

# STRONGER by DEGREES



Council on Postsecondary Education  
2012-14 Budget Recommendation  
November 10, 2011

Kentucky Council on  
Postsecondary Education 

# Kentucky Postsecondary & Adult Education System



- ❖ 8 four-year public postsecondary institutions
- ❖ KCTCS (16 community and technical colleges)
- ❖ 20 independent colleges and universities
- ❖ 120 adult education providers
- ❖ 241,590 college and university students
- ❖ 500,000+ postsecondary alumni
- ❖ 300,000+ GED graduates
- ❖ 30,000+ faculty and staff



# A Decade of Progress



**Kentucky is the only state in the nation to rank in the top five in improvement for each of the following college attainment and completion metrics.**

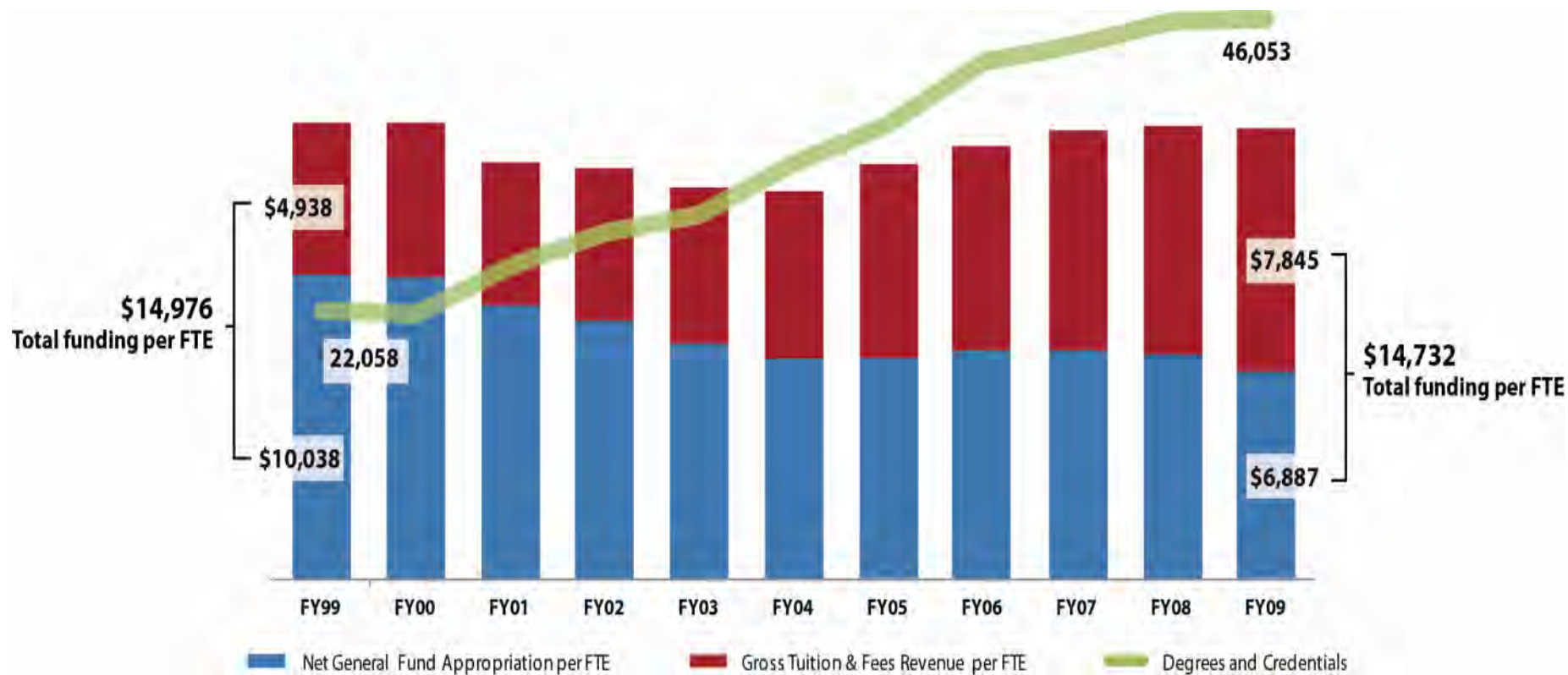
| College Attainment and Completion Metrics   | Kentucky Change from 2000 to 2009 |                            |        |        |                    |                    |
|---|-----------------------------------|----------------------------|--------|--------|--------------------|--------------------|
|   | Percent Change                    | Change Ranked Among States | 2000   | 2009   | State Rank in 2000 | State Rank in 2009 |
| Adults Aged 25 to 64 with College Degrees (Associate and Higher)                      | 24.4                              | 1                          | 24.5   | 30.5   | 47                 | 45                 |
| Adults Aged 25 to 44 with College Degrees (Associate and Higher)                      | 23.6                              | 2                          | 27.3   | 33.7   | 44                 | 36                 |
| Six-Year Graduation Rates at Four-Year Institutions (Public and Private)              | 21.7                              | 1                          | 39.3   | 47.8   | 44                 | 35                 |
| Three-Year Graduation Rates at Two-Year Institutions (Public and Private)             | 42.7                              | 3                          | 21.4   | 30.5   | 38                 | 16                 |
| Undergraduate Credentials (One-Year or More in Length)                                | 55.7                              | 5                          | 23,115 | 35,999 | NA                 | NA                 |
| Undergraduate Credentials Awarded per 1,000 18 to 44 Year Olds with No College Degree | 63.0                              | 1                          | 18.4   | 29.9   | 45                 | 36                 |

