, state and national levels, and he currently serves on the Board of Directors for the national Council for Chief State School Officers. Pruitt started his education career as a high school chemistry teacher in Fayetteville and

## Guest Speaker/Presenter Biographies

### CPE Board Retreat – February 1, 2018

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Tyrone, Georgia. He later served as the science and mathematics program manager and director of academic standards with the Georgia Department of Education. Subsequently, he was named associate state superintendent for assessment and accountability and ultimately chief of staff for the Georgia Department of Education.

Before coming to Kentucky, Pruitt served as senior vice president for Achieve, Inc., a national, nonpartisan, nonprofit education reform organization based in Washington, D.C. During his tenure with Achieve, he coordinated the development of the Next Generation Science Standards. Pruitt also served as president of the Council of State Science Supervisors and a member of the writing team for the College Board Standards for College Success (Science). In addition, he served on the National Academies of Science Committee on Conceptual Framework for New Science Education Standards which developed the *Framework for K-12 Science Education* – a foundational document for the Next Generation Science Standards.

A native of Georgia, Commissioner Pruitt holds a bachelor's degree in chemistry from North Georgia College and State University, a master's degree in science education from the University of West Georgia and a Doctorate of Philosophy in chemistry education from Auburn University.

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**Session:** Transitions Part 2: Navigating the Path to Postsecondary Education for Adult Students  
**Speaker:** Jessica Gibson, *Assistant Executive Director of Adult Learner Initiatives, TN Higher Education Commission*

Jessica Gibson is the Assistant Executive Director of Adult Learner Initiatives at the Tennessee Higher Education Commission. In this capacity, Jessica leads THEC's initiatives that focus on increasing education attainment rates among adults, including those who started college but did not complete a degree or credential. Through this work, contributes to strategic planning on Governor Haslam's Drive to 55 initiatives, including Tennessee Reconnect, the component of the initiative focused on adult learners. Jessica administers several grant projects focused on college productivity and completion of adult students, business and higher education engagement, student advising, and prior learning assessment initiatives.

Prior to joining THEC, Jessica served six years as a policy analyst for the Offices of Research and Education Accountability, a division within the Tennessee State Comptroller's office, before serving as a policy advisor for former Governor Phil Bredesen. Jessica holds a B.A. from Centre College and an M.A. in International Development Studies from The George Washington University.

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## Guest Speaker/Presenter Biographies

### CPE Board Retreat – February 1, 2018

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**Session:** Transitions Part 3: Navigating the Path from Postsecondary Education to Career

**Speaker:** Jay Box, *President, KCTCS*

Dr. Jay K. Box was named the second president of the Kentucky Community and Technical College System (KCTCS) on November 19, 2014. He is a community college graduate and has more than 30 years of experience in community college leadership.

Dr. Box has a history of leadership within KCTCS, having served as the president of Hazard Community and Technical College from 2002 – 2007, followed by being named KCTCS vice president. In 2009, he was named chancellor and served in that role until being selected president of the System. Prior to joining KCTCS, Dr. Box served as a vice president at McLennan Community College in Waco, Texas.

He serves on the national board for Rebuilding America’s Middle Class and the Kentucky Workforce Innovation Board. He is an ex-officio board member of the Kentucky Chamber of Commerce. Additionally, Dr. Box is a member of the Bill and Melinda Gates Foundation’s National Advisory Group, National Council of State Directors of Community Colleges, American Association of Community Colleges Sustainability Education and Economic Task Force, Southern Regional Education Board’s Commission on Career and Technical Education and Aspen Institute’s Innovation in Higher Education Working Group.

Dr. Box received an associate degree from Howard College, a bachelor’s degree in education from Southwest Texas State University, a master’s degree in education from Texas Tech University and a doctorate in educational administration, higher education/community college specialty from Baylor University.

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**Session:** Transitions Part 3: Navigating the Path from Postsecondary Education to Career

**Speaker:** Beth Davisson, *President, KCTCS*

Beth Davisson is the Executive Director of the Kentucky Chamber Workforce Center, serves as the Immediate Past President of the Louisville Society for Human Resource Management and is District Director for the Kentucky Society for Human Resource Management. Ms. Davisson is a proven workforce strategist and consensus builder, with 5+ years advocating for workforce needs in the KY and US Capitals.

She earned her bachelor’s degree in Integrated Strategic Communications from the University of Kentucky, and a Masters of Business Administration from Sullivan University. Beth was honored as a “Top 40 under 40”, and named a “Top 20 People to Know in Human Resources”, by Business First Louisville, and is currently participating in the 2017 Leadership Louisville Bingham Fellowship program, focusing on “Winning the Talent of the Future.”

## Guest Speaker/Presenter Biographies

### CPE Board Retreat – February 1, 2018

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**Session:** Transitions Part 3: Navigating the Path from Postsecondary Education to Career  
**Speaker:** Sue Ott Rowlands, *Provost and Executive Vice President for Academic Affairs, Northern Kentucky University*

Sue Ott Rowlands joined Northern Kentucky University as Provost and Executive Vice President for Academic Affairs in January 2014. Ott Rowlands served as dean of the College of Liberal Arts and Human Sciences at Virginia Tech from 2007-2013 and as interim dean at the University of Toledo from 2005-2007.

Prior to this appointment she served as chair of the Department of Theatre and Film at Toledo from 2002-2005. From 1997-2002 she was an associate professor and head of the Acting and Directing Program in the Department of Theatre at Ohio State University. She is the founding artistic director of Glacity Theatre Collective in Toledo and the Cleveland Women's Theatre Project, both professional theatres. She is the former associate artistic director of Round House Theatre in Washington, DC and managing director of The Actor's Space in New York City.

Ott Rowlands' career has spanned higher education administration, university teaching, arts administration and professional theatre. She continues to work actively to establish and promote international study abroad opportunities and international arts exchanges.

# State Coordination of Higher Education in Kentucky from a Comparative Perspective



Aims McGuinness  
Kentucky Council on Postsecondary Education  
1 February 2018



**NCHEMS**

**National Center for Higher Education Management Systems**  
3035 Center Green Drive, Suite 150  
Boulder, Colorado 80301

# What is Statewide Coordination of Higher Education?

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# Comparative Perspective

- Each State's Structure Evolved in Response to Unique State Issues/Conditions
  - Modes of Provision (Public vs. Private)
  - History/Culture
  - Role of Government
    - Governor
    - State Legislature
  - Geo-Political Balance, Regional Disparities
  - Budgeting and Finance Policy and Process

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# Comparative Perspective

About Half of States are Coordinating Board/Agency States

- Statewide Coordinating Board/Agency (Regulatory or Advisory)
- Two or More System or Institutional Governing Boards
- Tradition of Decentralized Governance

Remaining States have Statewide Governing Systems

- All Public Institutions Governed by One or Two System Boards
- No Overall Coordinating Agency

# Coordination Versus Governance

- Authority and Functions of **Coordinating Boards** Are Distinctly Different From **Governing Boards** of Institutions and Systems
- **Coordinating Boards:**
  - Focus on Statewide Policy Leadership, Not on Governing/Managing Systems or Individual Institutions
  - Do Not Govern Institutions (e.g. Make Decisions Regarding Appointment of System and Institutional Presidents or Faculty and Other Personnel Issues)
- **In Kentucky Terminology:**
  - Coordinating Board: CPE
  - Governing Boards: Boards of Regents

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# Coordinating Board Functions

- Statewide Planning/Master Planning for Orderly Development of Institutions
- State Finance Policy: budgeting, and resource allocation
  - Developing and Recommending Finance Policy (e.g., Outcomes-based Funding)
  - Budget Analysis and Recommendations to the Governor and Legislature
- Use of Information
  - Maintaining Data/Information Systems
  - Policy Analysis and Problem Resolution
  - Accountability

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# Coordinating Board Functions (Continued)

- Regulation
  - Academic Program Review/Approval
  - Licensure/Authorization of Non-Public Institutions
- Administration/Service Agency Functions
  - Program/Project Administration
  - Student Financial Assistance (in some states)

# Formal Authority Differs Among Coordinating Boards

- Coordinating Boards Differ Significantly in Formal Decision Authority on Matters Such as:
  - Budget and Finance Policy
  - Approval of Institutional Missions or Changes in Mission
  - Approval of New Campuses or New Academic Programs

# Board's "Power" Depends Less on Formal Authority Than on:

- Board and Executive Leadership:
  - Reputation for objectivity, fairness, and timeliness of analysis and advice to legislative and executive branches
  - Capacity to gain trust and respect (but not always agreement) of the state political and institutional leaders
  - Careful attention to process in engaging key stakeholders in reaching decisions on critical issues such as changes in finance policy
- Institutional/System Leaders Who:
  - Recognize and support effective coordination to address state and regional policy issues that cannot be addressed within systems/institutions or only through voluntary coordination

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# Background of Coordination in Kentucky

**CONTEXT LEADING TO HB 1, KENTUCKY  
POSTSECONDARY EDUCATION REFORM ACT**



# Early History

Kentucky was one of two states to establish a state higher education coordinating agency before World War II.

- the Council for Public Higher Education established in 1934 with limited authority
- Authority expanded in 1966
- Subsequent changes in 1972, 1978, and 1982:
  - Changed name to Council on Higher Education
  - Expanded authority and functions comparable to more powerful coordinating boards in US

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# Characteristics of Kentucky Influencing State Higher Education Structure

- Decentralized culture and governmental structure, e.g.
  - 120 Counties
  - Strong Legislature
  - Governor limited to one term
- Significant differences in demography and economic conditions
  - Golden Triangle: Northern KY, Lexington, Louisville
  - Eastern KY compared to other regions
  - Major differences among and distances between other urban centers (e.g., Pikeville to Paducah)

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# Political Culture of Higher Education

- Politics of higher education influenced by:
  - Dominant political influence of UK (balanced in more recent years by U of L)
  - Strong, respected private/independent sector
  - Strong ties of institutions, especially regional/comprehensive universities with political leadership (e.g., representation in the legislature)
  - Strong tradition of local institutional governance
- 1978 reforms: strengthened coordination of a highly fragmented system
- 1982 reforms: decentralized governance by granting Boards of Regents increased authority and independence of state regulatory controls

## Context leading to HB 1

- Kentucky Education Reform Act (KERA) (1989/80)
- First Governor eligible for re-election to second term
- Consensus of state's business and civic leadership on increasing the state's economic competitiveness:
  - Increasing the knowledge and skills of the workforce
  - Linking research to statewide and regional economic development
  - Focus: the relationship between Per Capita Income and Education Attainment

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## Context (continued)

### Long-Standing Unresolved Higher Education Issues

- Lack of an effective community and technical college system
  - Community Colleges under UK
  - Comparatively weak Kentucky Tech
  - Two-Year programs at comprehensive universities
- Legislative frustration with competition among public institutions

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## Context (continued)

- Frustrations with capacity of the Council on Higher Education to coordinate the system and mediate major inter-institutional disputes (e.g., engineering in Paducah)
- A funding formula that spurred competition and duplication, had no connection with state goals, and failed to address inequities in allocation of state appropriations
- Sense that Council on Higher Education lacked the capacity to lead efforts to connect higher education to the future economic competitiveness of the Commonwealth

## HB 1—Major changes

- Established Long-Term Goals to Increase Per Capita Income through Increasing Postsecondary Education Attainment
- Established the Kentucky Community and Technical College System (KCTCS): consolidated the UK Community Colleges with KY Tech under single Board of Regents
- Strengthened UK as a nationally ranked research university and U of L as a major metropolitan research university
- Clarified missions of the comprehensive universities

## Major changes (continued)

- Enacted new finance policy linked to statewide goals
  - Strategic investment funds
  - Changes in base funding policy
- Established new accountability system linked to statewide goals
- Replaced the Council on Higher Education with the Council on Postsecondary Education
  - Charge: to Develop and lead a Strategic Agenda
  - Increased powers
  - Strengthened leadership: Council members and CPE President



- 1997 Kentucky Reforms:
  - Widely recognized in US as the most significant postsecondary reforms:
    - Focus on Long-Term Strategic Goals
    - Linking Finance Policy and Accountability with Goals
    - Establishing an entity (the CPE) with the authority and capacity to lead long-term changes
- Over Past Twenty Years
  - Basic goals and structure sustained across changes in political leadership and economic conditions
  - CPE remains one of the most respected coordinating boards in the US
  - Sustaining momentum is essential to achieve long-term goals



**STRONGER**

by degrees



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Retreat Session  
10:45-11:45 a.m.

# PERFORMANCE FUNDING 101

Presented by: Robert L King & Bill Payne

CPE Annual Board Retreat  
February 1, 2018

# Impetus for New Model

- The 2016 budget bill (HB 303) directed the Council to establish a working group composed of:
  - The Governor (or representative)
  - President of Senate (or representative)
  - Speaker of the House (or representative)
  - President of each public university and KCTCS
  - Council president
- Charged with developing a comprehensive model for allocating state appropriations that incorporates:
  - Campus performance
  - Mission
  - Enrollment

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# Impetus for New Model (Cont'd)

- HB 303 required that the model include metrics which are aligned with HB 1 goals and reflect differences in mission across sectors
- It reallocated 5% from the base budgets of every institution (other than KSU), or \$42.9 million in total, to a Postsecondary Education Performance Fund to be distributed back to institutions based on performance
- It directed the working group to submit a report setting forth its recommendations to the Governor and Interim Joint Committee on Education by Dec 1, 2016

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# Desired State Goals

- Increase retention and progression of students toward timely completion
- Increase numbers of credentials, associate degrees, and bachelor's degrees earned by all student types
- Grow numbers of credentials and degrees that garner higher wages upon completion:
  - STEM+H fields
  - high demand fields and targeted industries
- Close achievement gaps by increasing credentials and degrees earned by underrepresented minority, low income, and underprepared students

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# Aligning Metrics and Goals

## Universities

- Bachelor's degrees earned
- Degrees per 100 FTE students
- Bachelor's degrees earned in:
  - STEM+H Fields
- Bachelor's degrees earned by:
  - URM Students
  - Low Income Students
- Progression (@ 30, 60, 90 Credit Hours)

