

**Council on Postsecondary Education
November 5, 2007**

**Executive Summary
Postsecondary Education Budget Recommendation for 2008-10**

Under KRS 164.020 and the Kentucky Postsecondary Education Improvement Act of 1997 (House Bill 1), the Council on Postsecondary Education is authorized to submit the biennial budget recommendation for postsecondary education.

ACTION: The staff recommends that the Council approve the budget recommendation as submitted for 2008-10.

This executive summary, as well as the detailed components that follow, represents the culmination of months of discussions and meetings with the Council's Budget and Finance Policy Group, as well as other members of the Council, public and independent college and university presidents, chief budget officers, chief academic officers, state policymakers, and consultation with the National Center for Higher Education Management Systems (NCHEMS), a national leader in higher education finance and policy development. A brief timeline of important steps in the funding policy review process is included as **Attachment A**.

The Council staff would like to extend a special thanks to the presidents and chief budget officers of Kentucky's public postsecondary institutions for the countless hours of meetings and discussions over various elements of this budget recommendation. It is a stronger recommendation because of their feedback, expertise, and stewardship.

Based upon this feedback and analysis, a number of funding policy objectives surfaced, which served as a foundation for the budget recommendation. Its method of funding the state's colleges and universities is new and innovative. It is intended to accelerate progress toward the Double the Numbers goal and statutory goals of House Bill 1 (1997), support statewide and institutional strategic objectives, improve student access and affordability, stimulate research and economic development, and increase accountability and transparency. The new approach also recognizes tuition and fees as an essential revenue source to achieve statewide goals.

The Postsecondary Education Budget Recommendation for 2008-10 is divided into three major components, presented in priority order:

- I. Continuing Operations
- II. Double the Numbers Strategic Investments
- III. Capital Projects

The recommended first priority for the upcoming biennium is funding for continuing operations at the state’s eight public four-year universities and KCTCS, Council operations, and Kentucky adult education. If approved, these funds will enable public postsecondary institutions to maintain current service levels (i.e., existing student enrollment, faculty lines, and staff positions) and will sustain ongoing operations of the agency and Kentucky adult education. Strategic investments that accelerate progress toward the Double the Numbers goal are recommended as the second priority for postsecondary education in 2008-10. This category of expenditure includes institutional strategic investments, Council trust funds and funding programs, and pass-through programs. The recommended third priority is capital funding for campus-based instructional, and research and economic development projects for postsecondary education, addressing both new construction and major renovation needs.

The staff recommends that the Council request appropriations of \$1,299,500,600 in 2008-09 and \$1,416,165,100 in 2009-10 for Continuing Operations and Double the Numbers Strategic Investments. The staff also recommends \$76,264,000 in debt service for bonds to support a variety of capital and technology infrastructure needs essential for achieving the long-term goals of the Double the Numbers plan and House Bill 1 (1997). A table containing recommended appropriation amounts for each category of expenditure is provided below.

<i>Description</i>	<i>FY 2008-09</i>	<i>FY 2009-10</i>
Continuing Operations	\$1,217,237,000	\$1,276,891,100
Double the Numbers Strategic Investments	82,263,600	139,274,000
Subtotal	\$1,299,500,600	\$1,416,165,100
Capital Projects	0	76,264,000
Total	\$1,299,500,600	\$1,492,429,100

A series of summary financial tables is attached to the Executive Summary section to provide a quick reference on the Postsecondary Education Budget Recommendation for 2008-10.

I. Continuing Operations

This component is broken down into three sections: (a) maintenance of institutional ongoing operations; (b) CPE agency operations; and (c) the adult education funding program.

A. Maintenance of Institutional Ongoing Operations

The Council’s budget recommendation seeks to ensure that adequate funds are available to maintain ongoing operations and the existing educational services and programs of the institutions in the face of inflationary pressures.

- **Inflationary Increases:** The request seeks to increase the net operating funds of each institution by 3.3 percent or \$35,986,500 in 2008-09 and \$74,249,500 in 2009-10 over the 2007-08 General Fund appropriation for inflationary adjustments that support ongoing institutional operations. The inflationary adjustment is based upon the three-year average of the Higher Education Cost Adjustment (HECA).
- **Capital Renewal:** The request provides a total of \$5 million recurring dollars for capital renewal and deferred maintenance to be matched by institutions in each year of the biennium and distributed on a proportionate square footage basis. Thus, at least \$10 million in new capital renewal funding will be made available in each year of the biennium.
- **Maintenance and Operations of New Facilities:** The request seeks an appropriation of \$7,980,000 in 2008-09 and \$26,346,000 in 2009-10 over the 2007-08 General Fund appropriation for maintenance and operations of new facilities previously authorized and coming online during the biennium. These totals reflect new facility square footage as well as custodial, maintenance support, and utility costs.
- **Changes in Debt Service:** The request seeks an appropriation of \$20,488,100 in 2008-09 and \$20,561,200 in 2009-10 for debt service on existing facilities. The staff recommends base adjustments of \$11,368,400 in 2008-09 and \$11,441,500 in 2009-10 to reflect changes in debt service on existing education and general (E&G) debt.
- **Changes in UofL Hospital Contract:** The University of Louisville provides indigent care for citizens of the Louisville/Jefferson County metropolitan area through a contractual Quality and Charity Care Trust (QCCT) agreement. The request seeks an appropriation of \$19,842,900 in 2008-09 and \$20,204,000 in 2009-10 for indigent care provided by UofL hospital. The staff recommends base adjustments of \$860,600 in 2008-09 and \$1,221,700 in 2009-10 to reflect changes in contract costs.
- **Trust Fund Appropriations:** An additional \$6,459,600 in recurring funds in 2008-09 is requested to be transferred to institution base operations per Council approved guidelines for the Research Support Programs at UK and UofL, Regional Stewardship Programs at the comprehensive universities, and the Workforce Development/Transfer Program at KCTCS. Included in the above total is \$9,600 to be transferred to Kentucky State University for the Martin Luther King Jr., Scholarship, \$300,000 in Regional Grant funds to be transferred to Northern Kentucky University to expand regional stewardship activities, and \$750,000 to be transferred to UK (\$250,000), UofL (\$125,000), and Western Kentucky University (\$375,000) to support *Statewide Engineering Strategy* initiatives.