**Source: Realizing Kentucky's Educational Attainment Goal: A Look in the Rear View Mirror and Down the Road Ahead, 2011 Report by the National Center for Higher Education Management Systems**

# Efficiency and Innovation



Public degree and credential production doubled while state support declined (adjusted for inflation and enrollment growth)



Source: CPE KPEDS

# 2012-14 Budget Recommendation



- Presidents support
- Strongly aligned with new Strategic Agenda & HB 1 (1997) reform mandates
- Builds upon previous success
  - Bucks for Brains (research)
  - SB 1 (2009) Implementation (college readiness)
- Reinforces importance of M&O on new facilities
- Puts a few new strategic ideas on the table
  - Performance funding (student success)
  - Multi-biennial capital request with stronger balance between asset preservation/renovation and new (efficiency & innovation)

# 2012-14 Budget Recommendation



- 1) Institutional Operating Funds
- 2) Bucks for Brains
- 3) Capital Investments
- 4) CPE Agency Funds

# Institutional Operating Funds



## Context

- Strong support from General Assembly and Governor
- Base funding reduced by \$105 million since FY08
- Significant fixed cost increases
- Improved productivity and efficiencies (e.g., record degrees, record enrollments, and cost containment strategies)

## Components

- **Base funding (\$1.006 billion)**
  - Technical adjustments
- **Maintenance and Operations (M&O) on new facilities (\$40 M)**
  - Utility costs, energy, janitorial costs, etc.
- **Strategic Investments (\$57 M)**
  - College Readiness (\$17 M in FY13)
    - SB 1 (2009) implementation funds
  - Research (\$15 M in FY13)
    - Stimulate increase in federal and other external contracts and grants
  - Student Success (\$25 M in FY14)
    - Incentive funds to increase degree production, graduation rates, close achievement gaps, and increase transfers
    - Performance needed to achieve HB 1 goals

# Bucks for Brains



## Context

- Award winning research & economic development program
- Four previous rounds totaling \$410 M
- Significant return on investment (1997 to 2010; UK and UofL only)
  - Market value of endowment grew from \$447 M to \$1.4 billion
  - Extramural R&D expenditures increased from \$105 M to \$365 M

## Components

- **Endowment Match Program (\$60 M)**
  - Research Challenge Trust Fund (\$50 M)
  - Comprehensive University Excellence Trust Fund (\$10 M)
  - Endowed, matched, and provide perpetual source of funds for endowed chairs/professors, research staff, graduate fellowships, scholarships, and other mission critical support
- **Capital Match Program**
  - Flexibility to use part of B4B distribution for research infrastructure support (e.g., labs) and to enhance education and general space
  - Amount designated by institution board of trustees
- **Research Match Program (\$15 M)**
  - Designed to stimulate research productivity at UK and UofL
  - Matching funds for increased external R&D expenditures above current levels

# Capital Investments



## Context

- Approximately \$1.6 billion in capital investments since 1997
- 5 to 1 investment in new projects versus capital renewal/major renovations
- Approximately 2,000 buildings and 50 million square feet of space
- VFA facility study in 2007 – aging infrastructure/backlog of major system updates
- Multi-biennial approach - \$3 B over 6 years equates to 38% of projected need
- More balanced approach (55% asset preservation/renovation and 45% new projects) needed to start addressing critical needs

## Components

- **Asset preservation/renovation (\$550 M in 2012-14)**
  - Capital renewal and major renovations (reduce utility costs)
  - Leverage data from VFA study
- **New buildings (\$450 M in 2012-14)**
  - Focus on funding top institutional priorities over next six years
- **Information technology (\$60 M in 2012-14)**
  - Critical need to maintain rural access to postsecondary and adult education
  - High speed connections and electronic resources
  - Reduces need for bricks and mortar

# CPE Agency Funds



## Context

- 85% of CPE agency general funds are statewide pass-through funds
- Most pass-through funds reduced similar to state agencies (20% or more)
- CPE attempting to meet statutory responsibilities with significantly fewer staff
- CFG growth of 1.8% in FY13 and 4.2% in FY14 with some larger increases

## Components

- **Kentucky Adult Education**
  - State's 3<sup>rd</sup> largest educational provider; serving 536,000 Kentuckians (18 to 64) without H.S. diploma
- **KPEN / KYVC / KYVL / KPEDS**
  - Kentucky ranked high in terms of percent of credit hours delivered online
  - Serve over 1 million Kentuckians and helps provide high-speed internet across the state
- **Contract Spaces Programs**
  - Veterinary and optometry spaces at Auburn, Tuskegee, and Indiana
- **SB 1 (2009) Implementation**
  - Assessment academies and professional development of faculty and teachers
- **SREB Doctoral Scholars Program and Other Statewide Educational Programs**
  - Helping to close achievement gaps
- **Science and Technology Funding Programs**
  - Administered by KSTC to stimulate economic and job growth investments

# State Student Financial Aid



## Context

- Approximately \$190 million in state student financial distributed in FY10
- Funding gap for need-based aid increased dramatically, from \$39 million in FY06 to \$105 million in FY10
- 53,000 Kentucky students receive either CAP/KTG, while over 63,000 eligible students do not receive funds
- Less aid for part-time, transfer, and adult learners

## Components

- Funding requests for financial aid comes through KHEAA
- Council policy objective #5 focused on decreasing financial barriers to college
- Key statewide performance metric aligned with reducing number of eligible students who do not receive state need-based aid by 2015