## KCTCS

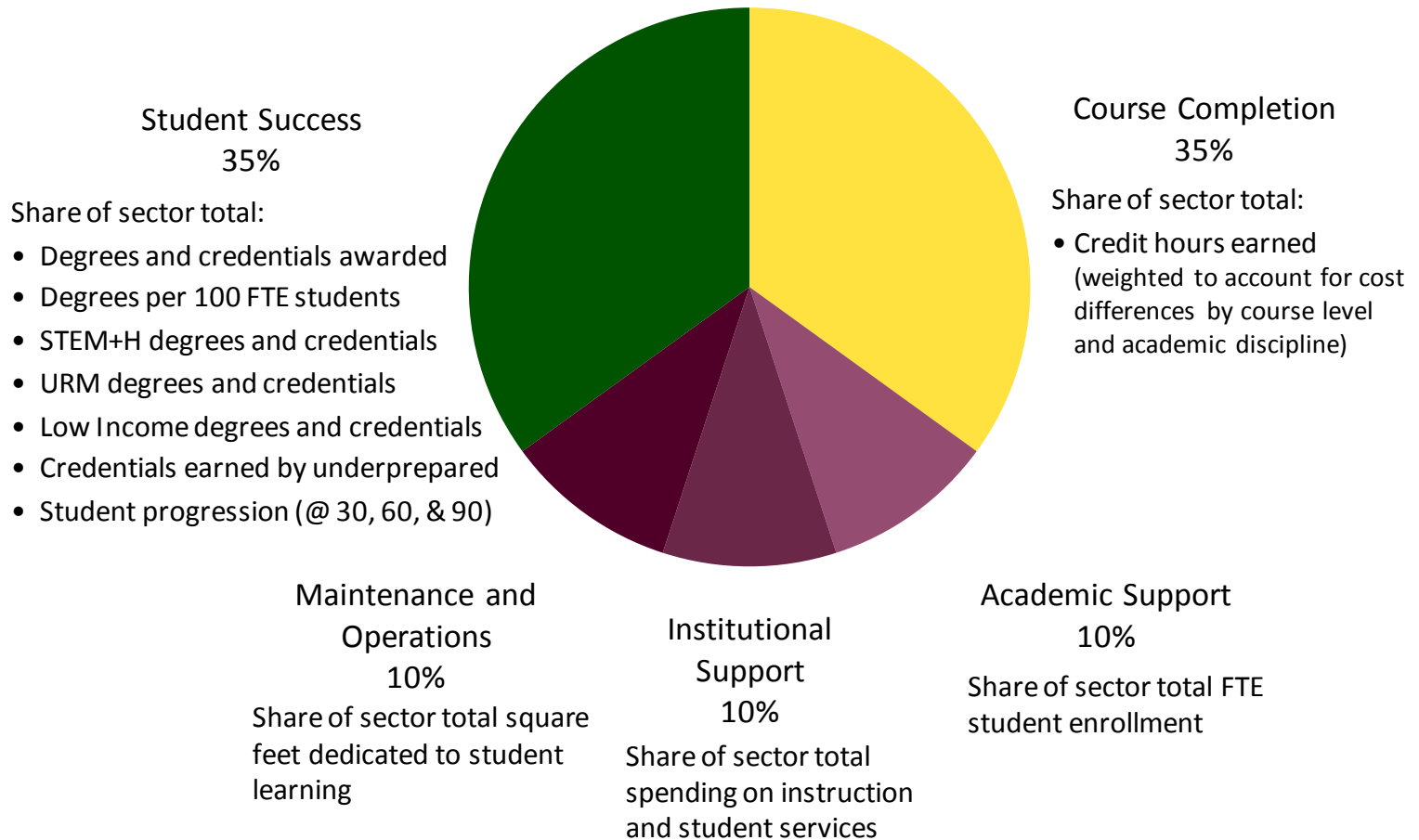
- Certificates, diplomas, and associate degrees earned
- Credentials earned in:
  - STEM+H fields
  - High wage, high demand fields
- Credentials earned by:
  - URM Students
  - Low income students
  - Underprepared students
- Progression (@ 15, 30, 45 credit hours)
- Credentials in targeted areas
- Transfers to 4-year institutions

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# Major Components

## Kentucky's Outcomes-Based Funding Model Distribution of Allocable Resources



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# Funding Model Mechanics



# Steps in Calculation

- Subtract **mandated programs** from total General Fund to determine **adjusted General Fund**
- Calculate **small school adjustment** for each institution:
  - 10% of UK's adjusted NGF
  - 10% of UofL's adjusted NGF
  - 10% of comp sector adjusted NGF divided by six
- Subtract small school adjustment to determine **allocable resources**
- Assign allocable resources to **component funding pools**:
  - 35% Student Success
  - 35% Course Completion
  - 10% Institutional Support
  - 10% Academic Support
  - 10% Maintenance and Operations

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# ➤ Calculate Adjusted Net General Fund

Funding Model for the Public Universities

Subtract **Mandated Programs** to Calculate **Adjusted Net General Fund**

	A	B	(A - B)
Institution	2017-18 Total General Fund <sup>1</sup>	Mandated Programs <sup>2</sup>	Adjusted Net General Fund
University of Kentucky	\$267,089,200	\$85,903,000	\$181,186,200
University of Louisville	132,758,000	741,600	132,016,400
Eastern Kentucky University	65,045,200	2,400,000	62,645,200
Kentucky State University	26,729,600	6,736,000	19,993,600
Morehead State University	41,642,600	3,080,000	38,562,600
Murray State University	45,802,100	2,487,400	43,314,700
Northern Kentucky University	51,621,100	1,323,900	50,297,200
Western Kentucky University	74,653,800	5,594,600	69,059,200
<b>Total</b>	<b>\$705,341,600</b>	<b>\$108,266,500</b>	<b>\$597,075,100</b>

<sup>1</sup> Enacted General Fund appropriations (HB 303), plus \$42.9 million distributed to institutions from the Postsecondary Education Performance Fund.

<sup>2</sup> Programs created by statutory or budget bill language, which are funded with state appropriations and are not credit hour generating.

# ➤ Determine Allocable Resources

Funding Model for the Public Universities

Subtract **Small School Adjustment** to Determine **Allocable Resources**

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	A			B	(A - B)
Campus	Adjusted Net General Fund			Small School Adjustment	Allocable Resources
UK	\$181,186,200	x 10%	=	\$18,118,600	\$163,067,600
UofL	132,016,400	x 10%	=	13,201,600	118,814,800
EKU	62,645,200	} x 10% ÷ 6 =	}	4,731,200	57,914,000
KSU	19,993,600			4,731,200	15,262,400
MoSU	38,562,600			4,731,200	33,831,400
MuSU	43,314,700			4,731,200	38,583,500
NKU	50,297,200			4,731,200	45,566,000
WKU	69,059,200			4,731,200	64,328,000
<b>Total</b>	<b>\$597,075,100</b>			<b>\$59,707,400</b>	<b>\$537,367,700</b>

# ➤ Assign Resources to Component Pools

Funding Model for the Public Universities

Assign Allocable Resources to **Component Funding Pools**

	<b>A</b>	
Total Allocable Resources:	\$537,367,700	
	<b>B</b>	<b>(A x B)</b>
Model Components	Allocation Percentages	Component Funding Pools
Student Success	35%	\$188,078,700
Course Completion	35%	188,078,700
Institutional Support	10%	53,736,800
Academic Support	10%	53,736,800
Maintenance & Operations	10%	53,736,800
Total	100%	\$537,367,800

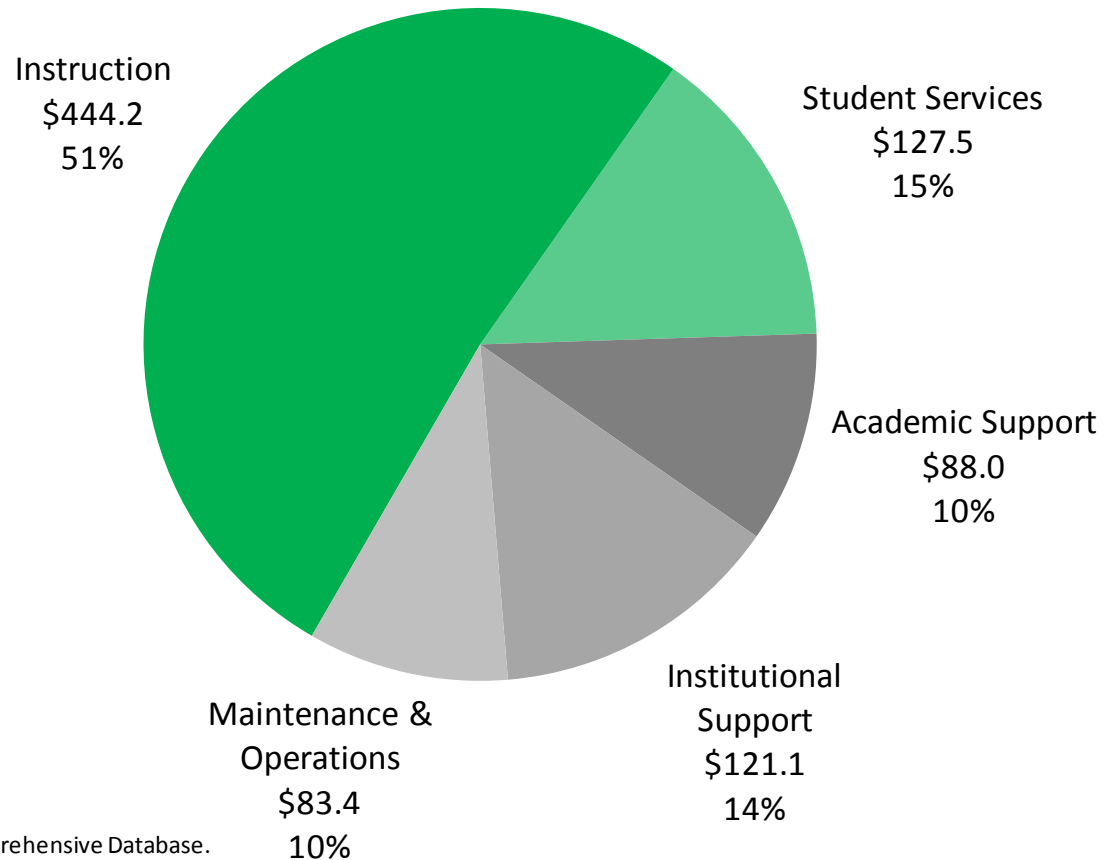
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# Basis for Sizing Component Pools

Kentucky Public Comprehensive Universities  
Education and Related Spending by Component  
Fiscal Year 2013-14

Total = \$864.2 Million



Sources: IPEDS; CPE Comprehensive Database.



# Steps in Calculation (Cont'd)

- Distribute component funding pools among institutions based on share of outcomes produced or share of operational support activity
- Determine **formula totals** by adding component pool distributions for each institution
- Calculate difference between formula totals and allocable resources
- Apply agreed upon **hold harmless** and **stop loss** provisions to prevent large shifts in funding in early years

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# ➤ Distribute Component Pools (Example)

Funding Model for the Public Universities  
Distribution of **Course Completion** Component Funds

	A		(A x C)
Course Completion Pool	\$188,078,700		
	B	C	D
Model Components	Weighted Credit Hours	Credit Hour Share	Course Completion
University of Kentucky	1,288,894.6	29.7%	\$55,890,500
University of Louisville	986,281.6	22.7%	42,768,300
Eastern Kentucky University	507,491.4	11.7%	22,006,400
Kentucky State University	43,270.8	1.0%	1,876,400
Morehead State University	248,856.5	5.7%	10,791,200
Murray State University	299,767.4	6.9%	12,998,900
Northern Kentucky University	401,593.7	9.3%	17,414,400
Western Kentucky University	561,137.0	12.9%	24,332,700
Total	4,337,293.0	100.0%	\$188,078,800

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# Basis for Credit Hour Weights

Weighted Average Instruction Costs per Credit Hour  
By Course Level and Discipline (Average of FL, IL, & OH Cost Studies)

April 15, 2015

**Draft - For Discussion Purposes Only**

Student Credit Hour Cost by Discipline and Level

Discipline	Course Level					
	Lower Division	Upper Division	Master's	Other Graduate	Doctoral I	Doctoral II
Liberal Arts, Math, Social Sciences, Languages, Other	\$221.00	\$305.00	\$674.00	\$674.00	\$785.00	\$895.00
Basic Skills	\$206.00	\$251.00	\$451.00	\$451.00	\$653.00	\$856.00
Business	\$206.00	\$297.00	\$553.00	\$553.00	\$1,117.00	\$1,682.00
Education	\$242.00	\$303.00	\$478.00	\$478.00	\$676.00	\$874.00
Service	\$218.00	\$251.00	\$451.00	\$451.00	\$653.00	\$856.00
Visual and Performing Arts	\$281.00	\$462.00	\$925.00	\$925.00	\$927.00	\$930.00
Trades and Technologies	\$298.00	\$406.00	\$607.00	\$607.00	\$746.00	\$885.00
Sciences	\$244.00	\$383.00	\$968.00	\$968.00	\$977.00	\$986.00
Law	\$314.00	\$257.00	\$685.00	\$685.00	\$920.00	\$1,155.00
Engineering/Architecture	\$324.00	\$520.00	\$900.00	\$900.00	\$921.00	\$943.00
Health	\$296.00	\$362.00	\$851.00	\$851.00	\$960.00	\$1,070.00
Nursing	\$296.00	\$362.00	\$851.00	\$851.00	\$960.00	\$1,070.00
Other	\$206.00	\$251.00	\$451.00	\$451.00	\$653.00	\$856.00

Note: Doctoral I is the arithmetic mean of Master's and Doctoral II

-- Cost figures developed by CPE staff shown in green highlight.

Source: SHEEO Four-State Cost Study.

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# ➤ Distribute Component Pools (Example)

Funding Model for the Public Universities  
Distribution of **Academic Support** Component Funds

	A		(A x C)
Academic Support Pool	\$53,736,800		
	B	C	D
Model Components	Weighted FTE Students	FTE Student Share	Academic Support
University of Kentucky	38,236.2	31.7%	\$17,046,600
University of Louisville	24,991.3	20.7%	11,141,700
Eastern Kentucky University	13,052.7	10.8%	5,819,200
Kentucky State University	1,624.0	1.3%	724,000
Morehead State University	7,012.6	5.8%	3,126,400
Murray State University	8,622.8	7.2%	3,844,300
Northern Kentucky University	11,676.2	9.7%	5,205,500
Western Kentucky University	15,318.2	12.7%	6,829,200
Total	120,534.0	100.0%	\$53,736,900

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# ➤ Determine Formula Totals

## Funding Model for the Public Universities

Sum Component Pool Distributions to Determine **Formula Totals**

	A	B	C	D	E	$\Sigma (A,B,C,D,E)$
Campus	Student Success	Course Completion	Institutional Support	Academic Support	Maintenance & Operations	Formula Totals
UK	\$58,694,800	\$55,890,500	\$14,519,200	\$17,046,600	\$17,938,900	\$164,090,000
UofL	39,964,000	42,768,300	13,669,000	11,141,700	10,249,400	117,792,400
42 EKU	20,954,700	22,006,400	5,561,400	5,819,200	5,631,100	59,972,800
KSU	3,149,900	1,876,400	874,600	724,000	1,755,500	8,380,400
MoSU	9,992,200	10,791,200	3,068,000	3,126,400	3,313,900	30,291,700
MuSU	13,655,900	12,998,900	3,989,000	3,844,300	4,939,100	39,427,200
NKU	17,989,700	17,414,400	4,963,000	5,205,500	4,625,100	50,197,700
WKU	23,677,400	24,332,700	7,092,500	6,829,200	5,283,700	67,215,500
<b>Total</b>	<b>\$188,078,600</b>	<b>\$188,078,800</b>	<b>\$53,736,700</b>	<b>\$53,736,900</b>	<b>\$53,736,700</b>	<b>\$537,367,700</b>
<b>% of Total:</b>	<b>35.0%</b>	<b>35.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>100.0%</b>



# ➤ Calculate Difference from Formula

Funding Model for the Public Universities

Calculate **Difference** Between Formula Totals and Allocable Resources

	A	B	(B - A)
Institution	Allocable Resources	Formula Totals	Dollar Difference
University of Kentucky	\$163,067,600	\$164,090,000	\$1,022,400
University of Louisville	118,814,800	117,792,400	(1,022,400)
Eastern Kentucky University	57,914,000	59,972,800	2,058,800
Kentucky State University	15,262,400	8,380,400	(6,882,000)
Morehead State University	33,831,400	30,291,700	(3,539,700)
Murray State University	38,583,500	39,427,200	843,700
Northern Kentucky University	45,566,000	50,197,700	4,631,700
Western Kentucky University	64,328,000	67,215,500	2,887,500
<b>Total</b>	<b>\$537,367,700</b>	<b>\$537,367,700</b>	<b>\$0</b>

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# Required Phase In

- Fiscal 2017-18
  - Use model to distribute Performance Fund (5% or \$42.9 million)
- Fiscal 2018-19
  - Run model against 100% of current base and review result
  - Apply hold harmless provision
- Fiscal 2019-20
  - Run model against 100% of current base and distribute available funds
  - Apply a 1% stop loss (\$7.7 million reallocated to PEPF)
- Fiscal 2020-21
  - Apply a 2% stop loss
  - Reconvene Working Group to assess operation of the model

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Contact Info

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QUESTIONS?

