

POSTSECONDARY EDUCATION 2010-12 OPERATING AND CAPITAL BUDGET RECOMMENDATION

Robert L. King, President
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Overview

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- ❖ Points of Consensus
- ❖ 2010-12 Budget Recommendation
 - 1) Institutional Operating Funds
 - 2) Capital Investments
 - 3) Agency Funds
- ❖ Tuition Update
- ❖ Critical Issues



Kentucky's Postsecondary and Adult Education System

- ❖ 8 four-year public postsecondary institutions
- ❖ 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 Reform

Performance Indicator	1998	2008	Increase
Undergraduate Enrollment	147,045	212,126	44%
Graduate Enrollment	22,534	27,942	24%
Bachelor's Degrees	14,579	19,227	32%
Associate Degrees	5,123	7,785	52%
Graduate Degrees	5,708	8,433	48%
Minority Degrees	1,839	4,670	154%
R&D Expenditures*	\$155M*	\$344M	122%

*R&D expenditures are for the year 2000 and 2006

Points of Consensus

- ❖ Collaborative work product of Council and institutions
- ❖ Outlines general principles to guide budget request
- ❖ Signed by all Presidents and provides unified voice
- ❖ Focus on two parts
 - 1) Base funding priorities
 - Base adjustments (necessary)
 - Strategic initiative funds (if funds available)
 - 2) Capital investments
 - Align with findings of facility study (2007)
 - Asset preservation a priority
 - Agency bond flexibility



2010-12 Operating and Capital Budget Recommendation

<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>
\$1.08 B*	\$1.05 B	\$1.05 B**	\$1.05 B	\$1.05 B
			+ \$23 M in technical adjustments	+ Additional \$5 M in technical adjustments
			= 2.2% increase	= 0.4% increase

If additional funds are available

\$25 M for strategic initiatives to improve graduation, retention, etc.

Additional \$25 M for strategic initiatives

*Adjusted for \$32.5 M mid-year budget cut in FY08. Original FY08 GF was \$1.11 B

**Includes \$976.5 M in state General Fund dollars, plus \$70 M in federal state fiscal stabilization fund dollars

2010-12 Operating and Capital Budget Recommendation

Institutional Operating Funds (\$1.1 billion)

- ❖ **SFSF replacement** (\$70 million)
- ❖ **Base adjustments** (net increase \$28 million)
 - Includes total debt service (\$8M), UofL hospital contract (\$21M), KSU land grant (\$7M), and M&O on new facilities (\$37M: FY09-FY12)
- ❖ **Strategic initiative funds** (\$50 million)
 - Focus on retention and graduation rates
 - Other initiatives consistent with HB 1 (e.g., research, transfer, etc.)
 - Distributed proportionately to institutions

2010-12 Operating and Capital Budget Recommendation

Capital Investments (\$1.2 billion)

- ❖ Aligned with VFA facility study (2007)
- ❖ Capital Priorities
 - 1) **Capital Renewal/Asset Preservation (\$100M)**
 - 2) **New & Expanded E&G/Major Renovations (\$821M)**
 - 3) **New Research Buildings (\$267M)**
 - 4) **Information Technology (\$50M)**
- ❖ Importance of communicating full cost of buildings (cost of construction, debt service, and M&O)

2010-12 Operating and Capital Budget Recommendation

Agency Funds (\$52 million)

Statewide Coordination (16% of GF)

- ❖ Mandatory “defined calculation” (\$.8M)

Statewide Educational Programs and Services (84% of GF)

- ❖ Kentucky Adult Education Instruction (\$.8M)
- ❖ Student Assistance & Ed. Support (\$.8M – Contract Spaces)
- ❖ Academic Support (\$.2M - KPEN, KYVC/KYVL)
- ❖ Research & Econ. Development (\$.2M - KSTC)

Debt Service (\$11M asset preservation, \$89M new E&G and major renovations, \$29M new research, \$12M info. tech.)

