

KY COUNCIL ON POSTSECONDARY EDUCATION FINANCE COMMITTEE



MEETING AGENDA

September 10, 2019 - 9:00 AM
CPE Offices, Conf Rm A

- I. Welcome & Roll Call**
- II. Nonresident Student Tuition Policy (Action Item)**
- III. Revised 2020-22 Budget Recommendation**
 - A. Performance Funding
 - 1. Request Amount
 - 2. Distribution Scenarios
 - B. Asset Preservation
 - 1. Request Amount
 - 2. Allocation/Required Match
 - C. Special Initiatives
 - 1. KSU Land Grant
 - 2. Others (TBD)
- IV. Campus Presentations**
 - A. Bucks for Brains (UK and UofL Research Vice Presidents)
 - B. KCTCS Nursing Program Expansion (President Jay Box)
- V. CPE Agency Budget**
- VI. Other Business**

Next Meeting: October 16, 2019 – 9:00 AM

**Approval of the August minutes will occur at the October meeting*

TITLE: Nonresident Student Tuition Policy

RECOMMENDATION: Staff recommends that the Finance Committee accept proposed Nonresident Student Tuition Policy and recommend approval to the full Council at its October 31, 2019 meeting.

The policy would modify the existing policy by indexing the average net tuition and fee revenue generated from nonresident students to the published price of resident student tuition and fees, rather than to the direct costs of instruction and student services per nonresident student as currently required. If approved by the Finance Committee and adopted by the Council, this change would take effect in academic year 2019-20.

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

SUPPORTING INFORMATION

At the September 10 meeting of the Finance Committee, staff asks that committee members endorse a revised tuition policy for nonresident undergraduate students, pending approval by the full Council at its October 31 meeting. As can be seen in Attachment A, the revised policy requires that average net tuition and fee revenue per nonresident undergraduate student at each institution equal or exceed 130% of the resident undergraduate published tuition and fee price. According to the revised policy, institutions may enter into a Memorandum of Understanding (MOU) with the Council to go below the 130% threshold, provided they can demonstrate that no in-state students will be displaced as a result and that going below the threshold benefits their institution and the Commonwealth of Kentucky.

At the February 22 meeting of the Council, members asked staff to conduct a policy review of nonresident student tuition and fee prices at Kentucky's public postsecondary institutions. At the April 25 Council meeting, staff presented its review, which contained information on past and present nonresident student pricing policies, identified the

advantages and disadvantages of those approaches, and presented some options for nonresident student pricing policy going forward. Since that time, staff has discussed policy options with campus presidents and chief budget officers on several occasions and reached consensus on a proposed revision to the Council's current nonresident student tuition and fee policy.

Background

During the early 2000's, the Council required only that published tuition and fee charges be higher for nonresidents than for Kentucky residents. Prior to the 2004-05 academic year, the Council adopted a nonresident rate floor of two-times the published in-state rate. This approach had two major problems. First, the approach did not consider the impact of institutional scholarships provided to nonresident students on the net price actually paid by such students. Institutions that chose to award scholarships to nonresident students were able to do so without those discounts being accounted for in the Council's tuition and fee policy. Second, several institutions routinely requested and received exceptions from the Council to charge lower tuition and fees for nonresident students in targeted geographic areas.

In April 2016, the Council approved a new tuition policy requiring that average net tuition and fee revenue (tuition and fee revenue net of any institutional scholarships) generated from nonresident students cover 100% of direct instruction and student services costs per nonresident student. This new policy eliminated the need for exceptions and was intended to level the playing field between institutions that provided scholarship discounts and those that provided price discounts for nonresident students. A main goal of the policy was to reduce state subsidies to out-of-state students and generate more tuition and fee revenue from nonresident students, which could help institutions maintain lower tuition charges for resident students. Unfortunately, staff has found that the calculations required to ensure compliance with the existing nonresident student tuition policy are data intensive and can be difficult to communicate and understand.

Impetus for New Policy

Given the loss in state support for campus operations (21% in nominal dollars between 2007-08 and 2018-19), declining numbers of high school graduates (8% decrease expected between 2013 and 2018), and the challenges of meeting increased costs related to pensions (70% increase in KERS costs anticipated in 2020-21, or the equivalent of a 9% funding cut to participating institutions on average), Council members asked staff to consider options for changing the nonresident tuition and fee policy to allow institutions greater flexibility in out-of-state student pricing.

While most institutions charge out-of-state students two-times the in-state rate, some institutions have special rates for out-of-state students in targeted geographical areas. On average, Kentucky's out-of-state to in-state price multiple is 2.3:1, which is fifth lowest among the 16 SREB states. A 2017 State Higher Education Executive Officer (SHEEO) survey indicated that nonresident tuition was set as a percentage of tuition in six reporting states, while 21 states reported that nonresident tuition was determined at the discretion of the institutions.

Proposed New Policy

After multiple discussions with CPE senior leadership, campus presidents and chief budget officers, and Finance Committee members, staff presents and recommends that committee members endorse the attached Nonresident Student Tuition Policy (see Attachment A). The new policy requires every institution to manage its tuition and fee rate structures, price discounting, and scholarship aid for out-of-state students such that the average net tuition and fee revenue generated per nonresident student equals or exceeds 130% of the annual full-time tuition and fee charge assessed to resident undergraduate students (i.e., the published in-state sticker price). In Kentucky, resident undergraduate sticker price is determined by the Council. In some instances, it may be beneficial to the state and to an institution to charge nonresident students, or otherwise provide price or scholarship discounts to nonresident students, in such a way that the average net tuition and fee revenue generated by nonresident students falls below the required 130% threshold. In such cases, an institution may seek an exception from the policy through a Memorandum of Understanding (MOU), which would require Council approval.

Proposed Change in Tuition and Mandatory Fee Policy Nonresident Student Tuition Policy

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

In addition, every institution shall manage its tuition and fee rate structures, price discounting, and scholarship aid for out-of-state students, such that **in any given year**, the average net tuition and fee revenue generated per nonresident **undergraduate** student equals or exceeds ~~100% of direct instructional and student services costs per student~~ **130% of the annual full-time tuition and fee charge assessed to resident undergraduate students (i.e., the published in-state sticker price)**. As part of the tuition and fee setting process, staff shall monitor and report annually to the Council regarding compliance with this requirement.

~~Given the substantial costs associated with health sciences professional programs, and to ensure comparability of policy data and analysis across institutions, direct costs and revenues for dentistry, medicine, and pharmacy students shall be excluded from calculations of policy assessment parameters for the research institutions.~~

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

Table 1 - Funding Components and Request Amounts

Funding Component	Fiscal 2020-21	Fiscal 2021-22	Biennial Total
Operating Funds			
• Performance Funding ¹	\$52,492,400	\$74,989,100	\$127,481,500
Special Initiatives			
• KSU Land Grant Match ²	\$301,800	\$301,800	\$603,600
<hr/>			
Capital Investment			
• Asset Preservation ³	\$200,000,000	\$200,000,000	\$400,000,000
– Debt Service	8,484,000	25,452,000	33,936,000

¹ Additional operating funds that provide incentives for institutions to increase student success and course completion outcomes. If authorized, these funds will help Council and campus officials maintain affordability and access for Kentucky citizens and provide resources necessary for institutions to continue making progress toward HB 1 goals. The requested funds represent increases of **6.1%** and **8.7%**, respectively, above the current year net General Fund base.

² Additional operating funds to meet federal matching requirements for KSU's land-grant program. These funds will help sustain the effectiveness and impact of outreach, service, and applied research of KSU's land-grant program.

³ Debt service for a \$400 million bond issue to finance asset preservation and renovation projects at the postsecondary institutions during the upcoming biennium. If requested bond funds are authorized, they will be **matched fifty cents on the dollar** by receiving institutions. It is estimated that the combined \$600 million total, state bonds and campus matching funds, will address about 10% of the total asset preservation need.

Council on Postsecondary Education
Performance Fund Distribution Scenarios
Table 2 - Hypothetical New Funding
Fiscal Year 2020-21

Draft - For Discussion Purposes
September 10, 2019

Calculated Performance Fund

Fiscal 2019-20 Adjusted Net General Fund		\$749,890,900	\$749,890,900	\$749,890,900	\$749,890,900	\$749,890,900	\$749,890,900	\$749,890,900	\$749,890,900	\$749,890,900
Stop Loss Funds										
Statutory Stop Loss Parameter		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Required Stop Loss Contribution	A	\$14,997,800	\$14,997,800	\$14,997,800	\$14,997,800	\$14,997,800	\$14,997,800	\$14,997,800	\$14,997,800	\$14,997,800
Assumed New Funds										
Percent Increase Parameter		2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%
Performance Fund Appropriation	B	\$14,997,800	\$22,496,700	\$29,995,600	\$37,494,500	\$44,993,500	\$52,492,400	\$59,991,300	\$67,490,200	\$74,989,100
Fiscal 2020-21 Performance Fund	(A + B)	\$29,995,600	\$37,494,500	\$44,993,400	\$52,492,300	\$59,991,300	\$67,490,200	\$74,989,100	\$82,488,000	\$89,986,900

(Assumes No Change In Performance)