Council on Postsecondary Education  
 Funding Model for the Public Universities  
 Table 1 - Distribution of Outcomes Based and Operational Support Components

June 6, 2017

Fiscal Year 2017-18

Institution	(A - B)			Outcomes Based Components (@ 70%)				Operational Support Components (@ 30%)					D	E	F	
	A	B	C	Success Share <sup>2</sup>	Student Success	Credit Hour Share <sup>3</sup>	Course Completion	Square Feet Share <sup>4</sup>	Maintenance & Operations	Direct Cost Share <sup>5</sup>	Institutional Support	FTE Student Share <sup>6</sup>				Academic Support
UK	\$181,186,200	(\$18,118,600)	\$163,067,600	31.2%	\$58,694,800	29.7%	\$55,890,500	33.4%	\$17,938,900	27.0%	\$14,519,200	31.7%	\$17,046,600	\$164,090,000	\$1,022,400	0.6%
UofL	132,016,400	(13,201,600)	118,814,800	21.2%	39,964,000	22.7%	42,768,300	19.1%	10,249,400	25.4%	13,669,000	20.7%	11,141,700	117,792,400	(1,022,400)	-0.8%
EKU	62,645,200	(4,731,200)	57,914,000	11.1%	20,954,700	11.7%	22,006,400	10.5%	5,631,100	10.3%	5,561,400	10.8%	5,819,200	59,972,800	2,058,800	3.3%
KSU	19,993,600	(4,731,200)	15,262,400	1.7%	3,149,900	1.0%	1,876,400	3.3%	1,755,500	1.6%	874,600	1.3%	724,000	8,380,400	(6,882,000)	-34.4%
MoSU	38,562,600	(4,731,200)	33,831,400	5.3%	9,992,200	5.7%	10,791,200	6.2%	3,313,900	5.7%	3,068,000	5.8%	3,126,400	30,291,700	(3,539,700)	-9.2%
MuSU	43,314,700	(4,731,200)	38,583,500	7.3%	13,655,900	6.9%	12,998,900	9.2%	4,939,100	7.4%	3,989,000	7.2%	3,844,300	39,427,200	843,700	1.9%
NKU	50,297,200	(4,731,200)	45,566,000	9.6%	17,989,700	9.3%	17,414,400	8.6%	4,625,100	9.2%	4,963,000	9.7%	5,205,500	50,197,700	4,631,700	9.2%
WKU	69,059,200	(4,731,200)	64,328,000	12.6%	23,677,400	12.9%	24,332,700	9.8%	5,283,700	13.2%	7,092,500	12.7%	6,829,200	67,215,500	2,887,500	4.2%
Sector	\$597,075,100	(\$59,707,400)	\$537,367,700	100.0%	\$188,078,600	100.0%	\$188,078,800	100.0%	\$53,736,700	100.0%	\$53,736,700	100.0%	\$53,736,900	\$537,367,700	\$0	0.0%
			Allocated Dollars:		\$188,078,700		\$188,078,700		\$53,736,800		\$53,736,800		\$53,736,800	\$537,367,800	} Math Check	
			Percent of Total:		35.0%		35.0%		10.0%		10.0%		10.0%	100.0%		

<sup>1</sup> Small School Adjustment defined as fixed base amount that remains constant when sector total appropriation increases or stays the same, but may be reduced if there is a budget cut.

<sup>2</sup> Student Success component distributed based on each institution's share of weighted student success outcomes produced (i.e., bachelor's degrees; STEM+H, URM, and low-income bachelor's degrees; and student progression at 30, 60, and 90 credit hour thresholds).

<sup>3</sup> Course Completion distributed based on each institution's share of weighted student credit hours earned. Weights reflect differences in costs by course level and discipline, as well as, differences in cost structures and mission between sectors. Credit hours earned by out-of-state students are counted at 50% of similar credit hours earned by in-state students.

<sup>4</sup> Funding for maintenance and operation (M&O) of facilities distributed based on each institution's share of Category I and Category II square feet, net of research, non-class laboratory, and open laboratory space.

<sup>5</sup> Institutional Support component distributed based on each institution's share of sector total instruction and student services spending (i.e., share of direct instructional costs).

<sup>6</sup> Academic Support distributed based on each institution's share of total FTE student enrollment, weighted for differences in cost structures and mission between sectors.

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Council on Postsecondary Education  
 Funding Model for the Public Universities  
 Table 2 - Distribution of Student Success Component

June 6, 2017

Fiscal Year 2017-18

Campus	(A x B)			Bachelor's Degrees (Normalized) <sup>1</sup>			STEM+H Bachelor's Degrees			URM Bachelor's Degrees			Low Income Bachelor's Degrees		
	A Allocable Resources	B Contribution Percentage	C Contribution Totals	Weighted Bachelor's Degrees	Percent Share	Formula Amount	Weighted STEM+H Degrees	Percent Share	Formula Amount	Weighted URM Degrees	Percent Share	Formula Amount	Weighted Low Income Degrees	Percent Share	Formula Amount
UK	\$163,067,600	35.0%	\$57,073,700	6,921.7	31.0%	\$15,002,000	2,256.6	33.8%	\$9,094,500	574.1	25.7%	\$4,147,200	3,182.0	27.9%	\$4,502,700
UofL	118,814,800	35.0%	41,585,200	4,783.3	21.4%	10,367,400	1,240.5	18.6%	4,999,600	596.5	26.7%	4,309,200	2,794.0	24.5%	3,953,700
EKU	57,914,000	35.0%	20,269,900	2,697.5	12.1%	5,846,700	702.7	10.5%	2,831,900	218.7	9.8%	1,579,600	1,364.3	12.0%	1,930,600
KSU	15,262,400	35.0%	5,341,800	246.5	1.1%	534,300	57.3	0.9%	231,100	157.0	7.0%	1,134,200	203.3	1.8%	287,700
MoSU	33,831,400	35.0%	11,841,000	1,110.7	5.0%	2,407,200	311.7	4.7%	1,256,100	61.0	2.7%	440,700	728.3	6.4%	1,030,600
MuSU	38,583,500	35.0%	13,504,200	1,571.5	7.0%	3,406,000	649.3	9.7%	2,616,900	136.3	6.1%	984,900	722.3	6.3%	1,022,200
NKU	45,566,000	35.0%	15,948,100	2,258.2	10.1%	4,894,500	635.7	9.5%	2,561,800	192.3	8.6%	1,389,400	1,023.3	9.0%	1,448,100
WKU	64,328,000	35.0%	22,514,800	2,724.4	12.2%	5,905,000	813.0	12.2%	3,276,500	295.7	13.2%	2,135,900	1,374.7	12.1%	1,945,300
Sector	\$537,367,700		\$188,078,700	22,313.9	100.0%	\$48,363,100	6,666.8	100.0%	\$26,868,400	2,231.6	100.0%	\$16,121,100	11,392.3	100.0%	\$16,120,900
			Allocated Dollars:			\$48,363,100			\$26,868,400			\$16,121,000			\$16,121,000
			Percent of Total:			9.0%			5.0%			3.0%			3.0%

<sup>1</sup> Bachelor's degree figures have been normalized using degrees per 100 full-time equivalent students for each institution indexed to the public university average.

Council on Postsecondary Education  
 Funding Model for the Public Universities  
 Table 2 - Distribution of Student Success Component  
 Fiscal Year 2017-18

June 6, 2017

Campus	Student Progression (@ 30, 60, & 90 Credit Hours)									D	(D - C)	(E ÷ C)	(D ÷ ΣD)
	Weighted Progression @ 30 Hours	Percent Share	Formula Amount	Weighted Progression @ 60 Hours	Percent Share	Formula Amount	Weighted Progression @ 90 Hours	Percent Share	Formula Amount		E	F	G
UK	5,566.1	33.2%	\$5,354,400	5,589.0	32.2%	\$8,639,300	6,716.0	31.8%	\$11,954,600	\$58,694,700	\$1,621,000	2.8%	31.2%
UofL	3,224.7	19.2%	3,102,100	3,528.9	20.3%	5,454,800	4,369.1	20.7%	7,777,100	39,963,900	(1,621,300)	-3.9%	21.2%
EKU	1,709.7	10.2%	1,644,600	1,866.7	10.7%	2,885,400	2,379.7	11.3%	4,235,900	20,954,700	684,800	3.4%	11.1%
KSU	192.0	1.1%	184,700	210.0	1.2%	324,600	254.7	1.2%	453,300	3,149,900	(2,191,900)	-41.0%	1.7%
MoSU	1,086.7	6.5%	1,045,300	1,068.7	6.1%	1,651,900	1,213.7	5.7%	2,160,400	9,992,200	(1,848,800)	-15.6%	5.3%
MuSU	1,064.7	6.4%	1,024,200	1,186.3	6.8%	1,833,800	1,555.0	7.4%	2,767,900	13,655,900	151,700	1.1%	7.3%
NKU	1,624.3	9.7%	1,562,500	1,669.0	9.6%	2,579,900	1,996.3	9.4%	3,553,500	17,989,700	2,041,600	12.8%	9.6%
WKU	2,290.3	13.7%	2,203,200	2,263.3	13.0%	3,498,600	2,647.7	12.5%	4,712,900	23,677,400	1,162,600	5.2%	12.6%
Sector	16,758.5	100.0%	\$16,121,000	17,381.9	100.0%	\$26,868,300	21,132.0	100.0%	\$37,615,600	ΣD = \$188,078,400	(\$300)	0.0%	100.0%
			\$16,121,000 3.0%			\$26,868,400 5.0%			\$37,615,700 7.0%	\$188,078,600 35.0%	} Math Check		





Kentucky Chamber  
**WORKFORCE**  
CENTER

# KENTUCKY'S **WORKFORCE**

PROGRESS & CHALLENGES





**84%**  
**OF KENTUCKY  
EMPLOYERS TODAY  
CANNOT FIND  
QUALIFIED  
WORKERS.**

# PROGRESS & CHALLENGES

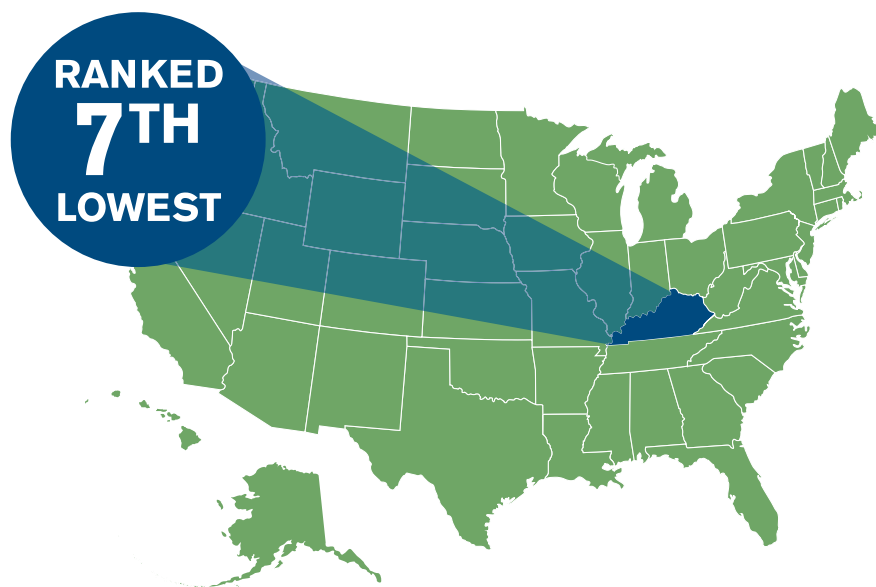
## Introduction

Kentucky has reason to be optimistic on the economic front with the beginning of a new year. Continued expansion in an improving economy is forecast for the months ahead. The state's unemployment rate is declining, and records are being broken in the number of business investments in job-creating facilities.

But one critical problem persists for many Kentucky employers: they cannot find qualified workers for the jobs they have available today, and they have serious concerns about filling the jobs they plan to create in the future.

The problem isn't limited to one region or sector. The 2017 Bridging the Talent Gap Project found 84% of employers who are hiring reported having difficulty finding qualified candidates. *(Kentucky Society for Human Resource Management, The Graduate! Network Bridging The Talent Gap Project, 2017. The Talent Alignment Survey. Some questions in the Talent Alignment Survey are from the Society for Human Resource Management's (SHRM's) 'Local Skills Shortages' survey and were used with permission from SHRM.)*

**KENTUCKY WAS 43<sup>RD</sup>  
AMONG THE 50 STATES**  
IN WORKFORCE PARTICIPATION



Kentucky has one of the nation's lowest workforce participation rates. At 59.2%, as of October 2017, **Kentucky was 43rd among the 50 states.** This marked an improvement from the state's 57.6% rate at the end of 2016 (47th in the nation), but it reflected the persistent challenge facing employers. The state would need to add more than 120,000 people to its workforce to reach the national average of 62.7%.

**Forbes's 2017 Best States for Business ranks Kentucky 48th in the nation for Labor Supply. The measure is based on high school and college attainment, net migration for the past five years, projected population growth for the upcoming five years and the percentage of the workforce that is unionized. Kentucky's overall ranking was 35th. Additional factors affecting the overall ranking included business costs, regulatory environment, economic climate, growth prospects and quality of life.**

A number of factors affect the workforce participation rate. The following chart, developed for the Kentucky Chamber of Commerce in May 2017, provides an overview. (*The workforce participation rate percentages reflect the U.S. Bureau of Labor Statistics data from October 2017.*)

### Factors Affecting Workforce Participation in Kentucky

	Kentucky	U.S. Average
Workforce Participation Rate	<b>59.2%</b>	62.7%
Unemployed	<b>99,907 (5.0%)</b>	4.8%
Underemployed*	<b>9.7%</b>	9.6%
Incarcerated (Incarceration Rate)	<b>35,295 (474 per 100K)</b>	471 per 100K
Disabled (% of population age 18-64 receiving Social Security disability/SSI)	<b>300,000+ (8.1%)</b>	4.7%
Drug & Alcohol Abuse:		
Inmates on Drug Charges	<b>4,616 (20%)</b>	N/A
Alcohol Addiction	<b>102,000 (3.06%)</b>	3.18%
Alcohol Abuse	<b>197,000 (5.95%)</b>	6.51%
Overdose Death Rate	<b>29.9 per 100K</b>	16.3 per 100K
High School Diploma or Higher	<b>84.2%</b>	86.7%
Bachelor's Degree or Higher	<b>22.3%</b>	29.8%
High School Graduation Rate	<b>86%</b>	81%
Percent of population with income below the poverty level	<b>18.5%</b>	13.5%
Health Ranking	<b>45<sup>th</sup></b>	N/A

\*Underemployed is a broader measure of labor underutilization and includes the unemployed (actively seeking work in the past four weeks), discouraged workers (those not in the labor force who looked for a job in the past 12 months), and individuals employed less than 35 hours per week who want to work full time.