B. CPE Agency Operations

- Agency operations include personnel and operating expenses necessary to manage the agency and programs of the Council. The agency is organized into six primary units including executive, finance and planning, academic affairs, information and technology, Kentucky adult education, and Kentucky Virtual Campus and Virtual Library.

- The request seeks an appropriation of \$10,416,700 in 2008-09 and \$ 11,007,600 in 2009-10. These amounts include additional budget requests of \$1,569,200 in 2008-09 and \$2,160,100 in 2009-10 over the 2007-08 General Fund appropriation for various categories of expenditure, including mandatory adjustments in employee salaries and benefits (i.e., defined calculations), three new agency staff support positions, two new staff positions to support implementation of the Kentucky Postsecondary Education Data System, and an increase in the agency's external communications budget to support increased production of Council publications and reports.

C. Adult Education Funding Program

- As part of a statewide imperative to double the number of working-age Kentuckians with a bachelor's degree by 2020, the Council has charged Kentucky Adult Education (KYAE) with increasing the GED productivity from 9,281 in 2007 to 15,000 in 2020 and with increasing a GED postsecondary transition rate to 36 percent by 2020. In response to these aggressive goals, KYAE staff developed a new framework for adult education, which places more emphasis on quality student learning outcomes, more flexibility in providing adult education services, higher performance expectations, and new opportunities for local programs to earn additional funding based on student outcomes.
- This program funding is requested for the biennium to continue and enhance program services related to adult education programs statewide.
- Funding will be allocated to county programs through grants for adult education services geared toward completion of GED, workforce/employment initiatives, basic literacy, participation and engagement in adult learning opportunities, and transition of students into postsecondary education.
- The staff recommends that the Council request an appropriation of \$27,026,000 in 2008-09 and \$29,026,000 in 2009-10 for the Adult Education Funding Program. These amounts include additional budget requests of \$2,000,000 in 2008-09 and \$4,000,000 in 2009-10 over the 2007-08 General Fund appropriation to support increased service provision at local adult education programs located throughout Kentucky and facilitate attainment of the Council's 2020 GED attainment goal.

II. Double the Numbers Strategic Investments

This component is broken down into three sections: (a) institutional Double the Numbers investments; (b) CPE trust funds and funding programs; and (c) pass-through programs.

A. Institutional Double the Numbers Investments

House Bill 1 (1997) charges Kentucky's public postsecondary system to raise educational attainment levels of state residents to the national average by 2020. Increasing the number of bachelor's degrees produced by the system is a key component for achieving this goal and provides the quickest, most direct link to economic prosperity. The staff

recommends appropriations of \$28,000,000 in 2008-09 and \$48,500,000 in 2009-10 for institutional strategic investments aligned with the Double the Numbers plan, the Public Agenda, and board-approved institutional business plans. If approved, these funds will support three major institutional, strategic-investment initiatives that advance the Council's Double the Numbers plan: (a) developmental education; (b) statewide priorities; and (c) KCTCS Student Access Initiative. Guidelines for institutional plans and intended outcomes from these strategic investments will be presented at the January 2008 Council meeting.

- **Developmental Education:** Based upon recommendations from the Developmental Education Taskforce, this initiative is designed to support programmatic redesign and additional infrastructure needed to improve the success rates of developmental education students at Kentucky's public postsecondary institutions. The staff recommends appropriations of \$5,500,000 in 2008-09 and \$8,500,000 in 2009-10 to support the developmental education initiative. If approved, the 2008-09 appropriation will be allocated among the public four-year universities in amounts of \$500,000 per institution, with \$1.5 million allocated to KCTCS to support infrastructure improvements. The 2009-10 appropriation is allocated using a developmental education student index generated by weighting the number of under-prepared students at each institution with the average number of remediation needs.
- **Statewide Priorities:** The staff recommends appropriations of \$15,000,000 in 2008-09 and \$25,000,000 in 2009-10 to support strategic plans related to research, regional stewardship, workforce development, transfer, STEM, college outreach/extension, graduate education, academic quality, diversity, and adult education. These investments are intended to advance statewide priorities related to the Double the Numbers plan, the Public Agenda, and board-approved institutional business plans related to achieving the reform goals.
- **KCTCS Student Access Initiative:** To encourage access and affordability for Kentucky residents enrolled at the Kentucky Community and Technical College System, the staff recommends appropriations of \$7,500,000 in 2008-09 and \$15,000,000 in 2009-10 to defray the operations and instructional expenses of KCTCS during a tuition rate increase moratorium over the biennium. Once implemented, the program will help support costs of increased enrollment and degree production for the system.