Hypothetical Performance Distribution

Institution	Distribution @ Assumed 2.0% Increase	Distribution @ Assumed 3.0% Increase	Distribution @ Assumed 4.0% Increase	Distribution @ Assumed 5.0% Increase	Distribution @ Assumed 6.0% Increase	Distribution @ Assumed 7.0% Increase	Distribution @ Assumed 8.0% Increase	Distribution @ Assumed 9.0% Increase	Distribution @ Assumed 10.0% Increase
University of Kentucky	\$8,031,100	\$10,024,500	\$12,017,800	\$14,011,100	\$15,995,000	\$17,877,700	\$19,760,300	\$21,642,900	\$23,525,600
University of Louisville	5,551,100	6,925,500	8,300,000	9,674,400	11,042,400	12,340,500	13,638,600	14,936,700	16,234,800
Eastern Kentucky University	2,761,800	3,454,500	4,147,300	4,840,100	5,529,500	6,183,800	6,838,100	7,492,400	8,146,700
Kentucky State University	0	0	0	0	0	0	0	0	0
Morehead State University	0	0	0	0	27,800	352,200	676,600	1,001,100	1,325,500
Murray State University	1,692,200	2,137,800	2,583,400	3,029,000	3,472,500	3,893,300	4,314,200	4,735,000	5,155,900
Northern Kentucky University	2,261,700	2,824,900	3,388,100	3,951,300	4,511,800	5,043,600	5,575,500	6,107,400	6,639,300
Western Kentucky University	3,067,200	3,839,200	4,611,100	5,383,100	6,151,400	6,880,500	7,609,600	8,338,700	9,067,700
Subtotal	\$23,365,100	\$29,206,400	\$35,047,700	\$40,889,000	\$46,730,400	\$52,571,600	\$58,412,900	\$64,254,200	\$70,095,500
KCTCS	6,630,500	8,288,100	9,945,700	11,603,300	13,260,900	14,918,600	16,576,200	18,233,800	19,891,400
Total	\$29,995,600	\$37,494,500	\$44,993,400	\$52,492,300	\$59,991,300	\$67,490,200	\$74,989,100	\$82,488,000	\$89,986,900

Table 3 - Asset Preservation Allocation by Institution

First-Year Request (Fiscal 2020-21)

Institution	2013 VFA Study Renovation and Renewal Need ⁽¹⁾	Percent of Total	General Fund Debt Supported State Bonds	Institutional ⁽²⁾ Matching Funds
University of Kentucky	\$2,242,371,690	36.8%	\$73,682,200	\$36,841,100
University of Louisville	1,032,082,314	17.0%	33,913,300	16,956,700
Eastern Kentucky University	438,941,880	7.2%	14,423,200	7,211,600
Kentucky State University	113,775,480	1.9%	3,738,600	1,869,300
Morehead State University	321,567,480	5.3%	10,566,400	5,283,200
Murray State University	347,559,030	5.7%	11,420,500	5,710,200
Northern Kentucky University	294,015,940	4.8%	9,661,100	4,830,500
Western Kentucky University	537,724,980	8.8%	17,669,200	8,834,600
KCTCS	758,556,630	12.5%	24,925,500	12,462,800
	<u>\$6,086,595,424</u>	100.0%	<u>\$200,000,000</u>	<u>\$100,000,000</u>

Second-Year Request (Fiscal 2021-22)

Institution	2013 VFA Study Renovation and Renewal Need ⁽¹⁾	Percent of Total	General Fund Debt Supported State Bonds	Institutional ⁽²⁾ Matching Funds
University of Kentucky	\$2,242,371,690	36.8%	\$73,682,200	\$36,841,100
University of Louisville	1,032,082,314	17.0%	33,913,300	16,956,700
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Kentucky State University	113,775,480	1.9%	3,738,600	1,869,300
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KCTCS	758,556,630	12.5%	24,925,500	12,462,800
	<u>\$6,086,595,424</u>	100.0%	<u>\$200,000,000</u>	<u>\$100,000,000</u>

Biennial Total Request

Request Year	A State Bonds Requested	Proposed Match %	B Institutional Matching Funds	(A + B) State Bonds & Campus Match
First Year (2020-21)	\$200,000,000	50.0%	\$100,000,000	\$300,000,000
Second Year (2021-22)	200,000,000	50.0%	100,000,000	300,000,000
Biennial Total	<u>\$400,000,000</u>		<u>\$200,000,000</u>	<u>\$600,000,000</u>

⁽¹⁾ Figures obtained from *Kentucky Postsecondary Education System Facility Condition and Space Study*, Vanderweil Facilities Advisors, Paulien & Associates, and NCHEMS, February 2007 (updated in 2013).

⁽²⁾ Given the institutions have sustained a decade of funding cuts and are facing KERS rate increase or buyout costs, CPE staff recommends a **fifty cents on the dollar match** for asset preservation funds.

ADVANCING KENTUCKY'S ECONOMIC SUCCESS



COMMONWEALTH OF KENTUCKY
AND
UNIVERSITY OF KENTUCKY

ENDOWMENT MATCH PROGRAM

22 YEARS

of strategic
investment

- House Bill 1
Kentucky Postsecondary Education
Improvement Act of 1997
- Endowment
Match Program established

Funding



\$410 million (plus interest income) appropriated through four rounds spanning 1998 to 2010

- \$350 million research universities
- \$ 60 million comprehensive universities

UK allocated \$235.5 million

- \$213.6 million Endowment Match Program
- \$ 21.9 million Research Capital Match Program

Required \$1 to \$1 match

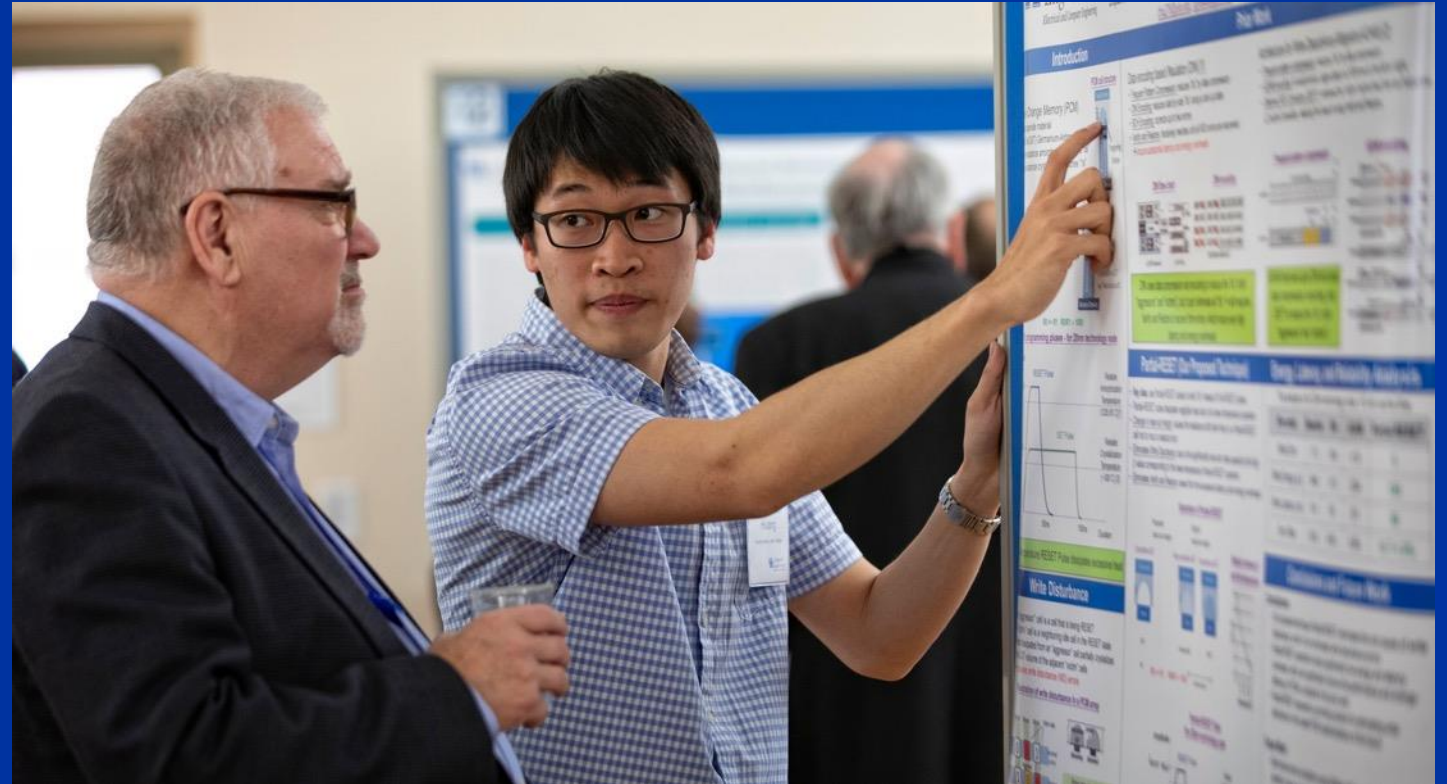
Created 533 endowed funds at UK

Funding Mandates



100% must support research

At least 70% must be directly linked to research activities of an endowed chair or professor (2002-04 and 2008-10)



Strategic Plan for Research



Expand our scholarship, creative endeavors, and research across the full range of disciplines to focus on the most important challenges of the Commonwealth, our nation, and the world.

- Invest in UK's existing strengths and areas of growth in selected focus areas that benefit and enrich the lives of the citizens of the Commonwealth and beyond.
- *Recruit and retain outstanding faculty, staff, and students that support our research and scholarship across the range of disciplines at the University.*
- Improve the quality of the research infrastructure across campus.
- Strengthen engagement efforts and translation of research and creative work for the benefit of the Commonwealth of Kentucky, the nation, and the world.

Impact



533 endowed funds created through the Endowment Match Program, supporting 573 positions and projects

- 94 endowed chairs
- 217 endowed professorships
- 262 fellowships, enrichments and mission support projects to support research and the William T. Young Library

Market value of endowed funds as of 6/30/19: \$552.3 million

Spending distribution for FY 2018-19: \$22.0 million

Endowed Professors/Chair Performance



The FY 2019 endowed professors/chairs are productive educators and researchers. Together, during FY 2019 they were awarded:

- \$65.1 million in grants and contracts as the Principal Investigator
(15% of UK's total FY 2019 awarded projects)
- Are Co-Investigators on a total of \$228 million in awarded projects
(54% of UK's total FY 2019 awarded projects)

The FY 2019 endowed professors/chairs are currently working on a total of \$536.5 million in active research grants and contracts

Research Priorities Impacting Kentucky



Many of the endowed professors/chairs conduct research in one or more of our six research priority areas that directly impact Kentucky's most burdensome challenges.