**Sources:** Bureau of Labor Statistics, Social Security Administration, Substance Abuse and Mental Health Services Administration, Kentucky Office of Drug Control, Centers for Disease Control, Census Bureau, National Center for Education Statistics, America's Health Rankings 2016

Meanwhile, employment is increasing in almost all sectors, according to the U.S. Bureau of Labor Statistics, and the state added 28,600 jobs between October 2016 and October 2017, a 1.5% increase.

**Closing the gap between the number of qualified workers and the number of jobs employers have available is a priority need that must be addressed to ensure the state's growth and prosperity as well as the quality of life of its citizens.**

**This report takes a look at the progress that has been made and the challenges that persist within Kentucky's workforce landscape.** It is the Kentucky Chamber's second report focused on workforce issues. The first, published in 2015, identified challenges ranging from a lack of employer engagement to service delivery to insufficient coordination among service providers. It also made several recommendations addressing those and other employer concerns about workforce quality, program governance and spending.

The full 2015 report is available at: [kychamber.com](http://kychamber.com).

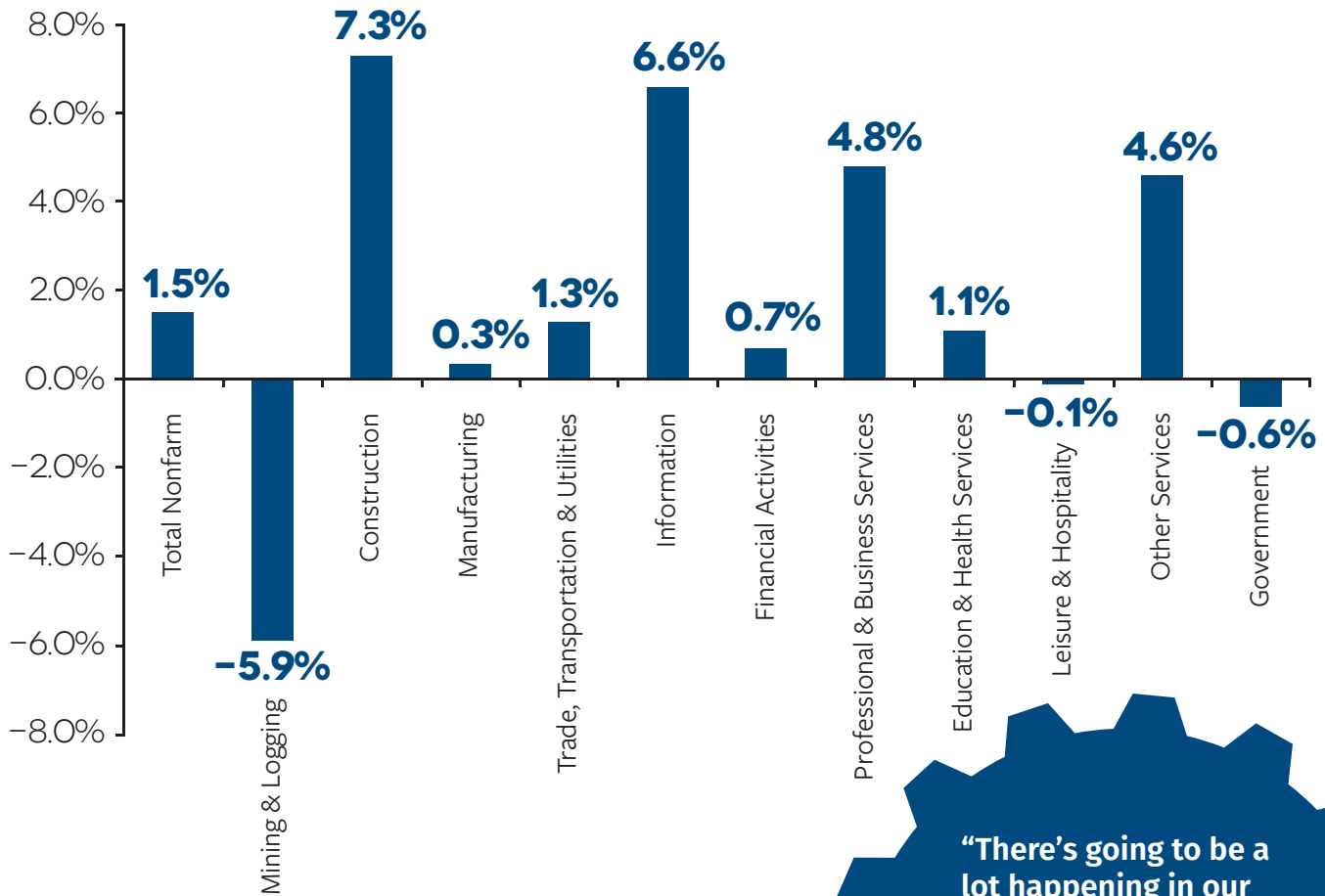
# SUPPLY & DEMAND:

## What the Numbers — and Employers — Tell Us



Employment increased during the past year in most sectors of Kentucky's economy. As illustrated in the following chart, the **fastest-growing areas of employment were construction, information, professional and business services and other services.** Those with the largest employment declines were mining and logging, government, and leisure and hospitality.

**Change In Kentucky Employment by Economic Sector**  
October 2016 to October 2017

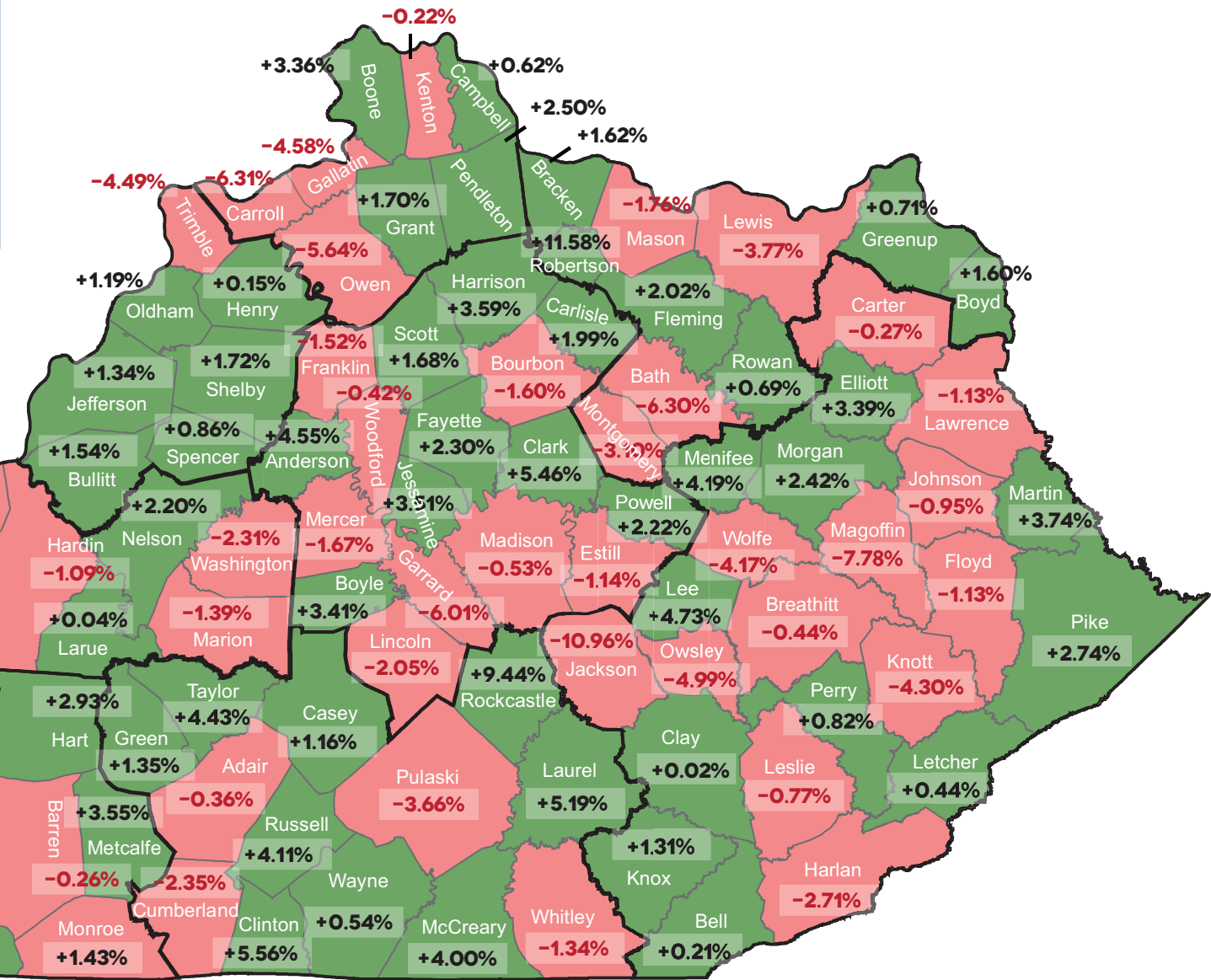


Source: U.S. Bureau of Labor Statistics as collected by the Kentucky Center for Education & Workforce Statistics

“There’s going to be a lot happening in our area in construction, but investing \$1 million to add to the fleet isn’t an option because you wouldn’t be able to find the people.”

— Louisville Area Trucking Executive



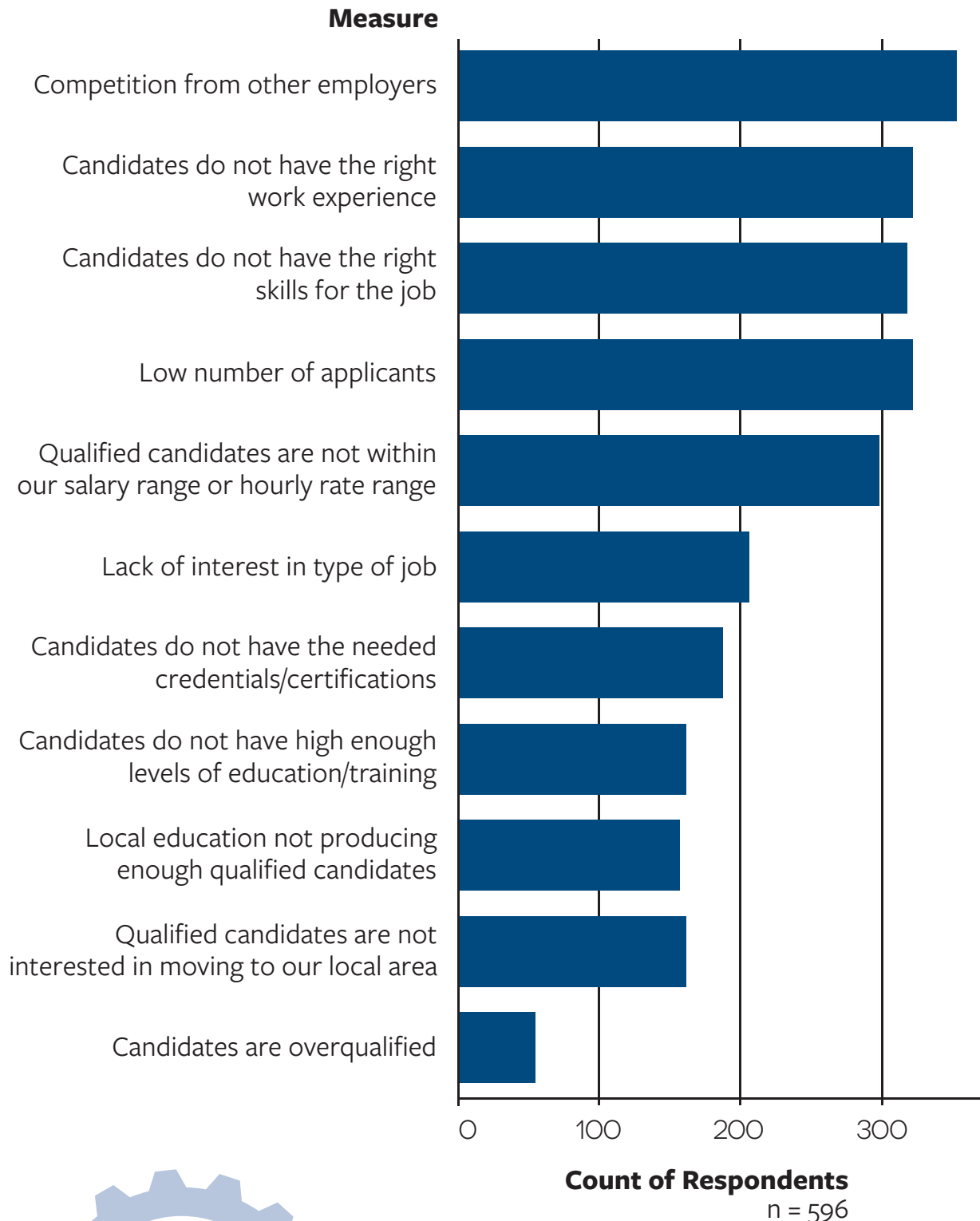


Source: County Employment and Wages in Kentucky—First Quarter 2016 and First Quarter 2017, Bureau of Labor Statistics as collected by the Kentucky Center for Education & Workforce Statistics