B. CPE Trust Funds and Funding Programs

CPE trust funds and funding programs in the 2008-10 budget recommendation represent resources that are appropriated to the Council and distributed per guidelines to the institutions or are used to accelerate statewide achievement of reform goals. The staff recommends that the Council request appropriations of \$46,836,100 in 2008-09 and \$83,184,100 in 2009-10 to support trust fund and funding program initiatives. These amounts include additional budget requests of \$25,755,000 in 2008-09 and \$62,103,000 in 2009-10.

- **Double the Numbers Degree Fund:** The staff recommends appropriations of \$5,000,000 in 2008-09 and \$20,000,000 in 2009-10 for a Double the Numbers degree production performance fund. This new incentive funding program focuses

additional attention on the Council's Double the Numbers plan and creates a financial performance incentive for the public four-year universities to increase bachelor's degree production and for KCTCS to increase the number of associate degrees and transfers to four-year institutions in Kentucky over the biennia. Additional priority funding is proposed to encourage STEM degrees, minority degrees, degrees from developmental education students, and students who transfer from KCTCS that complete bachelor's degrees. This performance funding program is designed to award a pre-determined dollar amount to institutions for producing an increase in bachelor's degree (associate degrees and transfers for KCTCS) in each year of the biennium.

- **Research Challenge Trust Fund (RCTF), Regional University Excellence Trust Fund (RUETF), and Postsecondary Workforce Development Trust Fund (PWDTF):** The staff recommends appropriations totaling \$21,278,000 in 2009-10 to pay debt service on a \$200 million bond issue that provides a fourth round of funding for the Endowment Match Program (a.k.a., Bucks for Brains). The Endowment Match Program encourages private investment in public higher education research activities to stimulate business development, generate increases in externally sponsored research, create better jobs and a higher standard of living, and facilitate Kentucky's transition to a knowledge-based economy. If approved, these funds would be allocated \$150 million to the RCTF for the research universities, \$40 million to the RUETF for the comprehensive universities, and \$10 million to the PWDTF for KCTCS. KRS 164.7917 requires funds appropriated to the RCTF to be allocated two-thirds to UK, and one-third to UofL. KRS 164.7919 requires funds appropriated to the RUETF to be allocated proportionately among the comprehensive universities based on each institution's share of total General Fund appropriations, excluding debt service and mandated programs. All funds appropriated to the PWDTF are allocated to KCTCS (KRS 164.7925).
- **Technology Initiative Trust Fund:** The staff recommends that the Council request appropriations of \$10,130,200 in 2008-09 and \$10,200,200 in 2009-10 for the Technology Initiative Trust Fund. These amounts include additional budget requests of \$2,705,000 in 2008-09 and \$2,775,000 in 2009-10. The appropriations support the following program initiatives.
 - **Kentucky Postsecondary Education Network (KPEN):** The request supports Internet protocol-optimized networks specifically designed for postsecondary education requirements and applications. It supports high-demand, high access Internet users and provides mechanism for future expansion.
 - **IT Initiatives Bond Issue - Debt Service:** This project will support the acquisition of equipment that involves E&G activities, KYVL, and KYVC. **Table 1-C** of the capital agenda item section identifies the eligible projects to be completed with the proceeds of the bond issue. **Table 1-D** of the capital agenda item section describes the process for allocation among the institutions and the Council.
 - **KYVL Electronic Databases – Inflation:** Kentucky citizens performed over 22,000,000 KYVL electronic searches this past year. This request supports inflationary pressures on statewide electronic databases. The Kentucky Virtual Library (KYVL) negotiates statewide contracts for, and provides Kentucky citizens access to, over 43 licensed indexing, abstract, and full-text databases.

The databases contain more than 76,000 indexed publications, including 28,000 full-text resources, 557,016 images, and 2,000 maps.