Two of the 19 researchers who make up the team on the \$87 million HEALing Communities project are endowed professors/chairs:

- Donald Helme, Gifford Blyton Professor in Oral Communication and Forensics
- Michelle Lofwall, Bell Alcohol and Addictions Chair



Focus on Kentucky



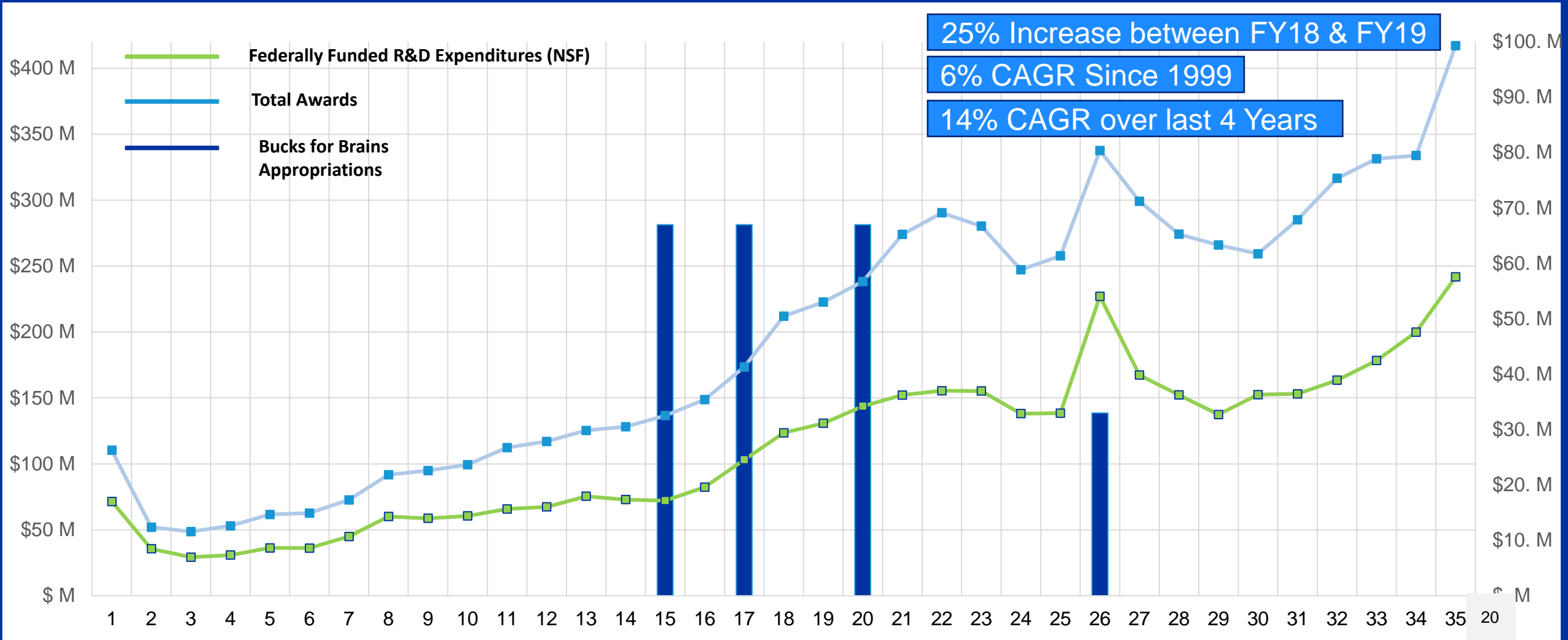
Bucks for Brains is a catalyst for the substantial growth in the external research funding coming to campus and to Kentucky.

Since the Postsecondary Education Improvement Act of 1997 (House Bill 1), external research grants and contracts at the University of Kentucky have increased from \$122 million to \$417.1 million.

295.1% increase since 1997

UK Total Award Funding

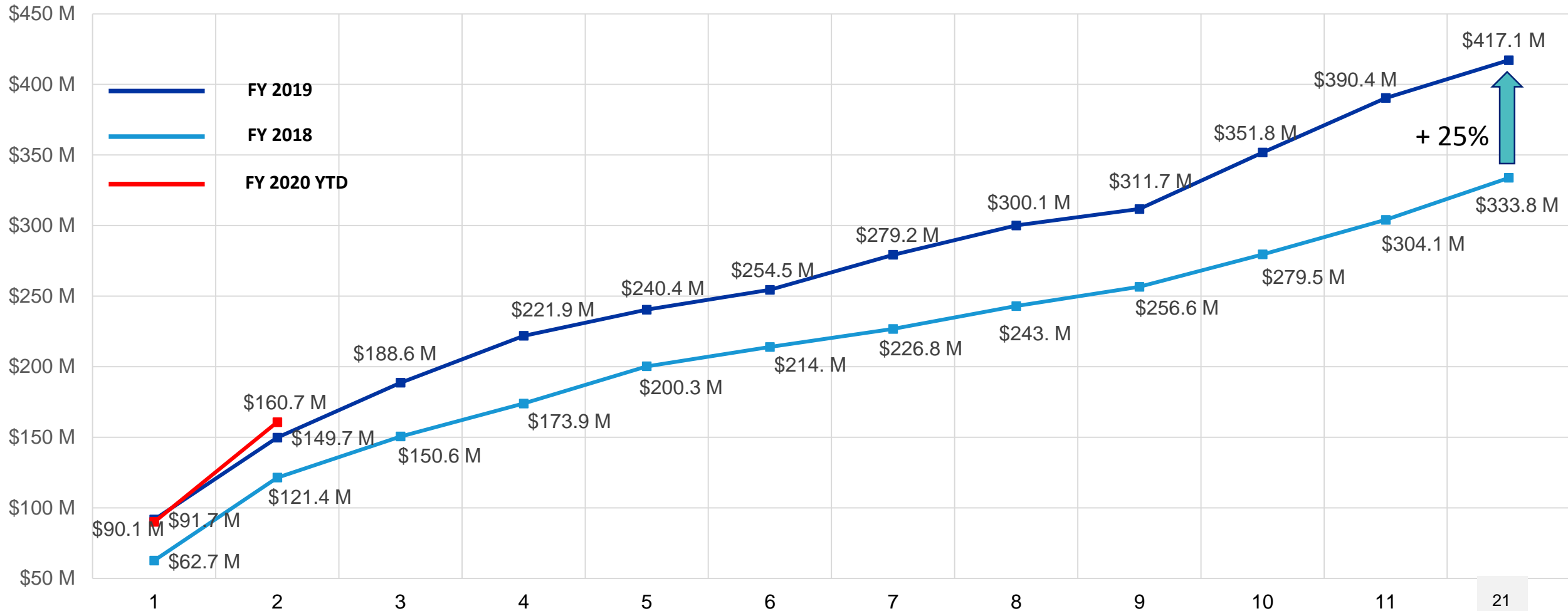
FY 1985 to FY 2019 Awarded Projects & Bucks for Brains Appropriations



Source: University of Kentucky DSPA database, 08/31/2019

UK Total Award Funding

FY 2018 to FY 2020 YTD



Focus on Kentucky



These dollars have an impact beyond UK's campus

FY 2019 external research grant and contracts resulted in a \$769.9 million contribution to the Kentucky economy*

Including...

\$251.4 million in personal income

*Based on analysis from the Center for Business & Economic Research

Growth in Award Funding Prior to Bucks for Brains Appropriations = 0.5% annually

Growth Rate in Award Funding Post 1999 Appropriations = 6% annually

Reputation and Rankings



UK rankings have improved as our research portfolio expands
National Science Foundation (NSF):
Higher Education Research and Development Survey Ranking



62nd

▲ 2 (2016)

Of the 644 institutions surveyed, the University of Kentucky was ranked 62nd, up two spots from 2016.

Increase in ranking by 7 places in last 5 years



41st

— 0 (2016)

UK remained 41st among the 400 public institutions surveyed.

Increase in ranking by 3 places in last 5 years

Reputation and Rankings



UK rankings have improved as our research portfolio expands

The Top American Research Universities, 2017

The Center for Measuring University Performance

University of Kentucky performance within this ranking system

Achieved top 50 national ranking of all institutions for the first time

Achieved top 25 national ranking of public institutions for the first time

Questions?