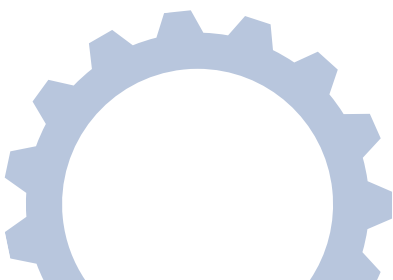
## COUNTIES K-W

<b>Kenton</b>	64,743	64,598	<b>-0.22%</b>	<b>Martin</b>	2,484	2,577	<b>3.74%</b>	<b>Rockcastle</b>	3,402	3,723	<b>9.44%</b>
<b>Knott</b>	2,370	2,268	<b>-4.30%</b>	<b>Mason</b>	8,659	8,507	<b>-1.76%</b>	<b>Rowan</b>	10,364	10,435	<b>0.69%</b>
<b>Knox</b>	7,621	7,721	<b>1.31%</b>	<b>Meade</b>	4,247	4,162	<b>-2.00%</b>	<b>Russell</b>	5,450	5,674	<b>4.11%</b>
<b>Larue</b>	2,583	2,584	<b>0.04%</b>	<b>Menifee</b>	860	896	<b>4.19%</b>	<b>Scott</b>	25,571	26,001	<b>1.68%</b>
<b>Laurel</b>	25,977	27,324	<b>5.19%</b>	<b>Mercer</b>	6,426	6,319	<b>-1.67%</b>	<b>Shelby</b>	15,899	16,172	<b>1.72%</b>
<b>Lawrence</b>	3,180	3,144	<b>-1.13%</b>	<b>Metcalfe</b>	1,829	1,894	<b>3.55%</b>	<b>Simpson</b>	8,621	8,896	<b>3.19%</b>
<b>Lee</b>	1,459	1,528	<b>4.73%</b>	<b>Monroe</b>	3,156	3,201	<b>1.43%</b>	<b>Spencer</b>	1,850	1,866	<b>0.86%</b>
<b>Leslie</b>	1,683	1,670	<b>-0.77%</b>	<b>Montgomery</b>	10,957	10,617	<b>-3.10%</b>	<b>Taylor</b>	11,558	12,070	<b>4.43%</b>
<b>Letcher</b>	4,328	4,347	<b>0.44%</b>	<b>Morgan</b>	2,810	2,878	<b>2.42%</b>	<b>Todd</b>	2,290	2,277	<b>-0.57%</b>
<b>Lewis</b>	1,987	1,912	<b>-3.77%</b>	<b>Muhlenberg</b>	9,020	9,019	<b>-0.01%</b>	<b>Trigg</b>	2,959	3,004	<b>1.52%</b>
<b>Lincoln</b>	4,298	4,210	<b>-2.05%</b>	<b>Nelson</b>	15,194	15,529	<b>2.20%</b>	<b>Trimble</b>	1,091	1,042	<b>-4.49%</b>
<b>Livingston</b>	2,535	2,463	<b>-2.84%</b>	<b>Ohio</b>	7,487	7,477	<b>-0.13%</b>	<b>Union</b>	5,091	4,932	<b>-3.12%</b>
<b>Logan</b>	8,351	8,491	<b>1.68%</b>	<b>Oldham</b>	15,424	15,608	<b>1.19%</b>	<b>Warren</b>	62,068	63,836	<b>2.85%</b>
<b>Lyon</b>	2,269	2,363	<b>4.14%</b>	<b>Owen</b>	1,737	1,639	<b>-5.64%</b>	<b>Washington</b>	3,470	3,390	<b>-2.31%</b>
<b>McCracken</b>	39,478	39,329	<b>-0.38%</b>	<b>Owsley</b>	682	648	<b>-4.99%</b>	<b>Wayne</b>	5,399	5,428	<b>0.54%</b>
<b>McCreary</b>	2,627	2,732	<b>4.00%</b>	<b>Pendleton</b>	2,280	2,337	<b>2.50%</b>	<b>Webster</b>	3,189	3,038	<b>-4.74%</b>
<b>McLean</b>	2,124	2,136	<b>0.56%</b>	<b>Perry</b>	11,344	11,437	<b>0.82%</b>	<b>Whitley</b>	11,609	11,454	<b>-1.34%</b>
<b>Madison</b>	33,584	33,406	<b>-0.53%</b>	<b>Pike</b>	20,239	20,793	<b>2.74%</b>	<b>Wolfe</b>	1,271	1,218	<b>-4.17%</b>
<b>Magoffin</b>	1,749	1,613	<b>-7.78%</b>	<b>Powell</b>	2,526	2,582	<b>2.22%</b>	<b>Woodford</b>	9,111	9,073	<b>-0.42%</b>
<b>Marion</b>	8,574	8,455	<b>-1.39%</b>	<b>Pulaski</b>	25,495	24,562	<b>-3.66%</b>				
<b>Marshall</b>	11,041	11,621	<b>5.25%</b>	<b>Robertson</b>	285	318	<b>11.58%</b>				

# Main reasons organizations have difficulty hiring qualified candidates for full-time positions



Source: Bridging the Talent Gap Project, 2017





**“When compared to the rest of the country, more Kentucky companies say they are having trouble hiring the right skills or experience.”**

— Dan Ash,  
Research Director,  
The Graduate Network

The challenge is essentially across the board when it comes to hiring for most jobs. As the table to the right from the Bridging the Talent Gap Project indicates, **employers reported that it was very or somewhat difficult to fill jobs in most categories.**

**“As recently as three years ago, we would post a registered nurse position and get 20 applications for it, but right now we have positions that we have posted and re-posted and had no applicants.**

— Lexington Hospital  
Executive

Additional key findings from the project:

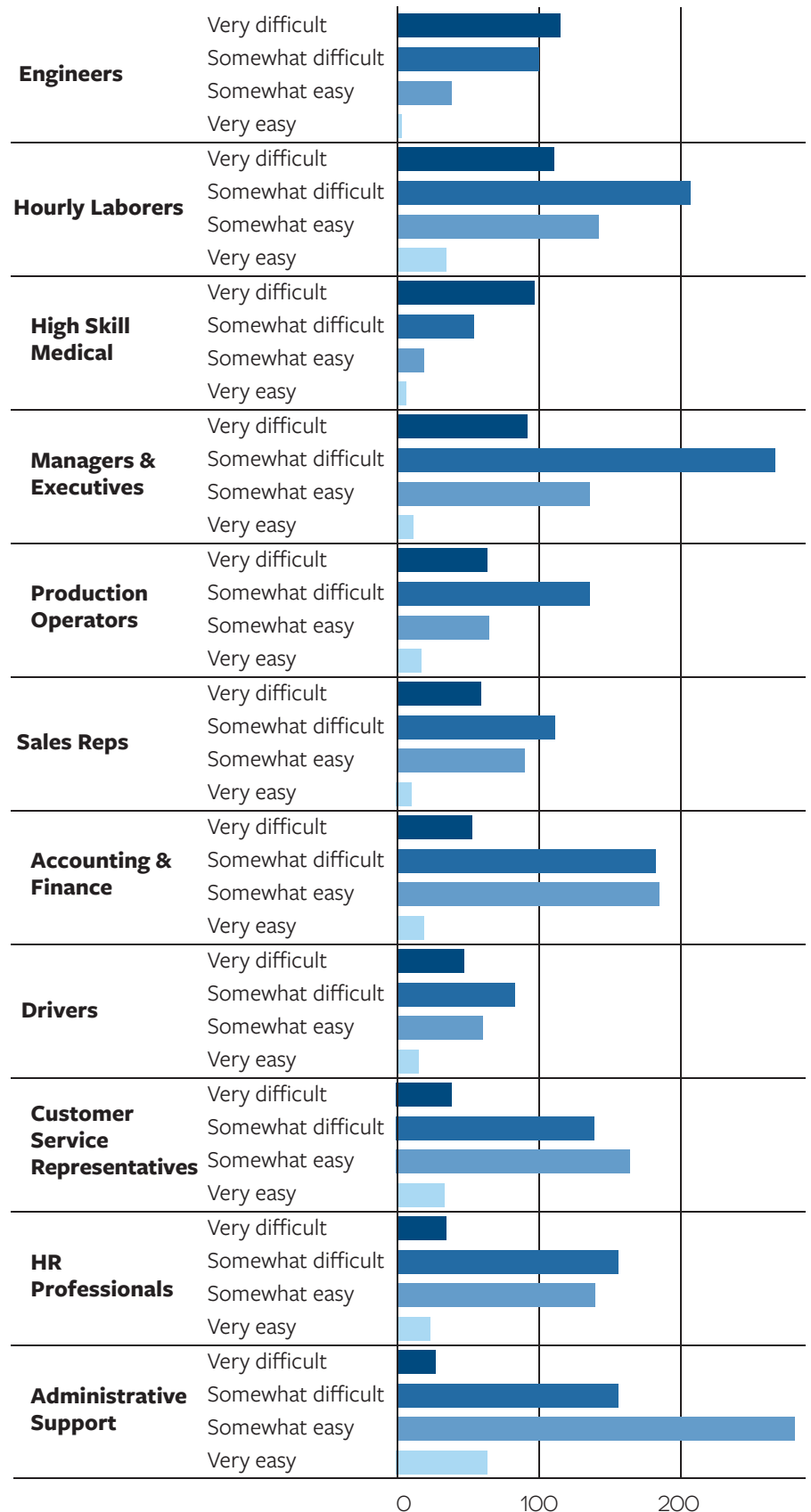
- **46% of employers** said better qualified job candidates would encourage them to increase hiring (*second only to improved market conditions at 59.4%*).

- **81% of employers** projected moderate to high growth for their organizations in the next three to five years.

**“Our clients report that they could grow much faster if they had the workforce that they need.”**

— Louisville Banker

## Ease or difficulty filling jobs by category



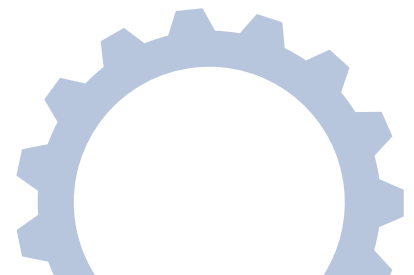
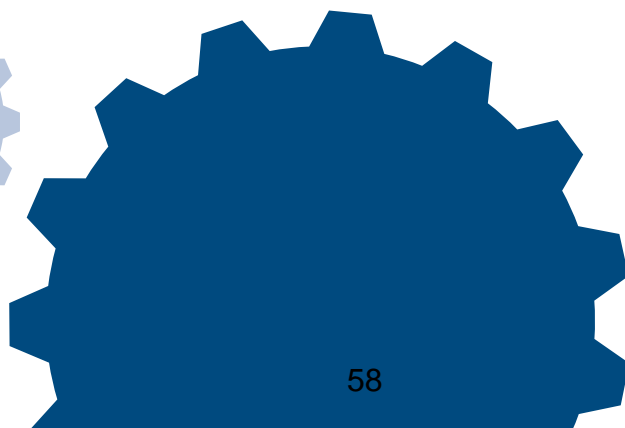
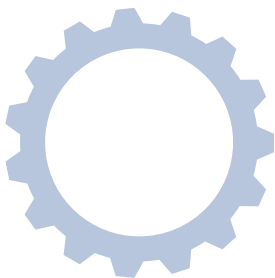
Source: Bridging the Talent Gap Project, 2017

Count of Respondents  
n = 721

## The anticipated five-year demand and average wage for occupations across all Kentucky employment sectors.

General Occupation	Growth	5 Year Demand	Current Employment	Average Wage
Architecture and Engineering	Growing	6,148	35,094	\$75,008
Arts, Design, Entertainment, Sports, and Media	Growing	5,029	30,224	\$45,053
Building and Grounds Cleaning and Maintenance	Growing	10,615	67,668	\$25,167
Business and Financial Operations	Growing	14,073	87,144	\$62,521
Community and Social Service	Fast Growing	7,640	39,295	\$41,605
Computer and Mathematical	Very Fast Growing	6,522	38,889	\$69,522
Construction and Extraction	Fast Growing	14,070	93,583	\$43,396
Education, Training, and Library	Fast Growing	21,354	115,593	\$50,765
Farming, Fishing, and Forestry	Growing	4,010	24,159	\$30,292
Food Preparation and Serving Related	Growing	37,708	184,793	\$21,222
Healthcare Practitioners and Technical	Very Fast Growing	33,555	148,035	\$73,560
Healthcare Support	Very Fast Growing	15,246	57,362	\$29,043
Installation, Maintenance, and Repair	Fast Growing	18,532	104,227	\$44,473
Legal	Growing	2,119	15,339	\$77,715
Life, Physical, and Social Science	Fast Growing	4,116	19,131	\$55,759
Management	Growing	24,314	142,350	\$89,401
Office and Administrative Support	Growing	47,399	318,890	\$33,286
Personal Care and Service	Fast Growing	14,943	79,688	\$24,276
Production	Growing	32,989	206,386	\$36,347
Protective Service	Growing	7,518	44,018	\$38,396
Sales and Related	Growing	36,508	208,633	\$33,545
Transportation and Material Moving	Growing	38,152	208,418	\$39,271

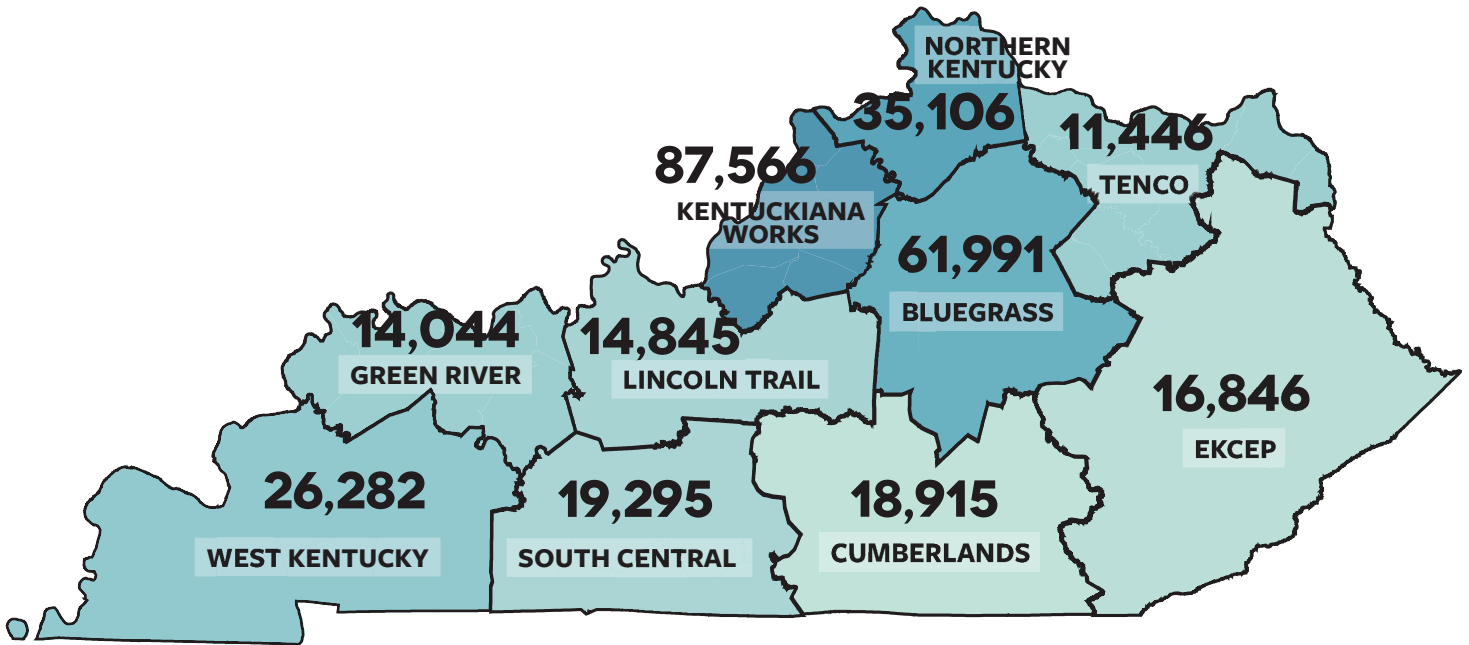
Source: Kentucky Center for Education & Workforce Statistics, 2017



The expected growth recorded in the Bridging the Talent Gap Project is also reflected in the 2017 Future Skills Report of the Kentucky Center for Education & Workforce Statistics, or KCEWS.

The Future Skills Report's projected five-year demand anticipates that **Kentucky will add 408,807 jobs statewide by 2021**. The following illustration shows projected demand by local workforce area.

### Projected Employment Growth Through 2021, By Workforce Area



Source: Kentucky Center for Education & Workforce Statistics, 2017

# THE IMPORTANCE OF IMMIGRANTS TO KENTUCKY

## And Its Workforce



Kentucky's workforce and economy have been strengthened by immigrants who are working, creating jobs and paying taxes in the Commonwealth. Research by the New American Economy shows that the nearly 152,000 immigrant residents in the state held \$2.7 billion in spending power in 2016. The \$969 million in taxes they pay annually includes \$333.3 million paid to state and local governments.

**More than 10,600 Kentucky immigrants are entrepreneurs, employing more than 35,000 Kentuckians in the companies they have created.**

As many as 5,459 individuals within Kentucky's immigrant community are Deferred Action for Childhood Arrivals, or DACA-eligible. The majority (90.5%) of the DACA-eligible population who are at least 16 years old are employed, earning almost \$70.4 million a year. That translates into \$10 million in taxes paid annually, \$6.1 million of which goes to state and local governments.