- **KY Learning Content Repository:** This request supports a new, collaborative initiative sponsored by the Southern Regional Education Board (SREB) that, once implemented, will allow K-12 teachers and postsecondary faculty to share standards-based, digital resources across a 16-state region to improve course content, teaching, and learning.
- **Physical Facilities Trust Fund:** The Physical Facilities Trust Fund in each biennium is the repository for debt service or cash representing projects authorized by the General Assembly to be implemented using General Fund resources on each institution's campus. While the debt service amount is shown in the aggregate, it represents a specific amount for each specific postsecondary project authorized by the General Assembly. The capital projects listed represent the highest postsecondary priorities intended to provide the greatest level of support for the Double the Numbers plan. The staff recommends that the Council request \$67,099,000 in 2009-10 for the Physical Facilities Trust Fund to pay annual debt service on bond issues that support capital renewal and maintenance projects, renovation of existing facilities, and new facility construction at Kentucky public postsecondary institutions.
 - **Capital Renewal, Maintenance, and Infrastructure:** This represents the first installment on a program to address deferred capital renewal for existing facilities to Kentucky public postsecondary institutions and is based on the results of the statewide facilities assessment by VFA, Inc. See **Table 1-A** of the capital agenda item section for more detail.
 - **Space Adequacy and Renovations:** These projects support the upgrade and modification of existing facilities to ensure that the space supports the intended programmatic needs of an institution and address facilities systems and building code requirements. The facilities are identified in part by the results of the statewide facilities assessment by VFA, Inc. See **Table 1** of the capital agenda item section for more detail.
 - **New and Expanded E&G Facilities:** These projects support the addition of new capacity to support the increased number of students coming into the system to meet an objective to double the number of bachelor's degree holders in Kentucky. The facilities are identified in part by the results of the statewide facilities assessment by VFA, Inc., and assisted by Paulien & Associates. See **Table 1** of the capital agenda item section for more detail.
 - **Research and Economic Development Projects:** These projects support the creation of new capacity and upgrade and modification of existing facilities to address the substantial shortage of research space to attract world class researchers to Kentucky and to assist the system to have a top 20 research institution and a premier metropolitan research institution. The facilities are identified in part by the results of the statewide facilities assessment by VFA, Inc., and assisted by Paulien & Associates. See **Table 1** of the capital agenda item section for more detail.
- **Science and Technology Funding Program:** The staff recommends that the Council request an appropriation of \$19,555,900 in 2008-09 and \$19,555,900 in 2009-10 for the Science and Technology Funding Program. These funds include additional

budget requests of \$9,950,000 in 2008-09 and \$9,950,000 in 2009-10 to support science, technology, engineering, and mathematics (STEM) statewide initiative, the P-16 engineering pipeline, and new economy initiatives.

- **Science, Technology, Engineering, and Math (STEM) Task Force Recommendations:** The task force identified eight interrelated recommendations that provide a blueprint for enhancing and improving Kentucky's performance in the STEM disciplines. The funding request supports activities and programs that represent the first phase of strategic interventions recommended by the task force focused on better statewide coordination, education incentives to postsecondary education institutions and K-12 to promote improvements in the STEM curriculum and STEM professional development, formal and informal stewardship to encourage students to excel in STEM subjects, business incentives for employing and investing in Kentucky STEM graduates, and STEM outreach and public awareness.
 - **P-16 Engineering Pipeline:** The request provides funding to enhance the P-16 pipeline for the production of engineers and engineering technologists by supporting an expansion of Project Lead the Way in Kentucky.
 - **New Economy Initiatives:** A number of knowledge-based economy and STEM-related programs and projects fall within the rubric of New Economy Initiatives, including the Kentucky Science and Engineering Foundation (KSEF), commercialization, the Kentucky Enterprise Fund, Kentucky EPSCoR, and the Kentucky Satellite Project (KySat). Increased funding for these growing programs will enable Kentucky to further develop existing areas of innovation and sustain a pipeline of new technologies that is crucial for building a viable, knowledge-based, entrepreneurial economy.
- **Special Initiatives Funding Program:** The staff recommends that the Council request appropriations of \$9,050,000 in 2008-09 and \$9,050,000 in 2009-10 for the Special Initiatives Funding Program. These funds include additional budget requests of \$8,100,000 in 2008-09 and \$8,100,000 in 2009-10 to support a college access initiative, local P-16 councils, statewide diversity planning, developmental education, and a transfer improvement initiative.
 - **College Access Initiative:** The College Access Initiative supports the increase of educational attainment to the national average by providing motivational, streamlined, and relevant college-going information that will encourage prospective students to inquire about and enroll in college.
 - **Local P-16 Councils:** Kentucky's local P-16 councils are partnerships of school districts, universities and community and technical colleges, adult education providers, early childhood educators, employers, and civic groups that support high-school-to-college, GED-to-college, and workplace transition initiatives, including dual enrollment, early diagnostic assessment, curriculum alignment, and career awareness.
 - **Statewide Diversity Planning:** Recent actions by the U. S. Supreme Court established new standards for determining the need for diversity in postsecondary education. A statewide study has been undertaken that will produce policies for diversity planning and recommendations necessary for the Council and each institution to comply with the standards articulated by the

Supreme Court in the Michigan cases *Grutter and Gratz*, Kentucky, and the federal law. Funding and implementation of the diversity plan recommendations will promote a postsecondary education system and community environment in which minority students can prosper academically and socially.

- **Developmental Education:** Kentucky shares with the nation a dual challenge to reduce the number of traditional and nontraditional students coming to postsecondary education underprepared and to improve the success rates of underprepared students admitted to its postsecondary institutions. These issues were addressed in the final report of Kentucky's Developmental Education Task Force released in February 2007. That report, entitled *Securing Kentucky's Future: A Plan for Improving College Readiness and Success*, recommended six priority actions to bring first-year success rates for underprepared students to levels at or near that of prepared students. The funding request supports statewide efforts to help address these recommendations.
- **Transfer Improvement Initiative:** The objectives of the Transfer Improvement Initiative are threefold: (1) support degree completion and transfer of KCTCS students to Kentucky public and independent institutions, (2) bolster KCTCS workforce development and transfer programs in areas of strategic benefit to the Commonwealth, and (3) strengthen the statewide transfer technology infrastructure providing increased opportunity for students, faculty, and staff to access transfer planning resource information, course equivalencies, and degree completion requirements of baccalaureate programs at Kentucky public and independent institutions.