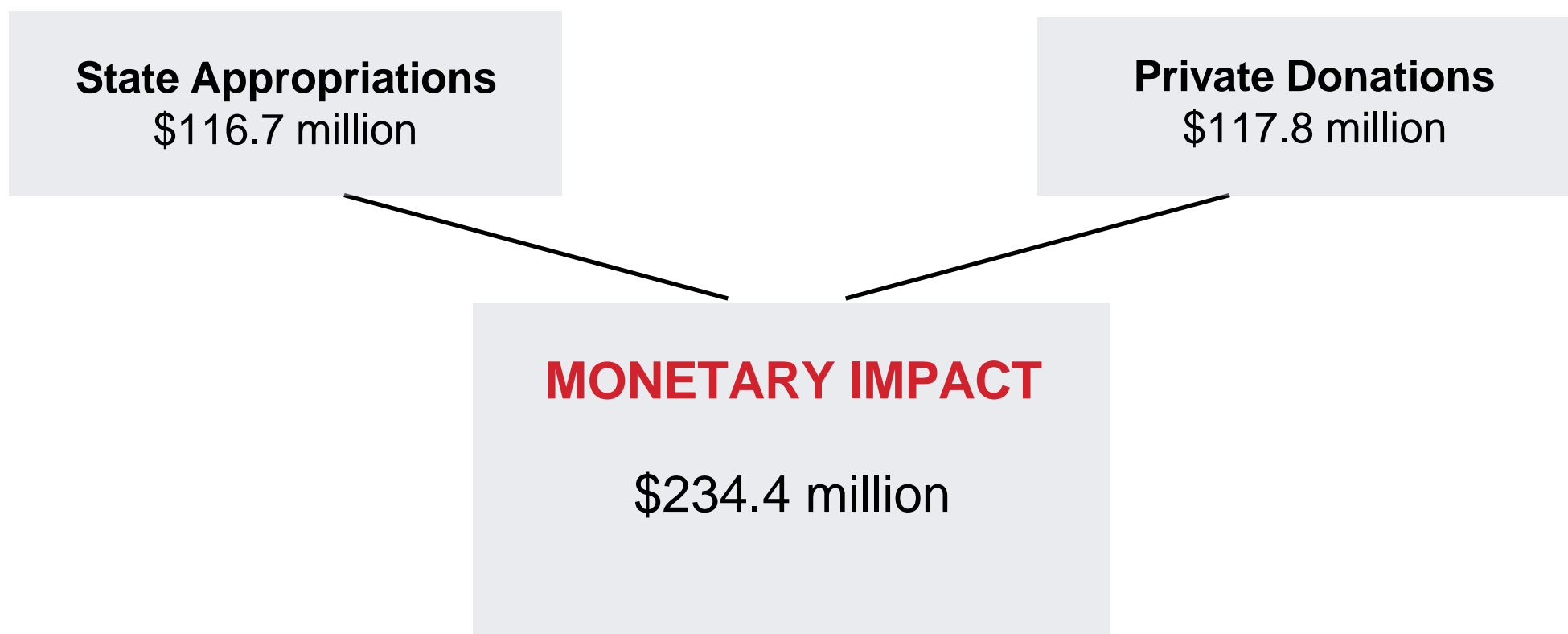


**ENDOWMENT
MATCH
PROGRAM**
**IMPACT
REPORT**



**UNIVERSITY OF
LOUISVILLE®**

Monetary Impact of the Endowment Match Program



Market Value of endowed funds as of 6/30/19: \$246.4 million

Spending distribution for FY18-19: \$7.2 million

IMPACT: Matching public dollars with private donations, the Endowment Match Program provides a perpetual source of funding for UofL research activities.

Programmatic Impact of the Endowment Match Program

1998-2018

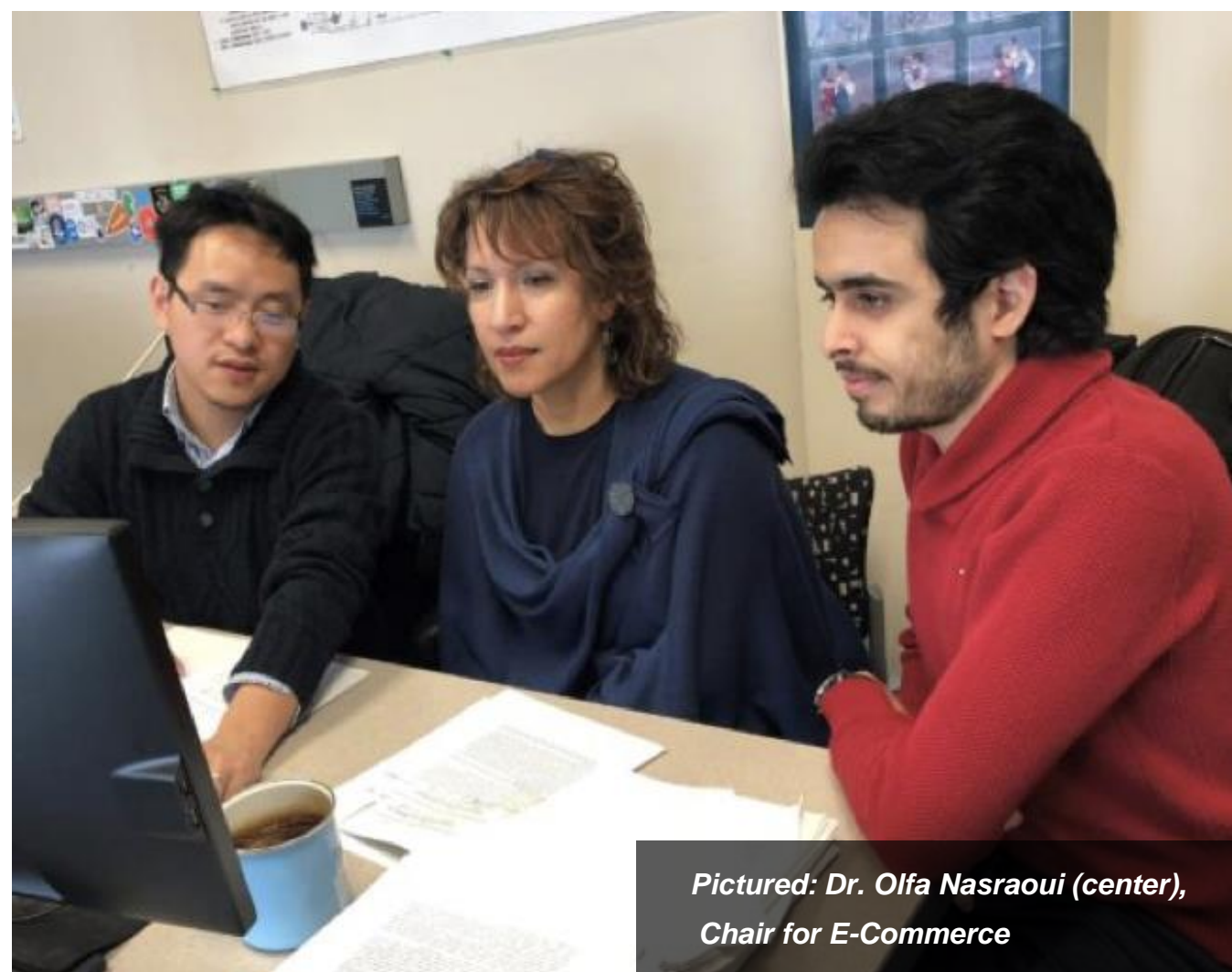
Creation Of:	Number of Positions or Projects Established
Endowed Chairs	89
Professorships	18
Fellowships	22
Mission Support Projects	32
Total	161

IMPACT: The Endowment Match Program stimulated the growth of the UofL research enterprise through the recruitment and retention of world-renowned faculty and research programs.

Programmatic Impact: Return on Investment for UofL

In FY 2018:

- **4.5%** of full-time faculty are Bucks for Brains endowed chairs and professors;
- **41%** of external funding (**\$56.1 million**) awarded to UofL involved Bucks for Brains endowed chairs and professors.
- **59%** of UofL's funding (**\$38.8 million**) from the National Institutes of Health (NIH) involved Bucks for Brains faculty.
- **48%** of U.S. patents issued to UofL were generated by Bucks for Brains faculty.



*Pictured: Dr. Olfa Nasraoui (center),
Chair for E-Commerce*

Employment Impact of the Endowment Match Program

Gender of Endowment Match Program Faculty and Staff

	Male	Female	Total
Chairs	54	14	68
Professorships	7	4	11
Support Research Faculty	76	30	106
Staff	144	171	315
Total	281	219	500

IMPACT: Research programs headed by renowned faculty create jobs for skilled workers from diverse backgrounds in areas ranging from laboratory technology and information technology to healthcare and administrative support.

Educational Impact of the Endowment Match Program

Gender and Race of Endowment Match Program Financial Aid Recipients for Awards Made During Fiscal Year 2017-2018

	<u>White</u>	<u>Black</u>	<u>India</u> <u>n</u>	<u>Asian</u>	<u>Hispanic</u>	<u>Total</u>
Fellowship Recipients						
Male	32	5	1	15	1	54
Female	35	2	0	5	4	47
Total	67	7	1	20	5	101

IMPACT: Students at the University of Louisville receive first-hand research and learning experiences from faculty who are the best in the world in their field.

HUMAN IMPACT

- Nearly 6,000 people who suffer complete spinal cord injuries in the U.S. each year are told they will not walk again.
- UofL researchers have trained people living with traumatic, motor complete spinal cord injury to walk over ground with epidural stimulation paired with daily locomotor training;
- They're the first in the world with complete spinal cord injuries to walk again.



Dr. Susan Harkema (pictured, on the left), Owsley Brown Frazier Chair in Clinical Rehabilitation Research

Pictured: Ildstad announces her company has raised \$100M.

COMMERCIALIZATION IMPACT

- **HUMAN IMPACT:**

- Cell therapy technology allows patients to receive organ transplants without life-long immunosuppression treatment;

- **IMPACT ON UofL:**

- Technology patented at UofL
- Exclusively licensed by Talaris Therapeutics, Inc.
- As the company commercializes the technology, the University expects to receive significant milestone and royalty payments;

- **ECONOMIC IMPACT:**

- In April 2019, Talaris secured \$100M from venture investors to move the technology into late-stage clinical development in multiple immune-related indications;
- Talaris has rapidly expanded operations and currently has ~35 employees in Louisville with a target of ~50 by mid-2020.