# AN ESSENTIAL SKILL REQUIREMENT

## *The Ability to Communicate*



In Kentucky research on Postsecondary Education & the Workforce, the National Center for Higher Education Management Systems identified the top skills requested by employers for a wide range of occupations. Specialized skills, understandably, varied depending on the occupation, but one foundational skill appeared in almost all categories: the ability to communicate.

**From the National Soft Skills Association: Research conducted by Harvard University, the Carnegie Foundation and Stanford Research Center has all concluded that 85 percent of job success comes from having well-developed soft skills and people skills, and only 15 percent of jobs success comes from technical skills and knowledge (hard skills). It is interesting to note that these statistics were taken from the work done by Charles Rigborg Mann in his “A Study of Engineering Education,” in 1918. That’s right, 1918! Almost 100 years have passed since Mann published his extensive research on the need for soft skills education in schools and workplaces, yet little has changed. This is why the National Soft Skills Association has been created.**

— Lane Report, May 2016

Communication is widely considered one of the essential skills — characteristics that reflect an individual’s abilities relating to working in a group, taking responsibility for his or her actions, completing a task and other personal-management traits.

The Kentucky Chamber’s 2015 workforce report noted the importance of improving such skills within the workplace:

***“Kentucky employers consistently express concerns – and frustrations – about the challenges they face in finding employees who understand the importance of showing up for work, communicating well with others, taking personal responsibility for their actions, managing their time effectively and similar traits.”***

Those concerns and frustrations continue today, although efforts are underway to address the problem. Those efforts are detailed later in this report.



# COLLEGE STUDENTS, GRADS & OTHERS REFLECT: *Are They Satisfied with Their Education Choices?*



As postsecondary education becomes more critical to ensuring workplace success, emerging research is providing greater insights into the thinking and attitudes of adults about the decisions they have made about their educations and the careers that have followed. “While there is much data currently collected about postsecondary education, there has not yet been a comprehensive look at student and graduate experiences and how those experiences shaped their lives,” according to the June 2017 report, *“On Second Thought: U.S. Adults Reflect on Their Education Decisions,”* from Strada Education Network and Gallup.

The Strada-Gallup Education Consumer Survey is a daily survey of approximately 350 adults in the United States, with more than 122,500 interviews conducted annually. As a result of the initiative to gather and share the perspectives of education consumers at all attainment levels, “postsecondary leaders, policymakers, employers and other consumers will be able to better understand the critical decisions and nuances that shape the many complex issues facing postsecondary education today.”

The “On Second Thought” report was based on interviews conducted nationally with 89,492 adults between June 29, 2016, and March 26, 2017. Among the key findings:

- More than half of Americans (51%) would change at least one of their education decisions if they had to do it over again: 36% would choose a different major, 28% would choose a different institution and 12% would pursue a different degree.

**Among Kentuckians, 13% would choose a different institution, 27% would change their level of education and 37% would change their major.** Kentuckians’ responses also differed from national norms in several other areas:

- Only 73% of Kentuckians believe they received a “high quality” education – less than the national average of 77%.
- Only 62% of Kentuckians would recommend their educational paths to others like them – less than the national average of 65%.
- Only 66% of Kentuckians believe their education was worth the cost – less than the national average of 69%.
- Only 41% of Kentuckians feel they need more education to advance in their careers – less than the national average of 47%.

The survey also found, among respondents across the nation, that:

- Those with some college but no degree are the most likely to say they would change at least one of these three education decisions.
- Individuals who complete a vocational, trade or technical program are more positive about their education decisions than are individuals with an associate or bachelor’s degree.
- Given the opportunity to make changes, adults are most likely to select a different major.

A September 2017 report from the Education Consumer Pulse focused on sources of advice for students’ college studies. Key findings of the **“Major Influence: Where Students Get Valued Advice on What to Study in College”** report included:

- Most people receive advice about their major from informal social network sources like family members and friends.
- While informal work-based sources of advice were rated most helpful, they were the least-often used.
- Formal sources of advice (high school and college counselors and the media) were rated the least helpful.



# MAKING PROGRESS WITH WORKFORCE STRATEGIES, PROGRAMS

Leaders in both the private and public sectors are increasingly focused on developing targeted programs and strategies to address Kentucky's workforce challenges. Some of these are created in partnership; others are more specifically employer-led efforts or government initiatives.

Following is an overview of several developments that are moving Kentucky ahead in the workforce arena.

## THE KENTUCKY CHAMBER WORKFORCE CENTER

Launched in January 2017, the Kentucky Chamber Workforce Center is the centerpiece of the efforts that grew out of the Chamber's initial report on the state's workforce challenges.



A 12-member advisory board comprising representatives of Kentucky's employment sectors and geographic regions guides the Center's work, which is ***focused on five strategic initiatives:***



### BUSINESS LEADERSHIP

Serving as the voice of business as employers work with the public sector to align education, workforce initiatives and economic development in the creation of policies and delivery of services.

### INDUSTRY COLLABORATIVES

Giving employers a way to work together, define the skills they need and measure the results of workforce efforts. This includes creating a talent pipeline that ensures that the right talent is available for the right jobs.

### NETWORK DEVELOPMENT

Enhancing employer effectiveness through shared information and peer-to-peer communications to ensure consistency and collaboration of efforts statewide.

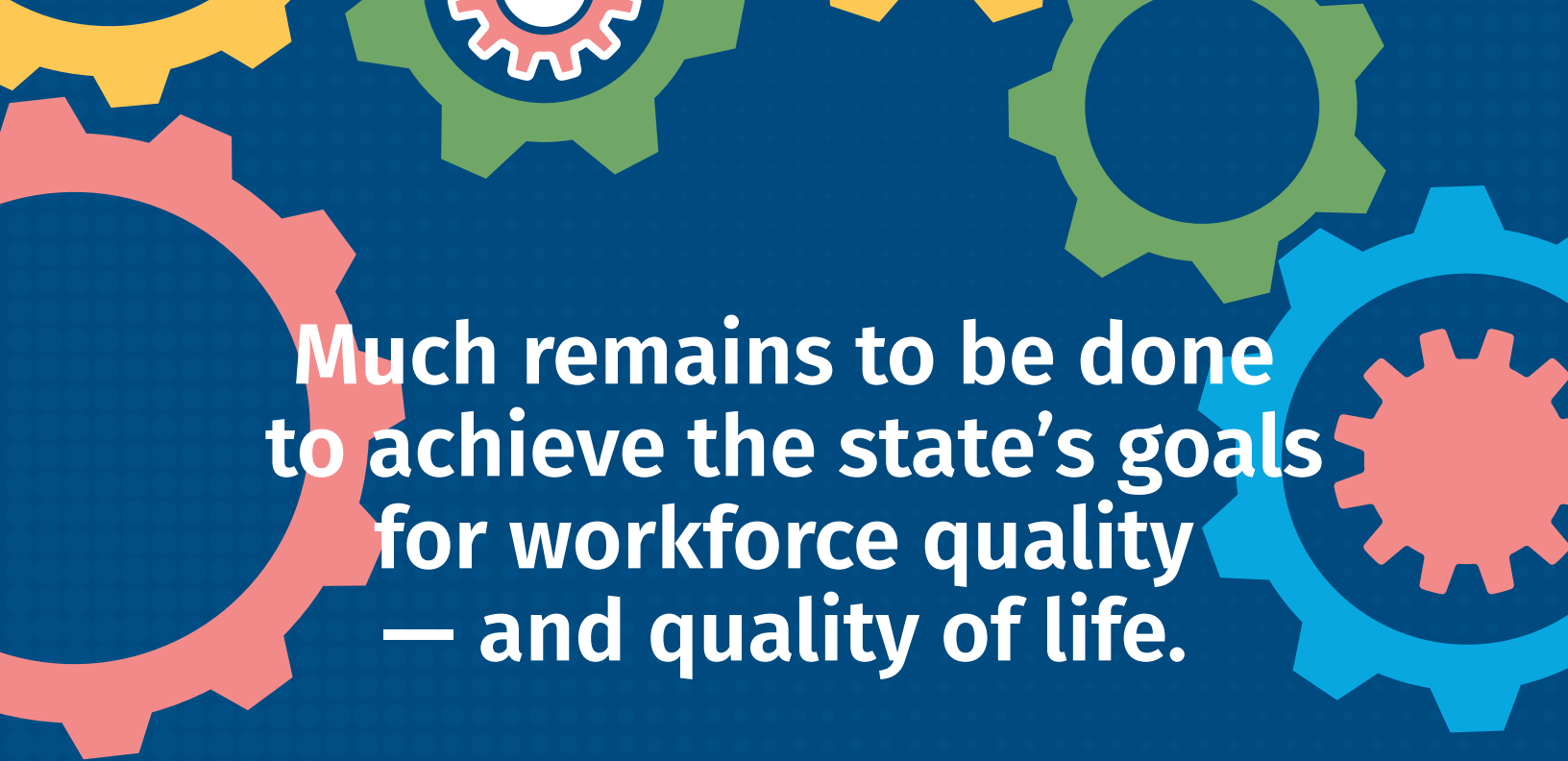
### MEASURING PROGRESS

Monitoring the performance of education and workforce providers using data that is designed to help workforce-training providers improve their programs and provide reliable results.

### ESSENTIAL SKILLS

Working with employers and providers on initiatives to help strengthen essential skills in the workplace.





# Much remains to be done to achieve the state's goals for workforce quality — and quality of life.

***Since its establishment, the Workforce Center has partnered with employers, state and local chamber of commerce staff members, public officials and others to advance its efforts under the strategic initiatives. Here is a closer look at some of the work now in progress.***

## **Business Leadership**

Center and Chamber executives continue to amplify the business voice at the public policy level through consultations with economic development and education and workforce leaders and membership on state boards and commissions, including the Kentucky Workforce Innovation Board Steering Committee.

Engaging more employers and gaining a detailed understanding of their workforce needs were the focus of presentations to 50 business associations and interviews with dozens of individual employers. More than 100 meetings with educators, workforce trainers and partners were designed to ensure employers' needs are communicated effectively as workforce services are delivered.

A Workforce Think Tank, co-hosted with the Kentucky Chamber of Commerce Executives, brought more than 50 local chamber leaders, postsecondary education representatives and local Workforce Innovation Board members together to discuss shared challenges and best practices in workforce development.

The Chamber hosted a five-state roundtable on the opioid crisis and the workforce. The event brought leaders from the business, health care and treatment communities together with public sector officials to discuss the impact of opioid addiction on economic development. Joining the Kentucky Chamber in the roundtable were chambers of commerce from Indiana, Ohio, Tennessee and West Virginia. The business leaders subsequently signed a joint letter to state and federal policymakers with recommendations on how best to address the opioid crisis.

## **Industry Collaboratives**

Through the Workforce Center, Kentucky was chosen by the U.S. Chamber of Commerce as one of three states to be the first to deploy a statewide Talent Pipeline Management (TPM) system.

TPM is an innovative approach to improving workforce training that brings employers together in industry-specific collaboratives to jointly identify their training needs, communicate those needs to training providers (such as community and technical colleges), monitor the results, and implement measures to ensure continuous improvement.

Three pilot TPM programs are underway or in the planning stages: manufacturing in the Hopkinsville area, health care in the Louisville area and construction in the Lexington area.

TPM also offers significant potential for the Workforce Center's **Measuring Progress** initiative as employers quantify the results of workforce training programs, communicate those results, and collaborate with training providers on ways to make any needed improvements.

### Network Development

The Workforce Center Network was launched in November 2017, with an inaugural online newsletter being sent to more than 5,000 business leaders, human resource professionals, educators, advocates and workforce training providers.

The network is the first of its kind in Kentucky, providing a statewide conversation for employers, practitioners and individuals who are involved in the workforce arena. It will serve as a resource to communicate best practices, shared challenges and solutions at the state and local levels.

### Essential Skills

Critical to workplace success, essential skills have been identified by employers as including reliability, adaptability, diligence, initiative, working well with others, the ability to apply knowledge and remaining drug free.

The Kentucky Chamber's public affairs team is on point for this work for the state's business community. A key development was the incorporation of essential skills into the state's system for measuring school performance. Although not yet at the level the business community would prefer, this was an important step in the right direction because it means more schools and students will become aware of what performance is expected in the workplace.

The Chamber is also pushing for legislation that will strengthen essential skills programs and outcomes in Kentucky schools. As proposed, the legislation would give employers a lead role in determining what students should learn from essential skills programs.

# BE PART OF THE SOLUTION:

## *Join the Workforce Network*



Visit us at: [kychamberworkforce.com](http://kychamberworkforce.com) or follow us @KyWorkforce







Help Strengthen  
Kentucky's Workforce  
**START THE  
CONVERSATION.**

# THE BUSINESS-EDUCATION ROUNDTABLE

## *Establishing an Action Plan*



A private-public partnership has brought advocates and leaders from the manufacturing, health care, finance and logistics sectors together with those from public education, workforce and economic development agencies to develop a long-range growth agenda for Kentucky.

The Roundtable, convened by the Kentucky Chamber, is establishing priorities and action plans to accelerate the state's progress in education at all levels and to broaden the availability of a high-quality workforce. The Roundtable's report is expected in the spring of 2018.

# TRACKING THE MONEY

## Showing the Breakdown



A frequent source of frustration for employers and others in the private sector is figuring out exactly how much public workforce funding is available and where it is being spent.

The Cabinet for Economic Development created an asset map showing **the distribution of \$1.2 billion (state and federal funds) in workforce development investments** in 2015. At the state agency level, the breakdown was as follows:

- Cabinet for Economic Development: **\$8.6 million**
- Cabinet for Health and Family Services: **\$260.6 million**
- Council on Postsecondary Education: **\$30.2 million**
- Education and Workforce Development Cabinet: **\$160.5 million**
- Kentucky Community & Technical College System: **\$628.7 million**
- Kentucky Department of Education: **\$83.9 million**
- Labor Cabinet: **\$5.3 million**

The cabinet also took a closer look at spending at the program level. ***The illustration on pages 19 & 20, reflecting 2015 spending, provides the details.***

As the Kentucky Chamber's 2015 report pointed out, workforce training is a big-ticket undertaking in the state. The Economic Development Cabinet's work to track the funding is a significant and positive step toward greater transparency and accountability. But there is a continuing need to determine whether:

- There is alignment between resources and employment needs.
- There are documented results of programs and, if so, what those results are.
- The funds are being used to advance the state's overall workforce quality goals.

**Workforce training  
is a big-ticket  
undertaking in  
Kentucky.**

Kentucky's 10 workforce investment areas are governed by local boards (which receive federal and state funding through the Education & Workforce Development Cabinet). Area development districts (ADDs) manage many of the local boards; the arrangement is more successful in some communities than in others, and in some cases, challenges persist related to governance and accountability.

Legislation enacted by the 2017 General Assembly requires, among other things, that the state's 15 ADDs follow federal and state procurement statutes and regulations. The new law also requires a review of all the districts within the next four years to determine if their policies and internal controls are adequate. Further examinations would follow if necessary.

### The Kentucky Community & Technical College System

While the Kentucky Community and Technical College System provides education services in addition to workforce training, there is a general understanding that the system's overall efforts focus on producing an educated workforce.

The following table from KCTCS includes spending information for more recent fiscal years than the illustration on pages 19 and 20. The table reflects a decline in funding for KCTCS TRAINS, the state-appropriated line item for customized workforce training delivered directly to business and industry. The table also shows that the source of funding has shifted significantly in recent years from state and federal resources to tuition and student fees.