C. CPE Pass-Through Programs

The Council has been designated as the receiving agency for several programs and activities, whereby funds "pass through" the Council on the way to postsecondary education institutions, other state agencies, or independent organizations. The staff recommends that the Council request an appropriation of \$7,427,500 in 2008-09 and \$7,589,900 in 2009-10 for pass-through programs. These funds include additional budget requests of \$1,284,000 in 2008-09 and \$1,446,400 in 2009-10 to support a tuition rate increase for veterinary medicine contract spaces, additional spaces for veterinary medicine contract spaces, expansion funding for the Kentucky Autism Training Center, and a Kentucky GEAR UP grant state match. For a more complete description of pass-through programs see the Double the Numbers Strategic Investments section of this agenda item.

III. Capital Projects

The capital recommendation addresses both short and long-term capital needs, tightens the link between facility condition, fit-for-continued-use, and the need for new space. The process to build the recommendation uses data to ensure that infrastructure is adequate to achieve the 2020 reform goals; an evaluation system that is fully integrated, fair, equitable, and meets the needs of citizens, regions, and the state; a blend of capital investments to make

sure that facilities fit their intended purpose and meet future education needs, support for degree production, research capacity, and asset preservation, and a sustained infusion of funds to promote high quality learning and services. The recommendation includes capital project financing as follows.

State General Fund dollars:

- State bonded debt of \$90 million supported by \$8,053,000 of General Fund debt service to implement projects for capital renewal, maintenance, and infrastructure. The appropriation represents the first installment to begin addressing approximately \$5.3 billion of deferred capital renewal, maintenance, and infrastructure projects that were identified by the statewide facilities assessment conducted by VFA, Inc., of Boston, Massachusetts.
- State bonded debt of \$659.7 million supported by \$59,046,000 of General Fund debt service to renovate existing education and general and research space and to construct new educational and general and research facilities (projects are priority ranked). The action addresses findings by the statewide facilities assessment that buildings should serve a program's current and future need either by design or retrofit and provide new capacity to support Kentucky's Double the Numbers plan to increase college graduates and research and economic development.
- State bonded debt of \$50 million supported by \$9,165,000 of General Fund debt service for an information technology initiatives pool. The project supports priorities of increased bachelor's degree production, access, affordability, developmental education, STEM, transfers, adult learners, student learning, and increased capacity to support research and economic and community development.

Other sources of funds:

- 2008-09 authorization of \$521,042,000 in agency bond authority. This allows authorization and completion of each institution's highest priorities for agency bond funded capital projects.
- 2008-09 authorization for \$2,083,758,400 in agency, federal, private, and other funds to address life safety, major maintenance, equipment acquisitions, infrastructure repair and upgrades, and new construction. These projects would be funded using agency, federal, private, or other nonstate funds.
- 2008-09 authorization for nine agency-funded projects to improve energy efficiency in campus buildings including energy equipment acquisitions and infrastructure repair and upgrades. These projects would be funded using third party financing techniques available through the Finance and Administration Cabinet and private contractors or other nonstate funds.

**Council on Postsecondary Education
Funding Development Timeline
April 2006 – November 2007**

Highlighted below is a brief timeline of important steps in the funding development process over the past 18 months.

2006

- Spring 2006 - The Council charges members of the Budget and Finance Policy Group to initiate a review of its funding policies in order to better align them with the Public Agenda and the long-term goals outlined in the *Kentucky Postsecondary Education Improvement Act of 1997* (House Bill 1), with particular interest in increasing bachelor's degree production to the national average by 2020.
- Summer and fall 2006, the Council staff reviews other state funding models to gain a better understanding of the various funding approaches used by other coordinating and governing boards.

2007

- January 2007 - The Council receives a number of informational presentations from Dennis Jones at NCHEMS, a national expert on higher education finance. In addition, extensive campus visits are undertaken with presidents and campus leadership teams to solicit feedback on funding development.
- Spring 2007 – An agreement is reached to move away from the existing benchmark funding model and begin to develop a new funding approach for the 2008-10 budget recommendation.
- May 2007 - The Budget and Finance Policy Group reviews a concept paper that began to frame a long-term approach to looking at the resources and outcomes needed to achieve the reform goals with a particular emphasis on the relationship between educational attainment and economic development.
- Summer 2007 – The Council reviews an outline for the Double the Numbers plan intended to reinforce the importance of a bachelor's degree production and economic prosperity.
- August 2007 – The Council staff shares a general framework for the 2008-10 budget recommendation at Council retreat that outlines some historical data related to general fund appropriations and tuition revenue increases, as well as the core elements of a new funding approach – a base plus model that provides a stronger link between public investment and outcomes and incorporates inflationary adjustments for ongoing operations together with performance funding for degrees and other strategic investments in areas such as developmental education, STEM, and research.
- September 27, 2007 – The Council staff shares a draft discussion budget with public universities.
- Fall 2007 - Council staff shares a 10-year update on the Endowment Match Program (Bucks for Brains) with Council to help inform the funding process.
- October 3, 2007 – The Budget and Finance Policy Group holds institutional budget hearings to gather information on drafts of institutional business plans submitted to the Council for review.
- October 17, 2007 - The Council is given a detailed presentation and provides feedback on the discussion budget.
- Late October 2007 – President Cowgill, along with Council staff and various Council members, has extensive conversations with institutional representatives, the budget office, and members of the General Assembly in order to gather feedback and suggestions for possible final changes to the 2008-10 budget recommendation.
- November 5, 2007 – The Council takes action on the Postsecondary Education Budget Recommendation for 2008-10.