*Suzanne T. Ildstad, MD, Jewish Hospital
Distinguished Chair in Transplantation Research*



HUMAN ENVIROME

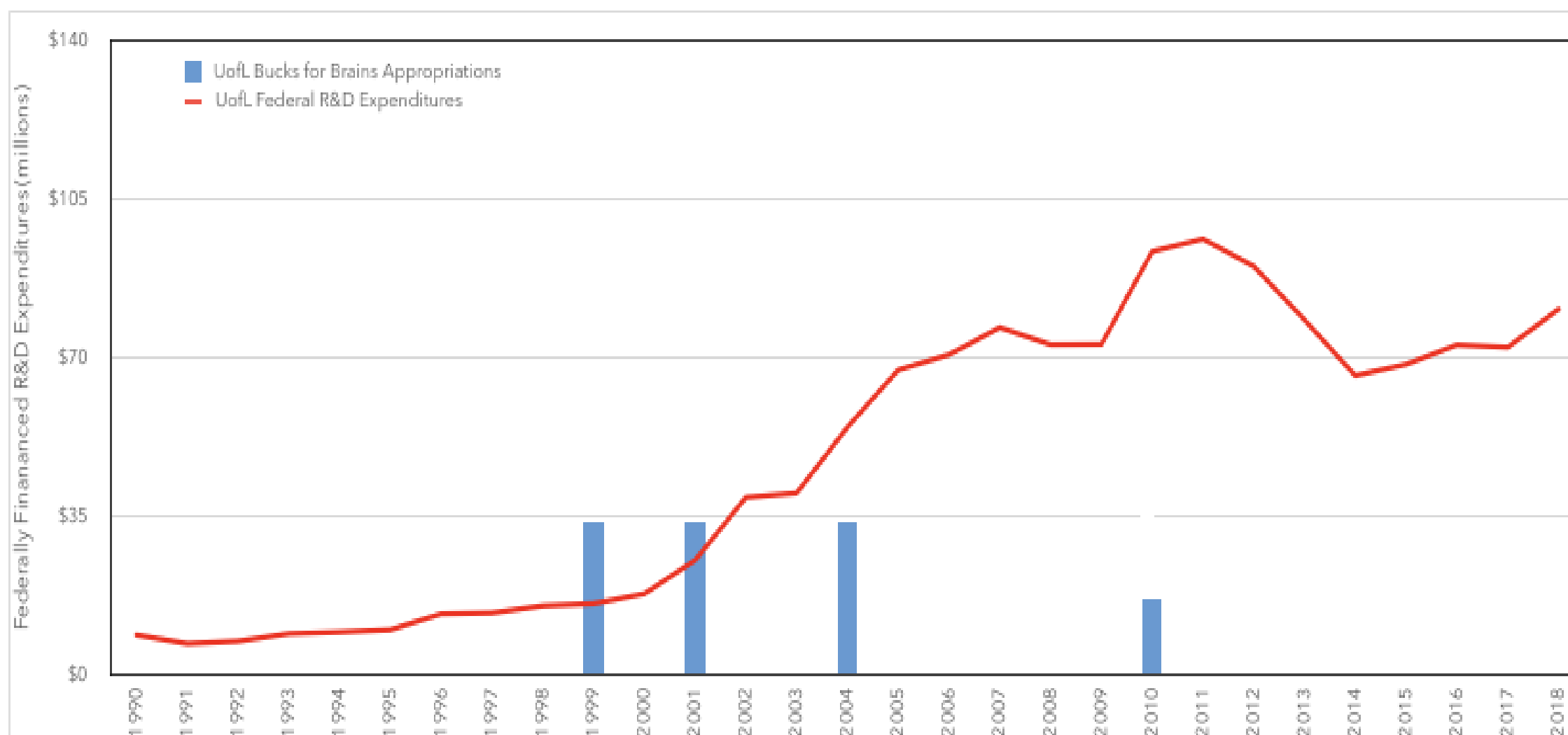
- Envirome Institute at the UofL School of Medicine studies the interaction between human health and environmental factors.
- Envirome builds on the pioneering work of Dr. Aruni Bhatnagar, Smith and Lucille Gibson Chair in Medicine.
- Founded with **\$5 million** gift from the Owsley Brown II Family Foundation.

*Dr. Aruni Bhatnagar,
Smith and Lucille Gibson Chair in Medicine*

Impact of the Endowment Match Program on the University's Research Enterprise

- Federally funded R&D expenditures increased **496.3%** from \$13.5M (FY1997) to over \$80.5M (FY2018).
- In FY2018, total R&D expenditures (federal, private non-profit, industry, etc.) = \$176.7M.

Bucks for Brains Appropriations and Federally Financed Research and Development (R&D) Expenditures 1990 -2018



IMPACT: This flow of external funding into the state spurs economic activity, creates new jobs, and provides new opportunities for Kentucky's citizens.

Impact of the Endowment Match Program on Translation and Innovation

FY 2017-2018 Activity

Invention Disclosures and Patents	Number
Number Of New U.S. Patent Applications Filed By University	83
Number Of New U.S. Patent Applications Generated By Match Program Recipients	34
Number Of U.S. Patents Issued to University	21
Number Of U.S. Patents Generated By Match Program Recipients	10

License/Option Agreements	
Number Of Licenses/Options Executed By University	14
Number Of Licenses/Options Generated By Match Program Recipients	4
License Income Received By University	\$2,993,130
License Income Generated By Match Program Recipients	\$481,997

Startup Activity	
Number Of Startup Companies Formed/Dependent On University Technologies	3
Number Of Startup Companies Formed/Generated By Match Program Faculty	2

IMPACT: The Endowment Match Program has helped to facilitate Kentucky’s transition to an innovative, knowledge-based economy.

Economic Impact of Bucks for Brains

The impact of the Bucks for Brains program extends far beyond UofL's campus. Based on data from Bucks for Brains spending, hiring and other factors, in 2018:

Economic Impact	Bucks for Brains	Research Enterprise
State GDP	\$122 million	\$252 million
Increase in earnings to all households	\$44 million	\$91 million
Jobs Created	1055	2182
Increased output from other businesses	\$71.4 million	\$147.7 million

**United States Bureau of Economic Analysis RIMS (Regional Input-Output Modeling System)*

National Reputation



Received Carnegie R1: Very High Research Activity for the 1st time in 2005



122nd
In Research Expenditures*



Top 50 Public Research Universities** in the US for the 1st Time

*NSF HERD Data - 2018

**Center for Measuring University Performance – Top American Research Universities, 2017

**THANK YOU FOR YOUR
CONTINUED SUPPORT AND INVESTMENT IN
The University of Louisville and the
Commonwealth of Kentucky!**

Rob.Keynton@Louisville.edu

**UNIVERSITY OF
LOUISVILLE®**



Request for Special Funding - Nursing Programs

August 27, 2019

This request supports the Kentucky Community and Technical College System's request for Nursing Program funding.

Registered Nurses (RNs) are in high demand throughout Kentucky with roughly 2,700 annual openings. To significantly address this shortage, colleges of the Kentucky Community and Technical College System (KCTCS) continue work to expand their nursing programs. In 2018-19, KCTCS colleges awarded 840 credentials for RNs. However, there are many challenges for colleges addressing talent pipeline needs. These challenges include a shortage of nursing faculty due to a lack of competitive pay, lack of access to clinical sites for students, and the need to increase student retention rates given the highly competitive requirements.

Nursing is a limited admission, demanding curriculum program with strict faculty to student ratios requiring proven classroom and clinical knowledge and applied skill. The nursing student completes a rigorous course of study which includes clinical hours in a hospital or other facility. The graduate then sits for the National Council of State Boards of Nursing **NCLEX exam**. Passing the national exam allows the graduate to receive a nursing license, which gives the individual the opportunity to practice nursing in the state(s) where they meet requirements. Students in two-year and four-year programs of study both take the same national exam upon graduation. This often-overlooked fact enables the community college Nursing graduate to enter the workforce two years before their university counterpart and at a lower cost of education (lower tuition and shorter time of study). The KCTCS Nursing graduate more quickly meets industry need for their skills while adding a taxpaying citizen to the community.

Lack of Fulltime Nursing Faculty

According to the National League for Nursing, "...as the United States tackles the workforce shortage that exacerbates the stress in the health care system, nursing programs across the country are rejecting qualified candidates because there is not enough faculty to teach them. In 2011-2012, 64 percent of all nursing programs turned away qualified applicants. Pre-licensure nursing programs – which serve as the gateway into the nursing workforce – rejected 72 percent of qualified applicants due to limited space" (<http://www.nln.org/advocacy-public-policy/issues/faculty-shortage>).

A survey of nursing faculty salaries via Transparency.ky.gov shows that across the state, KCTCS faculty salaries ranged from \$42,000 for an instructor (10-month salary) to over \$80,000 for a 12-month faculty with many years of experience. Nursing faculty salaries at four-year universities averaged \$75,000 for faculty with fewer than 3-5 years of experience.

Community and technical colleges struggle to compensate nurses adequately to compete with salaries at hospitals, medical facilities, and universities. Separately,

colleges struggle to offer year-round access to nursing programs due to normal 10-month faculty contracts. Limits placed on faculty to student ratios further limit enrollment in Nursing students accepted; fully staffing Nursing programs requires a new focus on Nursing faculty salaries.

Adding one new Nursing faculty per 16 college programs could increase the numbers of students added by 10 per semester per college/20 per academic year or 320 new students per academic year. At a simple retention rate of 70%, the 16 colleges could graduate more than 200 more students per year. Over five years, this would equate to roughly 1,100 more nurses working in the healthcare field – significantly helping to address today's growing shortage of nurses. Based on a starting salary of \$45,000 annually, on an annual basis each additional class of nurses would add over \$10 million per year to Kentucky's economy, not to mention the positive social and cultural effects to their local communities.

Solution: Add one new 12-month Nursing faculty position to each college Nursing program and move two current faculty to 12-month assignments based on needs in that college's service area to expand access to nursing students. To increase the pool of available nursing faculty and support retention of faculty, increase 10-month Nursing faculty salaries.

Request:

New Faculty:

Hire one new 12-month fulltime faculty per college. Cost of \$75,000 + \$32,625 benefits = \$107,625 per faculty member x 16 colleges = **\$1,722,000/year recurring.**

Current Faculty:

Move two current fulltime faculty from 10- to 12-month contracts: Increase of \$27,000/faculty member + \$11,745 benefits = \$38,745 per faculty member x 16 colleges x 2 faculty/college = **\$1,239,840/year recurring.**

Increase recruitment and retention of current nursing faculty by moving new hire and existing salaries to 10-month equivalent (\$62,000) of new 12-month salary: **\$750,000 recurring** across faculty at 16 colleges.

Flexible Scheduling to Increase Student Numbers

With Nursing faculty now 12-month, options become available for flexible education experiences, including providing internships at local facilities. The healthcare facility could place the students into apprenticeships; KCTCS would pay the instructor to work with students at the facility and in the classroom.

The curriculum would be modified to be taught four days a week, with the internship offered 1-2 days a week at the health care facility. This scenario would be expected to be developed systemwide, sharing best practices with the college faculty who need assistance updating teaching methods. To implement this best practice systemwide, two system support instructional designers are needed.