### Kentucky Community and Technical College System (KCTCS) Revenue Sources for All Educational and Operating Activities

FY 2016, FY 2017 and FY 2018

		2015-16 <sup>1</sup>	2016-17 <sup>2</sup>	2017-18 (Budget) <sup>3</sup>
	<b>Revenue Fund Source</b>			
*	KCTCS TRAINS	\$ 4,979,000	\$ 4,426,300	\$ 4,382,000
**	General Funds (State Appropriation)	185,183,300	177,178,700	175,406,900
***	Federal Funds	191,571,200	181,392,400	182,751,000
****	Restricted Agency Funds	221,044,700	203,789,400	268,666,500
		_____	_____	_____
	<b>Total Operating Expenses</b>	<b>\$ 598,975,000</b>	<b>\$ 570,590,000</b>	<b>\$ 631,206,400</b>

Source: KCTCS

\*KCTCS TRAINS: State funding dedicated to support workforce training, career pathway, and business and industry training projects.

\*\*General Funds (State Appropriation): Unrestricted state funding that support KCTCS educational and operating activity (Instruction, Public Service, Libraries, Academic Support, Student Services, Institutional Support, Operations and Maintenance, and Student Financial Aid). NOTE: Within this funding is operating expenditures for dedicated public service units such as Fire Commission, Kentucky Board of Emergency Medical Services, Adult Agriculture, and the Kentucky Coal Academy.

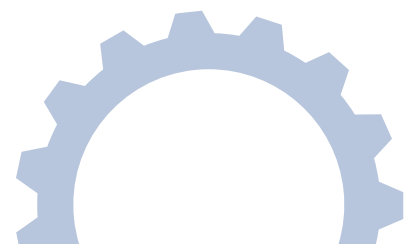
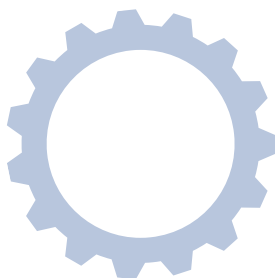
\*\*\* Federal Funds: Federal funding that supports grants/contracts. Predominately student financial aid, i.e., Pell Grants, Supplemental Education Opportunity Grants (SEOG), and College Work Study.

\*\*\*\* Restricted Agency Funds: Includes tuition and fees, sales and service revenue, investment income, and private funds that support KCTCS educational and operating activities (Instruction, Public Service, Libraries, Academic Support, Student Services, Institutional Support, Operations and Maintenance, and Student Financial Aid), including life safety and security activities, smaller capital equipment purchases, and deferred maintenance projects not separately budgeted within KCTCS's Capital Budget. Revenue generated by various units support operating expenditures of the units, i.e., Kentucky Board of Emergency Medical Services.

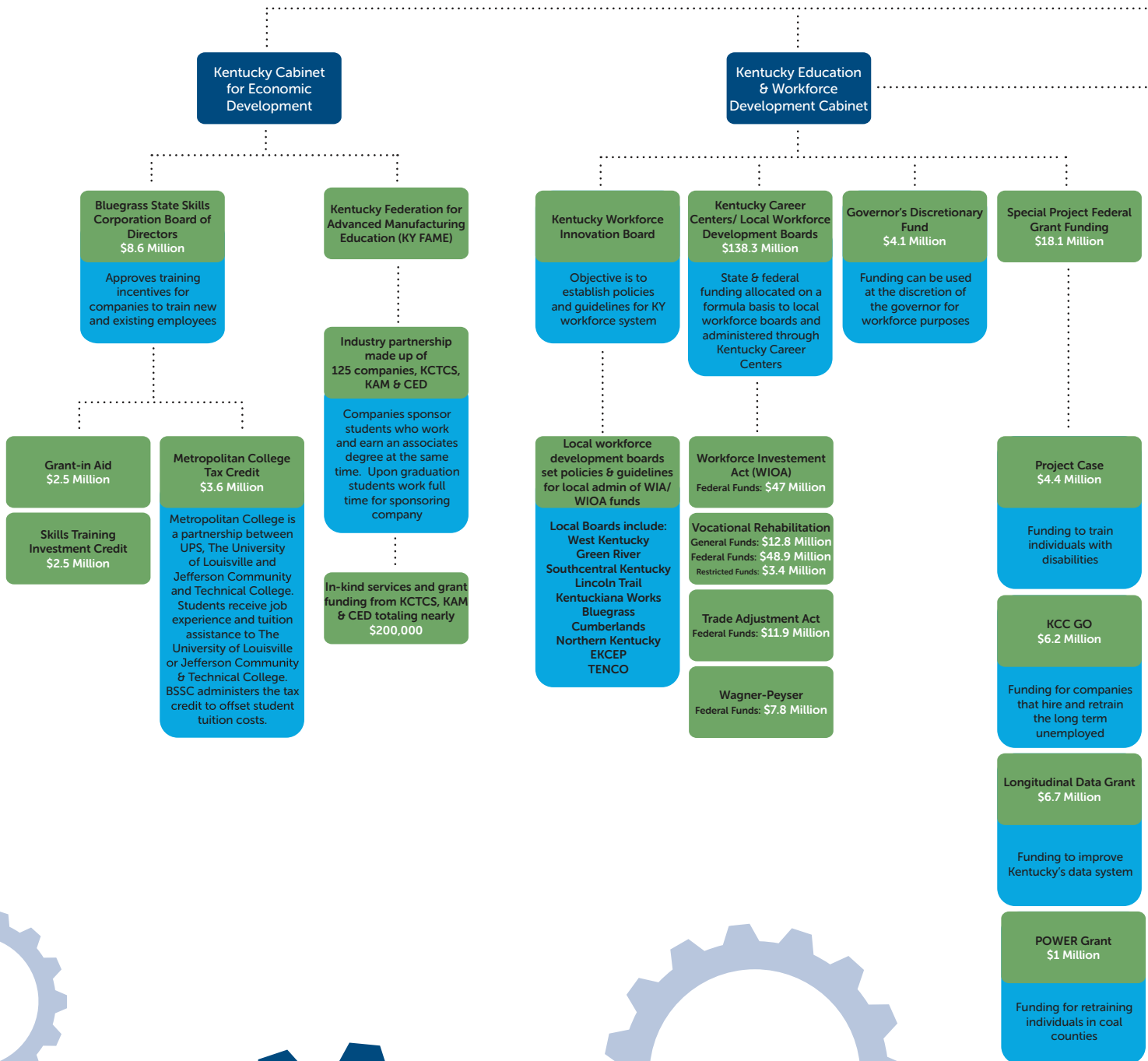
<sup>1</sup> Actuals reflective of audited financial statements operating expenses. Does not reflect 2% state budget reduction taken at the end of fiscal year 2015-16

<sup>2</sup> Actuals reflective of audited financial statements operating expenses. Does not reflect 2% reimbursement of reduction taken at the end of fiscal year 2015-16 and released in fiscal year 2016-17

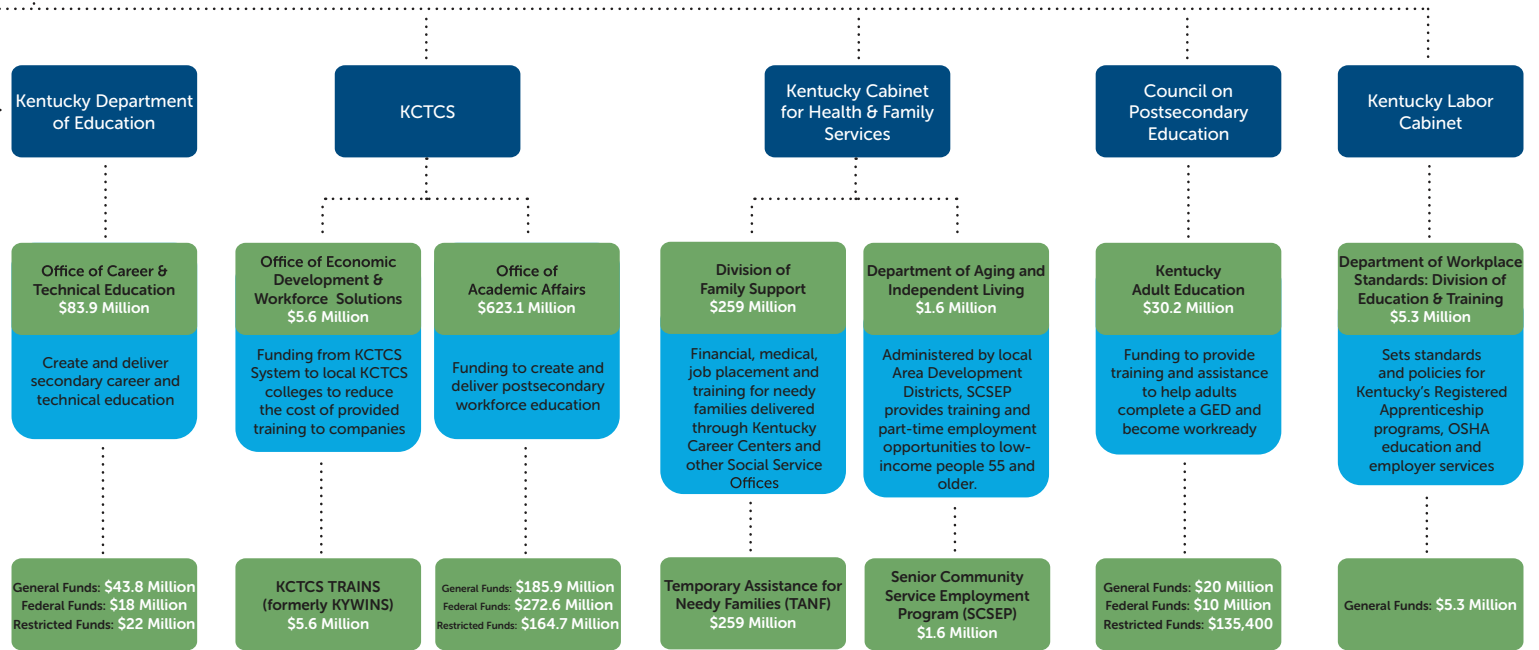
<sup>3</sup> Projected current year budget (as of 1/3/18) reflective of 1 percent state appropriation reduction per executive order issued Decemeber 28,2017



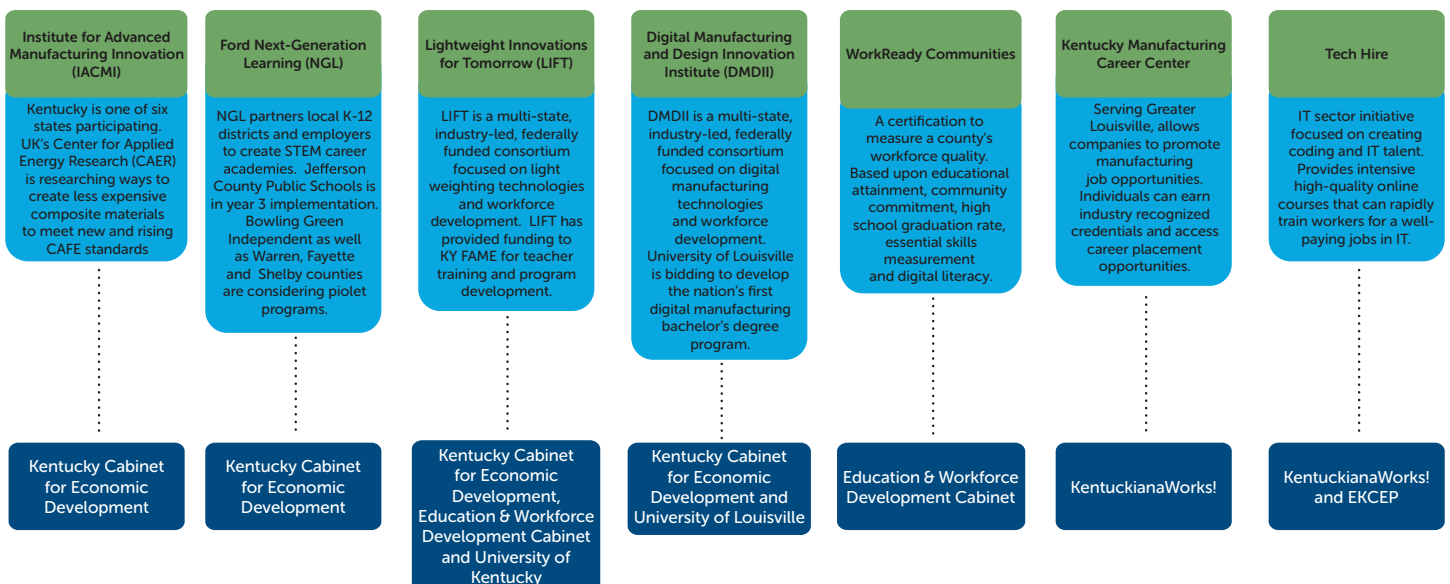
# KENTUCKY WORKFORCE



# RESOURCES — \$1.2 Billion



## WORKFORCE INITIATIVES



Source: Kentucky Cabinet for Economic Development

# KENTUCKY GOVERNMENT INITIATIVES

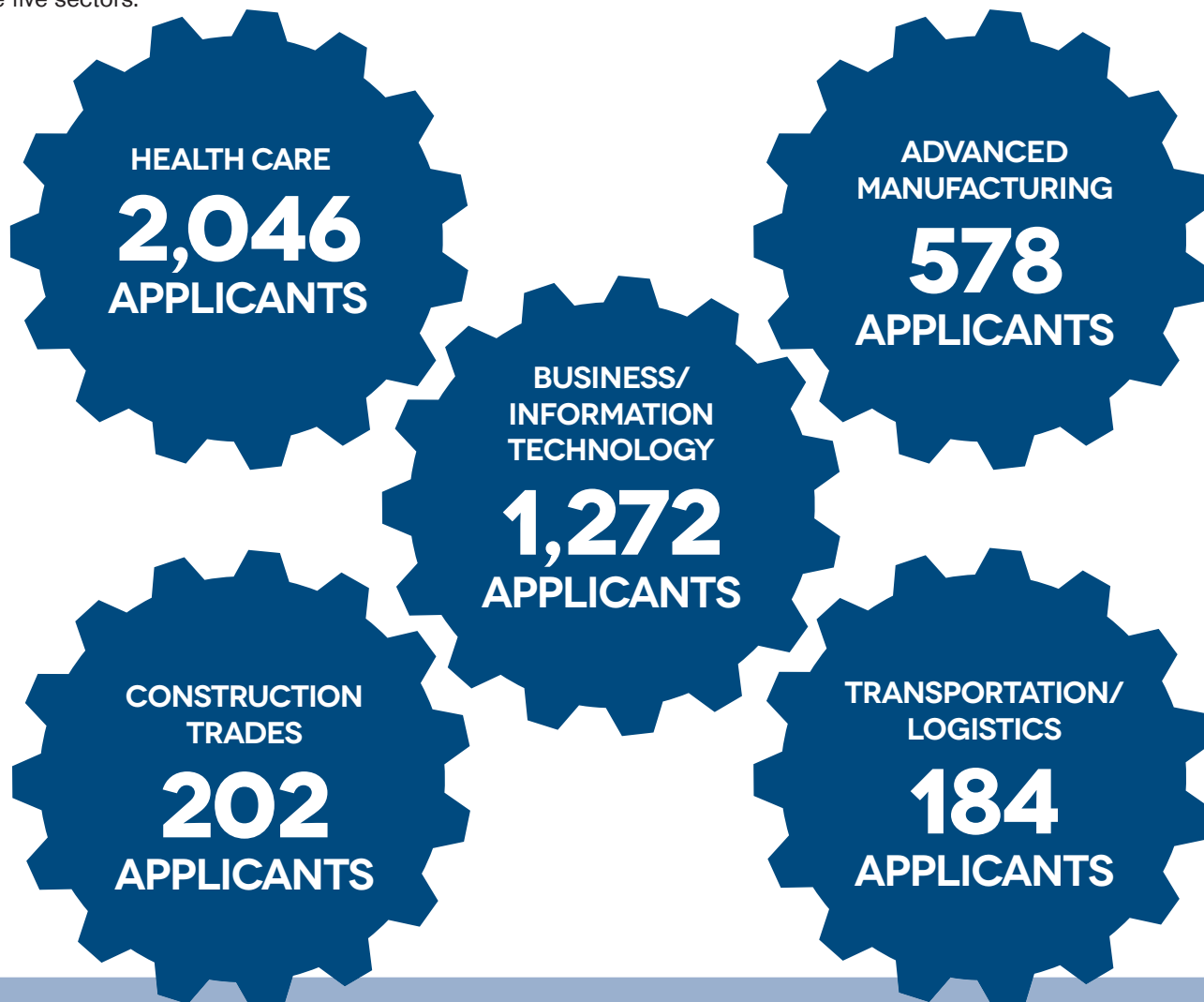
## Building a Stronger Workforce



Building a stronger workforce is the goal of several initiatives launched or expanded in recent months by the Kentucky Education & Workforce Development Cabinet.