Summary of 2008-10 General Fund Budget Recommendation for Postsecondary Education

	Base Year FY 2007-08	Requested FY 2008-09	Change From Prior Year	Requested FY 2009-10	Change From Prior Year	Biennial Increase	Percent Change
Priority #1: Continuing Operations							
Eastern Kentucky University	80,230,200	85,404,800	5,174,600	90,937,800	5,533,000	10,707,600	13.3%
Kentucky State University	28,349,000	29,684,500	1,335,500	31,596,200	1,911,700	3,247,200	11.5%
Morehead State University	48,697,600	51,748,700	3,051,100	54,963,500	3,214,800	6,265,900	12.9%
Murray State University	56,068,700	58,557,700	2,489,000	62,643,300	4,085,600	6,574,600	11.7%
Northern Kentucky University	55,330,000	61,960,800	6,630,800	68,426,700	6,465,900	13,096,700	23.7%
Western Kentucky University	86,396,200	91,326,300	4,930,100	96,982,000	5,655,700	10,585,800	12.3%
University of Kentucky	337,016,500	355,304,400	18,287,900	372,851,700	17,547,300	35,835,200	10.6%
University of Louisville	191,346,100	204,562,700	13,216,600	218,457,300	13,894,600	27,111,200	14.2%
Kentucky Community and Technical College System	228,704,900	241,244,400	12,539,500	267,999,000	26,754,600	39,294,100	17.2%
Institutional Maintenance of Ongoing Operations	\$ 1,112,139,200	\$ 1,179,794,300	\$ 67,655,100	\$ 1,264,857,500	\$ 85,063,200	\$ 152,718,300	13.7%
Council Operations	8,943,100	10,416,700	1,473,600	11,007,600	590,900	2,064,500	23.1%
Adult Education Funding Program	25,026,000	27,026,000	2,000,000	29,026,000	2,000,000	4,000,000	16.0%
Total Continuing Operations	\$ 1,146,108,300	\$ 1,217,237,000	\$ 71,128,700	\$ 1,304,891,100	\$ 87,654,100	\$ 158,782,800	13.9%
Note: The Council's 2008-10 budget recommendation does not reflect changes in the 2008-10 Branch Budget Guidelines related to increases in KERS benefit rates for hazardous and non-hazardous employees. The Council staff is reviewing the financial implications of implementing the recommended rates prescribed in the guidelines and the recommendation would need to change significantly if the new rates are applied.							
Priority #2 : Strategic Statewide Investments							
Institutional Double-the-Numbers Investments	\$ -	\$ 28,000,000	28,000,000	\$ 20,500,000	\$ (7,500,000)	20,500,000	
Eastern Kentucky University	-	1,817,200	1,817,200	1,139,700	(677,500)	1,139,700	
Kentucky State University	-	785,000	785,000	273,000	(512,000)	273,000	
Morehead State University	-	1,219,500	1,219,500	682,300	(537,200)	682,300	
Murray State University	-	1,464,200	1,464,200	728,300	(735,900)	728,300	
Northern Kentucky University	-	1,588,400	1,588,400	971,800	(616,600)	971,800	
Western Kentucky University	-	2,033,800	2,033,800	1,390,900	(642,900)	1,390,900	
University of Kentucky	-	4,240,400	4,240,400	2,561,100	(1,679,300)	2,561,100	
University of Louisville	-	3,044,600	3,044,600	1,773,000	(1,271,600)	1,773,000	
Kentucky Community and Technical College System	-	11,806,900	11,806,900	10,979,900	(827,000)	10,979,900	
CPE Trust Funds and Funding Programs	26,402,100	46,836,100	20,434,000	83,184,100	36,348,000	56,782,000	215.1%
Pass Through Programs*	6,153,100	7,427,500	1,274,400	7,589,900	162,400	1,436,800	23.4%
*Includes 1 M for Gear UP							
Total Strategic Statewide Investments	\$ 32,555,200	\$ 82,263,600	49,708,400	\$ 111,274,000	29,010,400	78,718,800	241.8%
Total General Fund	\$ 1,178,663,500	\$ 1,299,500,600	\$ 120,837,100	\$ 1,416,165,100	\$ 116,664,500	\$ 237,501,600	20.2%
Lung Cancer Research - Tobacco Settlement Funds	\$ 5,864,700	\$ 5,591,100	(273,600)	\$ 5,685,600	94,500	(179,100)	-3.1%
Priority #3: Capital							
Capital Renewal 2				\$ 8,053,000	\$ 8,053,000	8,053,000	
Space Adequacy & Renovations 2				14,483,000	14,483,000	14,483,000	
E&G Projects 2				28,005,000	28,005,000	28,005,000	
Research & Economic Projects				16,558,000	16,558,000	16,558,000	
Information/Tech Equipment Purchase 2				9,165,000	9,165,000	9,165,000	
Total Capital				\$ 76,264,000	\$ 76,264,000	76,264,000	
Estimated Gross Tuition and Fee Revenue 3	\$ 1,017,490,407	\$ 1,112,567,218	95,076,811	\$ 1,238,503,856	\$ 125,936,638	221,013,449	21.7%
Programs Funded Through Other Fund Sources							
KHEAA -Need Based Financial Aid (CAP &KTG) - [Lottery] 4	\$ 92,125,000	\$ 175,062,300	82,937,300	\$ 180,585,500	\$ 5,523,200	\$88,460,500	96.0%
KHEAA -KEES Program - [Lottery] 4	\$ 75,375,000	\$ 91,785,500	16,410,500	\$ 93,048,400	\$ 1,262,900	\$17,673,400	23.4%
1 The General Fund listed represent debt service on \$150 M of bonds for Research Challenge, \$40 M of bonds for Regional Excellence, and \$10 M for the Workforce Trust Fund.							
2 These funds are General Fund appropriations for debt service totaling \$76,264,000 to support \$799.7 M in state bonds related to 17 E&G projects, six Research/Economic Development projects, and two statewide projects.							
3 The Council staff has projected tuition and fee revenue using historic tuition and fee revenue information provided by the institutions and the Council approved 2020 enrollment projections.							
4 The Council considers student financial aid to be a high priority even though KHEAA's funding request is not a budget recommendation responsibility of CPE.							