Request: Two flexible scheduling instructional designers/supports at the System Office. Salary of \$65,000/year + 43.5% benefits = \$93,275 x 2 = **\$186,550/year**.

Improving Simulations to Support Student Learning and Clinicals

Every college needs the ability to offer video/technology simulation exercises and allow students to see themselves in practice and have direct feedback on their skills. Simulations also help offset the lack of clinical facility availability as program student numbers are increased. Many colleges have simulation equipment, but the Nursing faculty do not have the expertise to deploy the simulations. Some colleges have purchased equipment over the last few years that is not being used because faculty state “they don’t feel comfortable” or “don’t have time to learn how to use it.”

To address this need, KCTCS will hire Simulation Experts to enable each college to properly train nursing faculty in the use of the simulation equipment. These individuals will service two colleges each.

Request: Hire regional simulator experts—12-month employees (1 FTE per 2 college or 8 FTE) at \$65,000 per year plus 43.5% benefits = \$93,275 x 8 = **\$746,200/year** recurring.

Colleges must also provide state-of-the-art simulators. High fidelity simulation manikins cost \$80,000-\$100,000. Every Nursing program campus needs one set (adult, child, baby and mother). Many colleges have simulation equipment on one campus, but not all campuses offering the program.

Request: Purchase one simulator set for each college campus offering Nursing; 22 approved sites at \$200,000 per site = **\$4,400,000 one-time capital outlay**.

Student Support

An issue for both current students and with the admitting of additional students is the nationally low retention rate in nursing programs. Often cohorts start with 30 students and end with 20 or fewer students.

Were colleges to achieve a higher student retention rate, more students would enter the workforce. Research shows that student pass rates go up when faculty spent four hours per week teaching test-taking strategies and reviewing content and skills.

Request: The hiring of adjunct faculty to work with students 4 hours/week x 10 weeks /semester for every 15 students in program. Average salary of \$35/hour for part time faculty.

- \$35 x 4 x 10 = \$1,400/semester for every 15 students enrolled in at risk-programs (missing KBN benchmarks) + benefits
- Can offer one adjunct for 30 students to programs meeting benchmarks.

Cost for adjunct tutoring = \$1,400 X 8.625 benefits = \$1,521 * 6 adjuncts per college *16 colleges = **\$146,016/year**

Total KCTCS Request for Nursing Program Funding for Biennium: \$13,231,212

CPE Total Request for Funding			
	Non-Recurring funds	Recurring Cost Per Year	Cost/Biennium
One (1) New 12-month Faculty FTE/College		\$1,722,000	\$3,444,000
Additional Salary 2/Faculty to 12/month		\$1,239,840	\$2,479,680
Additional Salary/Recruitment and Retention		\$750,000	\$750,000
Simulator Coordinators		\$746,200	\$1,492,400
Simulation Equipment	\$4,400,000	\$0	\$4,400,000
Instructional Designers		\$186,550	\$373,100
Tutoring Funds		\$146,016	\$292,032
TOTAL	\$4,400,000	\$4,790,606	\$13,231,212

KCTCS Request for
Special Funding –
Nursing Programs

2020-22 Biennium

September 2019





2,700 annual job openings for Registered Nurses (RNs) in the Commonwealth.

In 2018-19, KCTCS awarded 840 credentials for RNs.

KCTCS

According to the Bureau of Labor Statistics' *Employment Projections 2016-2026*, RN is listed among the top occupations in terms of job growth through 2026.

The national RN workforce is expected to grow from 2.9 million in 2016 to 3.4 million in 2026, an increase of 438,100 or 15%.

The Bureau also projects the need for an additional 203,700 new RNs each year through 2026 to fill newly created positions and to replace retiring nurses.

In the Commonwealth, there are currently 46,265 nurses currently employed. It is expected this will grow to 51,894 by 2026—an increase of 5,629 nurses (12.2% change with 1.155% growth rate).

Through 2026 there are projected to be 30,350 total Registered Nurse openings statewide, with an earning of \$61,273 in median wages.

According to KYSTATS, entry RNs can make \$21.26 an hour (totaling over \$44,000 annually); experienced RNs can earn over \$81,000 annually.

The Nursing Shortage Makes Headlines Across the Commonwealth

“Kentucky hospitals struggling to find enough nurses...”

April 10, 2017, Northern Kentucky Tribune

“Kentucky hospitals offering incentives amid nursing shortage.”

October 18, 2017, Becker’s Hospital Review

“Local nurses raise awareness about nursing shortage during National Nursing Week.”

May 19, 2019, WNKY Bowling Green

“UK Healthcare addresses critical shortage of nurses.”

November 14, 2017, The Lane Report

“Current Nursing Shortage Puts Pressure on Local Bowling Green Hospitals.”

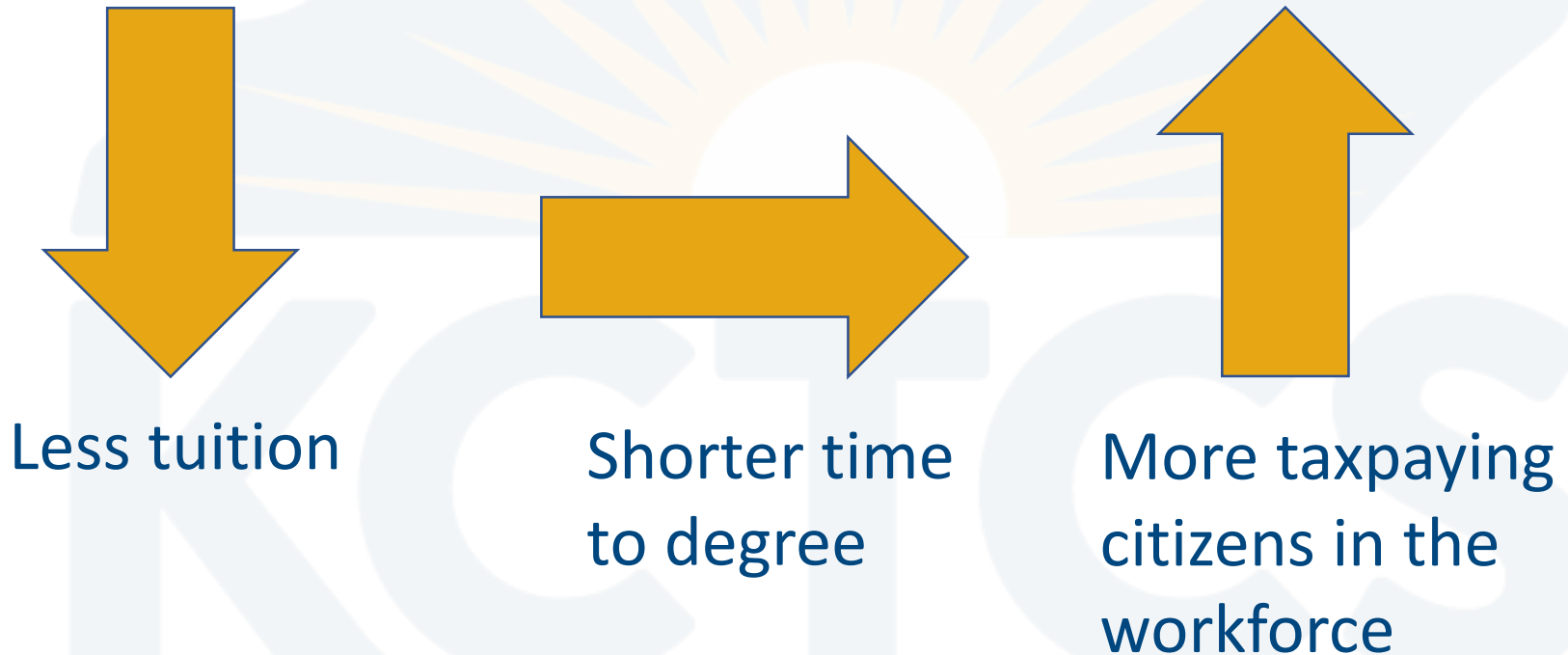
December 26, 2017, WKU Tailsman

“In Midst of Nurse Shortage, Kentucky Hospitals Are Forced To Offer Incentives.”

October 17, 2017, DailyNurse

Did you know students in 2-year and 4-year RN programs both take the same national exam (NCLEX) upon graduation?

This means community college nursing graduates can enter the workforce sooner with a lower cost of education.



Our Challenges:

- **Competitive pay for faculty – competition with universities, hospitals, medical facilities**
- **Lack of access to clinical sites for students**
- **Limited access to year-round programs because of need for 12-month faculty**
- **Highly competitive requirements with demanding curriculum**
- **Strict faculty to student ratios**

*“...as the US tackles the workforce shortage that exacerbates the stress in the health care system, nursing programs across the country are rejecting qualified candidates because **there is not enough faculty to teach them...**”*

-National League for Nursing

KCTCS Faculty Salary Range

\$42,000 (instructor, 10-month contract)
contract, numerous years' experience)



\$80,000 (faculty, 12-month contract)

KY University Faculty Salary Average

\$75,000 with fewer than 3-5 years of experience

-Transparency.ky.gov

Our Response:

To address the shortage, we need additional 12-month faculty to allow for the education and training of more students. Current faculty need to be moved to 12-month contracts with competitive pay. This will allow recruitment and retention of a talented and skilled faculty able to provide students with the best of instruction, advising and support year-round.

We need more flexible programming to meet both industry and student need – allowing for the offering and apprenticeships and additional work and earn opportunities.

We need new professional development opportunities so that faculty can learn new and innovative teaching technologies.

We need to utilize simulators with high-tech manikins which will provide excellent teaching laboratories while also helping to offset the lack of clinical facility availability as program student numbers are increased. Faculty need to learn how to use this cutting-edge technology.

Higher retention rates must be achieved. An issue for both current students and with the admitting of additional students is the nationally low retention rate in nursing programs. Students need specific program tutoring and help to pass the demanding curriculum.