Transfer of Programs (Will require legislative action)

Tuition Update (2010-11)

- ❖ Similar process to last year
- ❖ Discuss with key stakeholders before setting rates
- ❖ Share information related to effective use of resources, access, financial aid, market, etc.
- ❖ Tuition parameters in March 2010 and final approval in May 2010

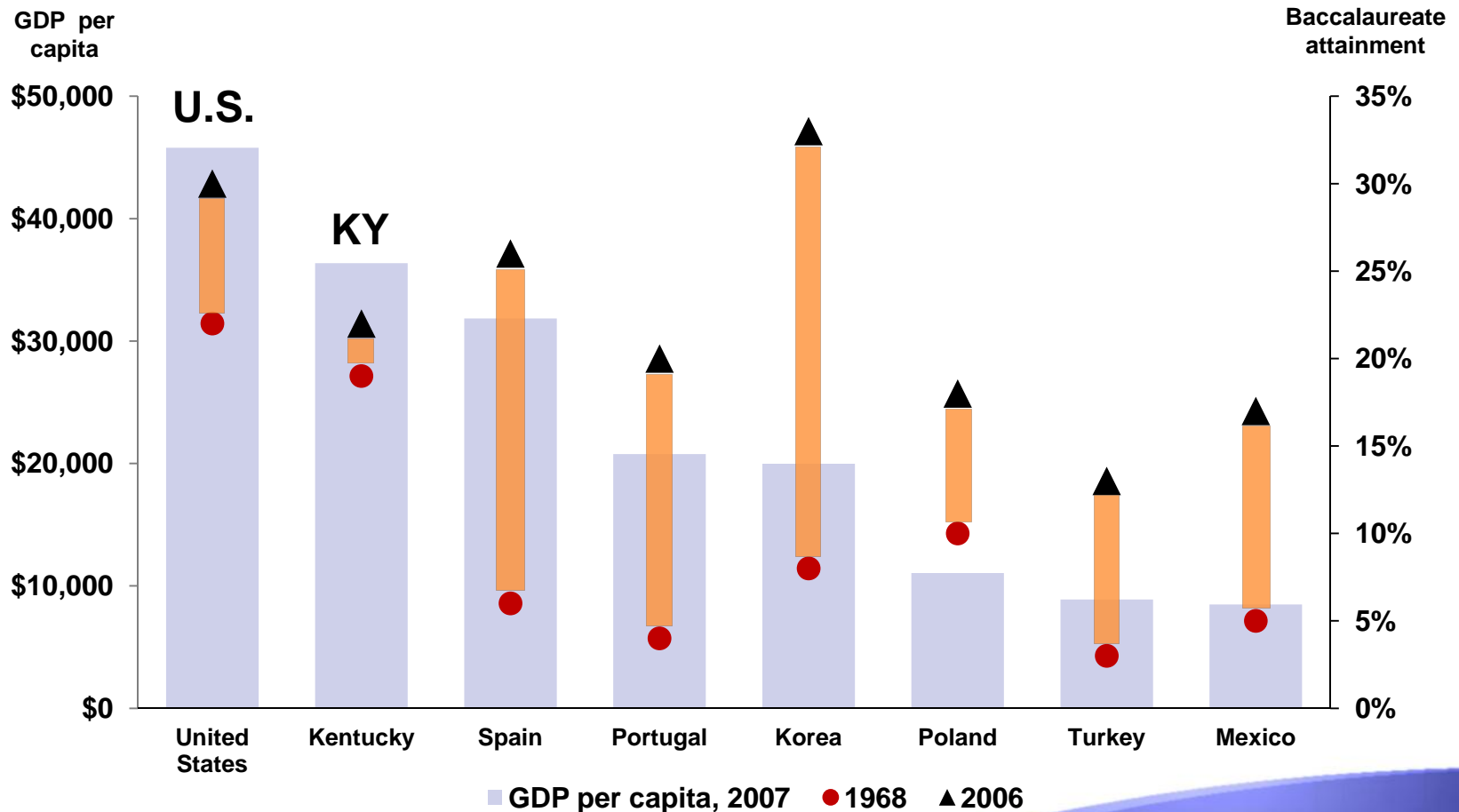


Critical Issues

- ❖ Senate Bill 1 (2009) Implementation
- ❖ Retention & Graduation Rates / Degree Completion
- ❖ Transfer
- ❖ Research
- ❖ Student Financial Aid
- ❖ New Strategic Plan (2011-15)



Baccalaureate Attainment, Age 25-34, 1968 and 2006, by GDP Per Capita, 2007



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