Summary of 2008-10 General Fund Budget Recommendation for Postsecondary Education							
	Base Year FY 2007-08	Requested FY 2008-09	Change From Prior Year	Requested FY 2009-10	Change From Prior Year	Biennial Increase	Percent Change
Postsecondary Institutions							
Eastern Kentucky University	80,230,200	87,222,000	6,991,800	92,077,500	4,855,500	11,847,300	14.8%
Kentucky State University	28,349,000	30,469,500	2,120,500	31,869,200	1,399,700	3,520,200	12.4%
Morehead State University	48,697,600	52,968,200	4,270,600	55,645,800	2,677,600	6,948,200	14.3%
Murray State University	56,068,700	60,021,900	3,953,200	63,371,600	3,349,700	7,302,900	13.0%
Northern Kentucky University	55,330,000	63,549,200	8,219,200	69,398,500	5,849,300	14,068,500	25.4%
Western Kentucky University	86,396,200	93,360,100	6,963,900	98,372,900	5,012,800	11,976,700	13.9%
University of Kentucky	337,016,500	359,544,800	22,528,300	375,412,800	15,868,000	38,396,300	11.4%
University of Louisville	191,346,100	207,607,300	16,261,200	220,230,300	12,623,000	28,884,200	15.1%
Kentucky Community and Technical College System	228,704,900	253,051,300	24,346,400	278,978,900	25,927,600	50,274,000	22.0%
Institution Total	1,112,139,200	1,207,794,300	95,655,100	1,285,357,500	77,563,200	173,218,300	15.6%
Council on Postsecondary Education							
Council Operations	8,943,100	10,416,700	1,473,600	11,007,600	590,900	2,064,500	23.1%
Adult Education Funding Program	25,026,000	27,026,000	2,000,000	29,026,000	2,000,000	4,000,000	16.0%
Trust Funds and Funding Programs							
Degree Performance Pilot	1,000,000	1,000,000	-	1,000,000	-	-	0.0%
Degree Production Performance Fund	-	5,000,000	5,000,000	20,000,000	15,000,000	20,000,000	NA
Research Challenge Trust Fund (Endowment Match) ¹	-	-	-	15,958,000	15,958,000	15,958,000	NA
Regional Excellence Trust Fund (Endowment Match) ¹	-	-	-	4,256,000	4,256,000	4,256,000	NA
Research Support Funding Program	3,000,000	-	(3,000,000)	-	-	(3,000,000)	-100.0%
Regional Stewardship Program	3,600,000	2,100,000	(1,500,000)	2,100,000	-	(1,500,000)	-41.7%
Science and Technology Funding Program	10,606,700	19,555,900	8,949,200	19,555,900	-	8,949,200	84.4%
Special Initiatives Funding Program	950,000	9,050,000	8,100,000	9,050,000	-	8,100,000	852.6%
Workforce Development Trust Fund (Endowment Match)	1,200,000	-	(1,200,000)	1,064,000	1,064,000	(136,000)	-11.3%
Technology Initiative Trust Fund	6,045,400	10,130,200	4,084,800	10,200,200	70,000	4,154,800	68.7%
Sub-Total	26,402,100	46,836,100	20,434,000	83,184,100	36,348,000	56,782,000	215.1%
Pass-Through Programs	6,153,100	7,427,500	1,274,400	7,589,900	162,400	1,436,800	23.4%
CPE Total	66,524,300	91,706,300	25,182,000	130,807,600	39,101,300	64,283,300	96.6%
Lung Cancer Research Fund ²	5,864,700	5,591,100	(273,600)	5,685,600	94,500	(179,100)	-3.1%
Total General Fund	1,178,663,500	1,299,500,600	120,837,100	1,416,165,100	116,664,500	237,501,600	20.2%
Capital Projects							
Capital Renewal ³	-	-	-	8,053,000	8,053,000	8,053,000	NA
Space Adequacy & Renovations ³	-	-	-	14,483,000	14,483,000	14,483,000	NA
E&G Projects ³	-	-	-	28,005,000	28,005,000	28,005,000	NA
Research & Economic Projects ³	-	-	-	16,558,000	16,558,000	16,558,000	NA
Information/Tech Equipment Purchase ³	-	-	-	9,165,000	9,165,000	9,165,000	NA
Capital Total	-	-	-	76,264,000	76,264,000	76,264,000	NA
Estimated Gross Tuition and Fee Revenue ⁴	1,017,490,407	1,122,567,218	105,076,811	1,238,503,856	115,936,638	221,013,449	21.7%
Programs Funded Through Other Agencies							
KHEAA - Need Based Financial Aid (CAP & KTG)	92,125,000	175,062,300	82,937,300	180,585,500	5,523,200	88,460,500	96.0%
KHEAA - KEES Program	75,375,000	91,785,500	16,410,500	93,048,400	1,262,900	17,673,400	23.4%
¹ Represents debt service on \$150 M of bonds for Research Challenge, \$40 M of bonds for Regional Excellence, and \$10 M for the Workforce Development Trust Fund.							
² Lung cancer research is supported with Tobacco Settlement Funds and is not included in the Council's General Fund request.							
³ General Fund appropriations for debt service totaling \$76,264,000 to support \$799.7 million in state bonds related to seventeen E&G projects , six Research/Economic Development projects and two statewide projects.							
⁴ The Council staff has projected Tuition and Fee revenue using historic tuition and fee revenue information provided by the institutions and Council approved 2020 Enrollment projections.							
The Council considers student financial aid to be a high priority even though KHEAA's funding request is not a budget recommendation responsibility of CPE.							