Our Request:

- **Add 1 new 12-month nursing faculty at each KCTCS college (16)**
- **Provide additional salary for 2 current faculty at each college, so they go from 10-month to 12-month contracts**
- **Increase existing & new hire 10-month nursing faculty salaries to meet regional salary norms**
- **Hire 2 system support instructional designers to create Systemwide flexible education experiences (internship and apprenticeship partnerships with health care facilities)**
- **Provide simulation equipment to improve the learning experience, meet demanding curriculum, and to offset lack of clinical faculty**
- **Hire 8 simulation experts (1 per 2 colleges) to enable each college to properly train nursing faculty in use of simulation equipment**
- **Hire 1 part-time faculty member for every 15 students in college nursing programs for tutoring during the course of their program**

KCTCS Request for Funding

	Non-Recurring funds	Recurring Cost Per Year	Cost per Biennium
One (1) New 12-month Faculty FTE/College		\$1,722,000	\$3,444,000
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Instructional Designers		\$186,550	\$373,100
Tutoring Funds		\$146,016	\$292,032
TOTAL	\$4,400,000	\$4,790,606	\$13,231,212

Total: \$13.2 million

The Kentucky Chamber's Workforce Center supports *two Talent Pipeline Management employer collaboratives focused on the need for Registered Nurses, one in Louisville and the other in Eastern Kentucky. Both collaboratives have pinpointed a demand for Registered Nurses as their preeminent talent pipeline management problem.* Over the next two years, healthcare leaders in Louisville will need nearly 3,000 Registered Nurses with regional educators only capable of supplying fewer than 2,500 RNs. Demand for nurses has effectively outpaced the supply.

1 new Nursing faculty per 16 colleges = 20 more Nursing students per academic year
= **320 new students per academic year.**

With a retention rate of 70%, the 16 colleges could graduate **200** more students per year. In 5 years, there could be **an additional 1,100 nurses in KY.**

Based on a starting salary of \$45,000 annually, on an annual basis each additional class of nurses would add **over \$10 million per year to Kentucky's economy**, and positively affect the **health, social and cultural wellbeing of their local communities.**

Nursing is a high-wage, high-demand profession and graduates tend to stay home in the region in which they were educated.

There is already a push in many states for legislatures to address the nursing shortage.

Arizona recently passed two bills in this category, S1524 and S1354. Bill S1524 calls for a working group to problem solve **the nursing shortage**. The bills seeks to bring together representatives via from all universities and colleges with a nursing program, members of healthcare organizations, and the Department of Health Services in order to establish a long-term plan and pilot program to address the nursing shortage.

Bill 1354 provides **\$10 million** to the Arizona Department of Health Services to create **a grant program for assistance to universities and community colleges for registered nursing and advanced practice nursing programs**. The bill also calls for assistance to health care institutions to develop and operate programs using retired physicians and nurses to provide guidance to new graduates of medical and nursing programs.

- April 5, 2019, Provider Magazine



Examples of Current Nursing Expansion Efforts at KCTCS Colleges

Somerset Community College

- Starting in fall 2020, an LPN cohort will be starting at ECU's Manchester. This will be part of the options for those nurses to move through the BSN program at ECU if desired.
- A new night LPN program is beginning in Somerset in Spring 2020. It is in partnership with the Lake Cumberland Regional Hospital, which will be sponsoring approximately 5-10 of the students.
- Currently awaiting news about receiving on an ARC Power grant to support a partnership with the Tennessee TCAT at Oneida/Huntsville; the discussion has already generated building CNA/LPN options for the Clinton/Cumberland area.

Hazard Community and Technical College

- Requested and approved by KBN to accept up to 200 nurses.
- Moved to the Hazard Campus and expanded and improved labs and classrooms. Expanded evening and day nursing programs and are now admitting every term.
- Introduced a LPN bridge program and with nursing externships.
- Working to hire additional faculty.

Big Sandy Community and Technical College

- Secretary Ramsey has committed on behalf of Kentucky Education and Workforce Development Cabinet (EWDC) to help launch Kentucky Advanced Technical College High (K-TECH), the state's college-high apprenticeship program, in partnership with Big Sandy Community and Technical College (BSCTC), Pikeville Medical Center (PMC), Pike County School System and Pikeville Independent School System. The three-year \$627,000 grant will launch an apprenticeship program for high school students enrolled in Pikeville Independent and Pike County schools. With a focus on two of the state's fastest growing job sectors, health care and IT, the Pathways to STEM Apprenticeship grant supports Kentucky's efforts to prepare the future workforce by increasing the number of students participating in STEM courses in high school and post-secondary schools in the Commonwealth. Through the program, students will have the opportunity to meet potential employers, take dual credit course work, receive soft skills training, and participate in paid apprenticeships. The project's goal is help students obtain the skills needed for them to succeed in the workforce by placing at least 100 Kentucky high students into paid apprenticeships over the next three years.
- Pike County superintendent Reed Adkins & Pikeville Independent superintendent Jerry Green will be working with the state to expand their Certified Nursing Assistant program in each school to increase the pipeline of HS graduates prepared and interesting healthcare/nursing. Students wishing to pursue a RN degree may earn college credits through this program. This will expedite their training while reducing their hours and cost for their degree.

- PMC has agreed to move financial services out of its current building and lease the building to BSCTC for \$1.00 per year, to expand their nursing and clinical certificate programs. The lease has been drafted and is expected to be signed shortly.
- Under their current state certificate, BSCTC agreed to increase their current RN class size in Prestonsburg by an additional 25 students. They have started working with the state to request a license to increase RN in the new Summit building for the Pikeville campus for spring of 2020.
- BSCTC has recently signed a cooperative agreement with UPike, which will also allow a graduating RN from BSCTC to enroll in UPike to pursue their BSN degree if desired. Most of this work can be done online, so an RN can continue working while pursuing this advanced degree.



**Kentucky
Hospital
Association**

Representing Kentucky Health Care Organizations

September 6, 2019

Jay K. Box, Ed.D.
President
Kentucky Community & Technical College System
300 N. Main St.
Versailles, KY 40383

Dear Dr. Box:

The Kentucky Hospital Association (KHA) represents all 125 hospitals in the Commonwealth of Kentucky. On behalf of our membership, KHA is writing to express our strong support for the KCTCS special request for Nursing Program funding.

KHA continues to hear from hospitals throughout the state about the nursing shortage and need for additional nurses. With hundreds of open positions, the KTCTS proposal is applauded, timely, and needed. The KCTCS system has been a valuable partner in addressing the nursing shortage by graduating more than 800 students annually. We believe the funding request contains a strong plan to increase the number of nursing graduates by funding additional faculty and improvements to the curriculum and teaching methods. Expansion of the nursing program through the 16 community and technical colleges is especially important because, by educating students locally, it will help hospitals within each region meet their nurse staffing needs. KCTCS does an excellent job of producing associate degree nurses that can quickly enter the workforce, and many also go on to obtain a BSN. This is also a tremendous benefit to the state.

Kentucky's hospitals also support the request because the KTCTS system delivers a quality educational program, with most colleges achieving a 90% or better NCLEX pass rate of its RN graduates. The pass rate combined with lower cost of attendance demonstrates KCTCS nursing programs offer high value for students and that the funding KCTCS is requesting will be dollars well spent.

KHA and Kentucky hospitals partner with a number of organizations focused on increasing the nursing pipeline and approval of this funding will provide much needed support to meet the needs of patients in the Commonwealth.

Sincerely,

Nancy C. Galvagni
President



September 6, 2019

Dr. Ty J. Handy
President
Jefferson Community and Technical College
109 E. Broadway
Louisville, Kentucky 40202

Dr, Ty Handy,

This letter is in support of the special funding request to improve nursing faculty salaries at KCTCS. Across the state, and very acutely in Louisville, we have a nursing shortage. One of the primary causes of this shortage is nursing program capacity at KCTCS colleges like Jefferson Community and Technical College. This capacity is impacted by college ability to attract and retain excellent nursing instructors. The salaries paid by KCTCS are not competitive with what can be earned by these instructors either in the field or teaching elsewhere. This negatively impacts program success and expansion.

Furthermore, this impacts our ability as an employer in the healthcare space to serve the needs of our patients, residents and communities in KY.

I write this brief letter in support of the request to provide targeted funding to raise faculty salaries in nursing. Your support will help KCTCS Colleges meet the demand for qualified nursing graduates, which are crucial to quality care in our industry.

Warmest regards,

Tracy Jansen, SPHR
Chief Human Resource Officer



September 6, 2019

Dr. Ty J. Handy
President
Jefferson Community and Technical College
109 E. Broadway
Louisville, KY 40202

Dr. Handy,

This letter is in support of the special funding request to improve nursing faculty salaries at KCTCS. Across the state, and very acutely in Louisville, we have a nursing shortage. One of the primary causes of this shortage is nursing program capacity at KCTCS colleges like Jefferson Community and Technical College. This capacity is impacted by college ability to attract and retain excellent nursing instructors. The salaries paid by KCTCS are not competitive with what can be earned by these instructors either in the field or teaching elsewhere. This negatively impacts program success and expansion.

I support the request to provide targeted funding to raise faculty salaries in nursing. Your support will help KCTCS Colleges meet the demand for qualified nursing graduates.

Sincerely,

Karen Higdon, DNP, RN, NEA-BC
Vice President and Chief Nursing Officer
Baptist Health Louisville
502/897-8101



September 6, 2019

Dr. Ty J. Handy
President
Jefferson Community and Technical College
109 E. Broadway
Louisville, Kentucky 40202

Dear Dr. Handy,

Thank you for the continued support of JCTC toward meeting our workforce needs, specifically nursing. Trilogy currently has eight (8) healthcare campuses in the greater Louisville market and have 43 nurse openings. We continue to struggle with a market shortage in nurses and desperately request that you expand your nursing programs. We are supportive of additional funding from the Kentucky Council on Post-Secondary Education to achieve this goal.