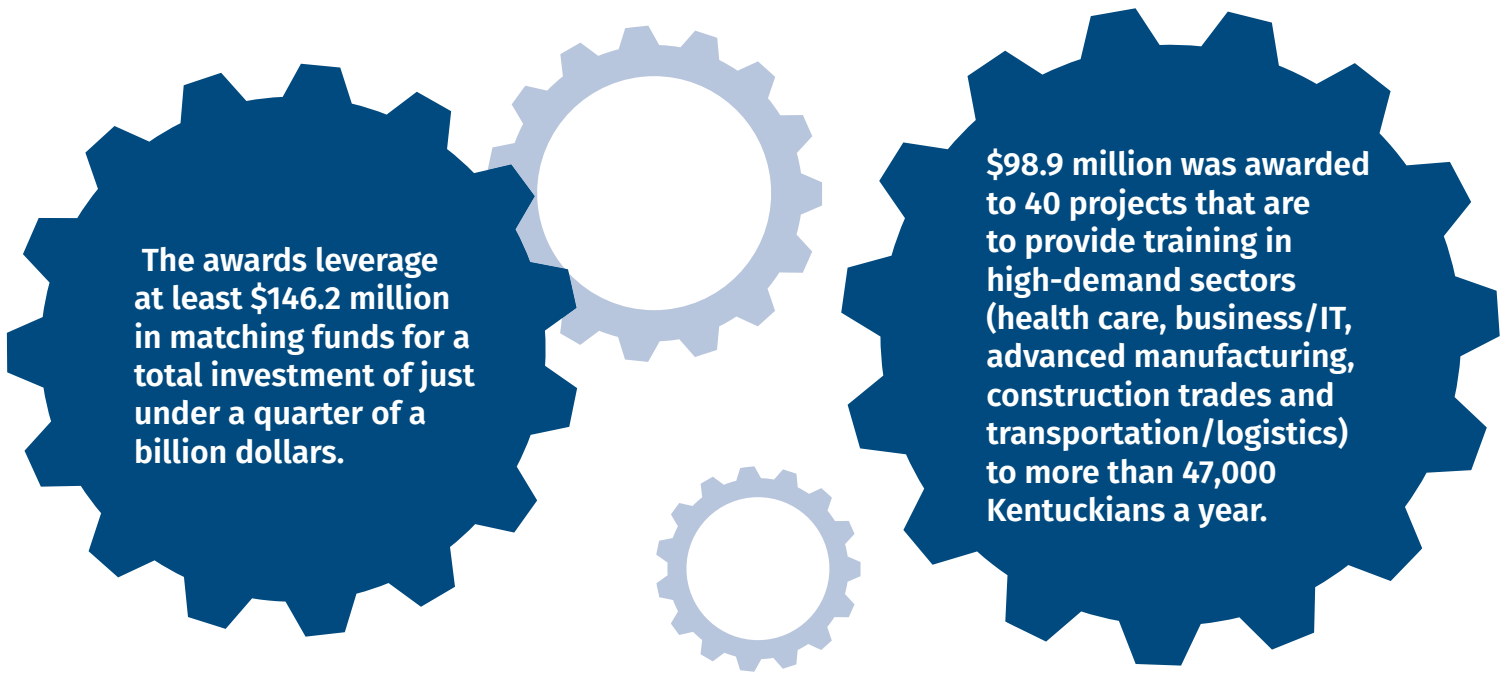
**Work Ready Kentucky Scholarships** help Kentuckians who have not yet earned an associate degree pay their education costs to receive an industry-recognized certificate or diploma in a high-demand sector. **Scholarships were awarded for the first time for the fall 2017 semester, and more than 4,000 applicants sought support in the five sectors as illustrated below.**

*(Funds are remaining to assist students in 2018 and possibly 2019, according to the cabinet.)* The Work Ready Scholarships are part of the Help Wanted KY campaign that the cabinet has launched to provide information about employment opportunities in the five sectors.



More information is available at: [helpwantedky.com](http://helpwantedky.com).

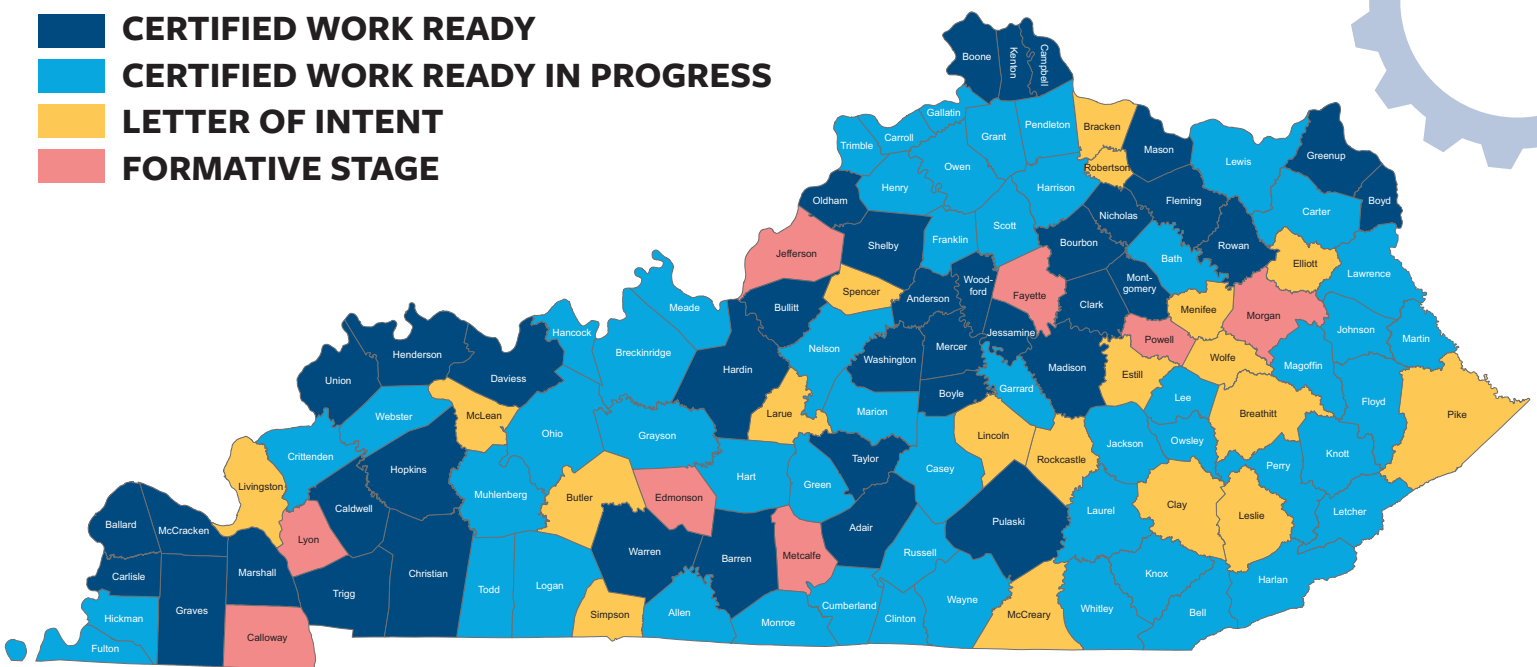
The **Work Ready Skills Initiative** made **funding available for projects that expand career and technical education facilities and upgrade equipment in schools through partnerships between private industry and educational institutions**. The awards were made in two rounds of competition in 2016 and 2017. Here is a breakdown of the awards provided by the cabinet:



More Kentucky counties are gaining certification as **Work Ready Communities**, an initiative designed to measure a county's workforce quality. The process requires local officials, educators and employers to work together to meet specific benchmarks. The Kentucky Workforce Innovation Board recently strengthened the criteria for certification, which took effect at the beginning of 2018. Under the new criteria, counties have to meet benchmarks in 11 areas that include high school graduation rates, industry-recognized certificate holders, demonstrated community commitment, employer engagement and internet availability and speed.

### Status of Counties in the Certification Process

- CERTIFIED WORK READY**
- CERTIFIED WORK READY IN PROGRESS**
- LETTER OF INTENT**
- FORMATIVE STAGE**



Source: Kentucky Education & Workforce Cabinet

**The Kentucky Workforce Innovation Board** is responsible for advising the governor on workforce issues and for creating a plan to move the state forward in this critical area. The 42-member board, with a majority of members representing the private sector, is updating its strategic plan to incorporate the following strategic goals:

- Actively engage employers to drive Kentucky's workforce development system.
- Align and integrate P-14, adult education and postsecondary education to provide lifelong opportunities for Kentuckians that prepare them for the rapidly shifting realities of working the future.
- Increase Kentucky's workforce participation by creating opportunities, incenting workforce participation, and removing employment barriers for Kentuckians.
- Focus resources on the most effective initiatives and improve the return on our workforce investments, using data to constantly improve workforce development in Kentucky.

Several additional programs and developments from both private and public entities offer promise for workforce improvements. Among them:

- **A new apprenticeship program, coordinated by the Kentucky Labor Cabinet**, to provide training that will lead to nationally recognized certification for workers. For each year of the apprenticeship, which can last from one to five years, the apprentice will receive about 2,000 hours of on-the-job training and a minimum of 144 hours of related classroom instruction. Currently, there are 3,154 apprentices with 206 sponsors participating in a Registered Apprenticeship program across the state.
- The **Justice to Journeyman** pilot program, a collaboration of the state **Labor Cabinet** and **Justice and Public Safety Cabinet**, focuses on matching prison inmates and juvenile offenders with skilled jobs as they re-enter society.
- Classroom teachers will have an opportunity to directly connect in-school learning to the world of modern manufacturing through a pilot program developed by **Lightweight Innovations for Tomorrow (LIFT)** and the **Kentucky Federation for Advanced Manufacturing Education (KY FAME)**. The program will provide **externships for up to 135 teachers and instructors** across the state, linking them with local manufacturers where they can learn how classroom course content is used in a manufacturing setting.
- **More high school students are participating in dual credit courses.** In the 2016-17 school year, 26,726 students enrolled in such courses — an increase from 17,732 the previous year; 73,338 dual credit courses were taken, up from 42,384 the previous year. Also in 2016, 142 individual industry certifications were available to high school students in career and technical education programs; 27,332 certifications were awarded (students could have received more than one credential).

**The number of Kentucky employers who were issued Workforce Opportunity Tax Credits during fiscal year 2017 increased by 30% over the previous year. The Kentucky Department of Workforce Investment reported that the program potentially saved employers more than \$205 million in federal taxes. To receive a tax credit, employers must hire someone who meets the criteria of a target group that has faced significant barriers to employment while entering or re-entering the workforce. These groups include unemployed veterans or veterans with disabilities; recipients of public assistance; ex-felons; long-term unemployment insurance recipients and others.**

**"I think kids coming out of high school or from college don't necessarily see working in the manufacturing environment, whether it's in the factory, on floors, as an operator, or even as a supervisor, as a long-term career opportunity."**

*— Louisville Manufacturer*



# CONTINUING THE PROGRESS

## Fueling Kentucky & Its Citizens



The programs and projects included in this report are just a sample of the efforts underway at the community and state levels to create the workforce that will fuel the continued progress of Kentucky and its citizens.

There is clear evidence that **momentum is building to address Kentucky's workforce challenges to ensure more positive results**, whether in the individual workplace, an employment sector, a community, or the state as a whole.

But it is equally clear that **much remains to be done** to achieve the state's goals for workforce quality – and quality of life. Conversations with employers, community leaders, local chamber of commerce executives, state policymakers and others have placed a particular emphasis on the following areas. This is not an exclusive list – local needs can and should guide local efforts – but it offers **recommendations on how to strengthen the many efforts now underway to advance Kentucky's workforce-improvement agenda**.

- Continue emphasis on improving essential skills through school and workplace initiatives.
- Incorporate a drug-free element into essential skills programs and work to strengthen Kentucky's treatment and rehabilitation efforts.
- Work with public partners to develop a single point of contact for state programs to give employers, local chamber representatives and economic development professionals more coordinated opportunities to access needed information and services and to provide information on workforce needs to training providers.
- Work with public partners to create a shared work-based learning system that is accessible to employers and produces measurable results.
- Initiate public-awareness efforts, with active employer involvement, to share information with students, parents and educators about available jobs and workplace requirements.
- Coordinate with the Kentucky Workforce Innovation Board, education policy leaders and institutions, local workforce boards and other entities to limit duplication of efforts and improve collaboration in policy development.
- Through the Talent Pipeline Management Program or other efforts, work to facilitate the growth of the KY FAME model in other high-demand sectors.
- Develop and disseminate detailed information on the outcome of workforce programs (*return on the investment of the \$1.2 billion*).

**Automation, technology, artificial intelligence, demographic changes and other factors are transforming both the workforce and the world of work. Ensuring that Kentucky is preparing for the jobs of the future as well as meeting immediate workforce needs will be the centerpiece of the Kentucky Chamber Workforce Center's efforts.**



PRIVATE- &  
PUBLIC-SECTOR  
PARTNERS ARE KEY  
TO SUSTAINING A  
HIGH-QUALITY  
WORKFORCE.

# PROGRESS & CHALLENGES

## *Conclusion*

There clearly are reasons to be optimistic about Kentucky's efforts to strengthen its workforce. The developments and initiatives detailed in this report, and others underway across the state, reflect the commitment of employers, training providers, community and state leaders, and others to enhance workforce quality and expand employment opportunities for citizens.

***The business community, through the Kentucky Chamber Workforce Center and other venues, will continue its efforts to address the challenges reflected in this report and other needs in the workforce arena. But private- and public-sector partners are key to ensuring the continuous improvement that is vital to building and sustaining a high-quality workforce.***

A pattern of partnership has been established at the state and local levels. That must now become the foundation of the way Kentucky conducts the business of workforce improvement to ensure the economic progress of individual Kentuckians, their communities and the state as a whole.

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