In addition, the Kentuckiana Healthcare Workforce Collaborative (which I serve as the Past Chair) has worked extensively with the US Chamber of Commerce's Talent Pipeline Management and identified the extensive shortage of available nurses and current projected nurse graduates. Our region will hit a nurse shortage crisis in the next couple of years if we do not increase the nursing programs offered.

Please accept this letter of support for Jefferson Community & Technical College's application for additional funding from the Kentucky Council on Post-Secondary Education to increase your nursing education programs. We are very confident in your ability to significantly impact the pending crisis. I would be happy to speak in more details if needed.

Sincerely,

Todd Schmiedeler
SVP, Foundation & Workforce Funding
(502) 21-7417
todds@trilogyhs.com



September 6, 2019

Dr. Ty J. Handy
President
Jefferson Community and Technical College
109 E. Broadway
Louisville, Kentucky 40202

Dr. Handy;

I am writing this letter to support the financial investment in nursing faculty at Jefferson Community and Technical College as well as the greater KCTCS system. As a registered nurse, a workforce development specialist, and an advocate of Jefferson Community and Technical College, I ask you to support and invest in our nursing faculty at the community college level. The American Association of Colleges of Nursing (AACN) supports that faculty shortages at nursing schools across the country are limiting the capacity for students and therefore nurses in the market. According to the AACN's report 2018-2019 *Enrollment and Graduations in Baccalaureate and Graduate Programs in Nursing*, schools of nursing in the United States turned away over 75,000 qualified applicants from programs due to lack of faculty and clinical supportive services.

Our educational partnerships, specifically those of Jefferson Community and Technical College are extremely important to us. Currently, Jefferson supports over 80 Norton Healthcare employees and students in healthcare programming and our patients and community continue to benefit greatly by the excellent care they receive daily from Jefferson's graduate population.

Sincerely,

A handwritten signature in blue ink that reads 'Christy Ralston'.

Christy Ralston RN, BSN, CCMC
Norton Healthcare, Director, Workforce Development
Norton Learning Center
9500 Ormsby Station Road Suite #100
Christian.Ralston@nortonhealthcare.org
(502)446-5816



Dedicated to Hope, Healing and Recovery

September 9, 2019

Dr. Ty J. Handy
President
Jefferson Community and Technical College
109 E. Broadway
Louisville, Kentucky 40202

Dr. Handy:

This letter is in support of the special funding request to improve nursing faculty salaries at KCTCS. Across the state, and very acutely in Louisville, we have a nursing shortage. One of the primary causes of this shortage is nursing program capacity at KCTCS colleges like Jefferson Community and Technical College. This capacity is impacted by college ability to attract and retain excellent nursing instructors. The salaries paid by KCTCS are not competitive with what can be earned by these instructors either in the field or teaching elsewhere. This negatively impacts program success and expansion.

I write this brief letter in support of the request to provide targeted funding to raise faculty salaries in nursing. Your support will help KCTCS Colleges meet the demand for qualified nursing graduates.

Sincerely,

A handwritten signature in black ink that reads "Jeffrey Jasnoff". The signature is fluid and cursive.

Jeffrey Jasnoff,
CHRO Kindred Healthcare

Council on Postsecondary Education
 2020-22 Biennial Budget Recommendation
 Table 4 - CPE Agency Budget

Draft - For Discussion Purposes
 September 10, 2019

Operating Funds

Funding Component	Fiscal 2019-20	Fiscal 2020-21
Beginning General Fund Base (2019-20 level)	\$17,296,300	\$17,296,300
Additional Budget Requests		
• Defined Calculations ¹	TBD	TBD
• Center for Higher Education and Workforce ²	5,000,000	5,000,000
• Contract Spaces - Maintain Spaces ³	200,000	200,000
	5,200,000	5,200,000
Total Operating Funds (does not include TBD amounts)	\$22,496,300	\$22,496,300

Capital Investment

Funding Component	State Bond Funds	Annual Debt Service
Capital Projects		
• College to Career Pathways Portal ⁴	\$2,000,000	TBD
• KY Regional Optical Network Enhancement ⁵	1,000,000	TBD
Total Capital Funds	\$3,000,000	TBD

¹ Additional funding to provide salary increment and cover retirement system cost increases, as determined by state budget office staff.

² A newly created Center located at the Council on Postsecondary Education that fosters better alignment between postsecondary education degree and credential production and workforce needs through expanded work-based learning experiences, early and comprehensive career advising systems, and innovative academic programming targeting workforce needs. It is anticipated that three-fifths of the requested funds (i.e., \$3.0 million) will be awarded to support postsecondary institution workforce initiatives using a competitive grant process.

³ Additional funding to maintain 164 veterinary and 44 optometry spaces. Veterinary schools proposed a rate lower than SREB's rate for the upcoming biennium. Preliminary Estimate.

⁴ Funding would provide a web-based portal to inform students of career options, costs, and college pathways and facilitate course and program comparisons.

⁵ Funding would provide a refresh of equipment and would allow campus networks to connect with Kentucky Wired.

Kentucky Center for Higher Education and the Workforce

America's economy is changing. A recent report by the Georgetown University Center on Education and the Economy reveals that 11.5 out of 11.6 million jobs created in the U.S. since the Great Recession have gone to workers with at least some postsecondary education. To be economically competitive, Kentucky needs workers that are problem solvers, innovators, analysts, communicators and facilitators. They need to be lifelong learners, willing to retrain many times over the course of their careers. They need education beyond high school.

The proposed **Kentucky Center for Higher Education and the Workforce** responds to a critical need to better align postsecondary education with the commonwealth's current and future workforce needs and to better position Kentucky's graduates to succeed in their chosen professions.

The Center, which shall be located at the Council on Postsecondary Education, shall:

1. **Assure that every student graduating from a Kentucky college or university, regardless of program of study, has a work-based learning experience aligned with their career interests.** Opportunities for students to get work experience while still in college through internships, co-ops, clinical experiences, apprenticeships and other work-and-learn activities helps launch them into careers and contributes to a greater chance of graduation. Through the Center, CPE will advance innovative strategies to significantly increase work-based learning opportunities for Kentucky students, including the development of a centralized, state-level approach to support the placement (recruitment and HR processing) and evaluation (quality and effectiveness) of work-based learning. To support this work, the Center will work closely with business and industry to increase work-based learning opportunities and with educator and training providers to help support business and industry as they expand these opportunities.
2. **Support earlier and more comprehensive advising systems and structures to help students make informed decisions about choosing a major aligned with career and personal interests.** Too many students begin postsecondary programs with little thought to how that program will connect to their future. While college can be a healthy time to explore career interests, limited or poor career advising, and services offered mainly for juniors or seniors is a significant barrier to student success. Without clear

direction about aligning their college careers with their professional careers, students often waste time and resources switching majors, taking unnecessary courses, or simply giving up and dropping out. Through the Center, CPE will help Kentucky campuses reimagine and restructure traditional career services to better meet the needs of their students through competitive grants that reward campus innovations, forums to share effective practices, and professional development opportunities for career advising professionals. The Center would also explore the development of a centralized, state level technology solution to provide students with a clearinghouse of information on higher education-career pathways and provide businesses with direct access to potential job candidates.

3. **Incentivize the development of and expansion of innovative, flexible programs that arm students with knowledge and skills that Kentucky's workforce needs.** Student demographics are shifting, and more and more college students now have to balance the competing demands of work, family, and school. Through competitive grants, CPE's Center for Higher Education and the Workforce would incentivize campuses to expand program delivery systems to make them available to students at night, on weekends, outside of the traditional semester system, through online or classroom/hybrid of both, and by providing credit for prior learning or through prior job experiences. The Center would encourage quality micro- and other credentials that are transferable and stackable and aligned with Kentucky workforce needs. As part of its strategy, the Center would provide forums to share and replicate innovative learning models such as KY FAME, TechX at OCTC, and IBM Skills Academy at UofL. The Center would also partner with organizations such as the Quality Assurance Commons to provide campuses with roadmaps and toolkits to assure all programs are graduating students with skills and competencies prepared to compete and thrive in today's workforce.
4. **Partner with Kentucky's universities and the Department of Education to address teacher shortages and effectively respond the needs of our education workforce.** Kentucky's teacher preparation system face significant challenges in meeting the growing workforce demands of the P-12 system. Not only is it necessary to attract more students into these programs, but we must produce teachers who have the content knowledge and cultural competence to deal with the myriad of social and emotional issues facing today's students. Through the Center, CPE will partner with KDE, school districts, universities and employers to identify effective practices and teacher preparation program characteristics that will position graduates for success in the workforce. The Center will also help drive the expansion of work-based learning experiences to allow teacher candidates earlier and more immersive experiences in the P-12 classroom prior to certification. Competitive grants would be offered to colleges of

education to expand partnerships with local school systems, increase work-based learning, strengthen curricula and incorporate career exploration earlier in the postsecondary experience. One of the key goals will be to identify students, especially underrepresented minority students, who might be interested in teaching and help them successfully enter and complete teacher preparation programs.

5. **Conduct research and analysis related to postsecondary education alignment with Kentucky's workforce demands**, effective policies and practices within Kentucky and in other states to better align postsecondary programs and employer needs, individual program effectiveness in meeting workforce shortages, alumni satisfaction with program relevance to career goals, employer satisfaction with program graduates workforce competencies, skills and knowledge, and other studies. The Center will partner with KY Stats, the postsecondary campuses, national education and workforce organizations and other partner agencies to accomplish this research agenda.

The Center will submit an annual report to the Governor and the Legislative Research Commission by December 1 of each year. The report will include information outlining the center's efforts to better align postsecondary education with the commonwealth's current and future workforce needs.

Budget: \$5 million

- Campus Incentive Grants: \$3 million
- Convening and Professional Development Activities: \$400,000
- Research/Analysis and Program Evaluation \$350,000
- Administration and Program Support: \$500,000
- Technology/Software Solutions: \$750,000