Institutional Summary of 2008-10 Budget Recommendation

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2008-09

Prior Year Information (HB 380 Appropriations)

	EKU	KSU	MoSU	MuSU	NKU	WKU	UK	UofL	KCTCS	Total
HB 380 Gross GF Appropriation	\$ 80,230,200	\$ 28,349,000	\$ 48,697,600	\$ 56,068,700	\$ 55,330,000	\$ 86,396,200	\$ 337,016,500	\$ 191,346,100	\$ 228,704,900	\$ 1,112,139,200
Less Debt Service & UofL Hospital Contract	468,800	907,300	495,500	0	230,500	1,280,600	1,945,500	22,773,800	0	28,102,000
Net GF Appropriation	79,761,400	27,441,700	48,202,100	56,068,700	55,099,500	85,115,600	335,071,000	168,572,300	228,704,900	1,084,037,200
CPE Trust Fund Appropriation/Funding Programs Transfer	200,000	209,600	200,000	200,000	500,000	575,000	2,250,000	1,125,000	1,200,000	6,459,600
Adjusted Base	79,961,400	27,651,300	48,402,100	56,268,700	55,599,500	85,690,600	337,321,000	169,697,300	229,904,900	1,090,496,800

Maintenance of Ongoing Operations

Base Adjustment	2,638,700	912,500	1,597,300	1,856,900	1,834,800	2,827,800	11,131,600	5,600,000	7,586,900	35,986,500
Capital Renewal	428,100	115,700	274,100	379,000	213,300	351,700	1,400,500	706,800	1,130,800	5,000,000
M&O of new facilities coming online 2008-09	367,200	95,100	334,600	53,100	1,704,700	786,200	802,200	1,215,100	2,621,800	7,980,000
Subtotal	3,434,000	1,123,300	2,206,000	2,289,000	3,752,800	3,965,700	13,334,300	7,521,900	11,339,500	48,966,500

Strategic Investments

Developmental Education 2008-09	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	1,500,000	5,500,000
Statewide Priorities	1,317,200	285,000	719,500	964,200	1,088,400	1,533,800	3,740,400	2,544,600	2,806,900	15,000,000
Access									7,500,000	7,500,000
Subtotal	1,817,200	785,000	1,219,500	1,464,200	1,588,400	2,033,800	4,240,400	3,044,600	11,806,900	28,000,000

Funding Recommendation 2008-09*

Recommended Net General Fund Appropriation 2008-09*	85,212,600	29,559,600	51,827,600	60,021,900	60,940,700	91,690,100	354,895,700	180,263,800	253,051,300	1,167,463,300
Debt Service & UofL Hospital Contract	2,009,400	909,900	1,140,600	0	2,608,500	1,670,000	4,649,100	27,343,500	0	40,331,000
Recommended Gross General Fund Appropriation 2008-09	87,222,000	30,469,500	52,968,200	60,021,900	63,549,200	93,360,100	359,544,800	207,607,300	253,051,300	1,207,794,300

Increase in Net GF*

Increase in Net General Fund Appropriation*	\$ 5,251,200	\$ 1,908,300	\$ 3,425,500	\$ 3,753,200	\$ 5,341,200	\$ 5,999,500	\$ 17,574,700	\$ 10,566,500	\$ 23,146,400	\$ 76,966,500
Percent Change from prior year 2007-08	6.6%	7.0%	7.1%	6.7%	9.7%	7.0%	5.2%	6.3%	10.1%	7.1%
Percent Share of Total Increase in Net General Fund Appropriation	6.8%	2.5%	4.5%	4.9%	6.9%	7.8%	22.8%	13.7%	30.1%	100.0%

* Does NOT include approximately \$5 million to be distributed to institutions in 2008-09 based upon increasing degree production needed to keep pace with 2020 projections.

DTN Degree Production Performance Funding 2008-09**	257,500	20,000	210,000	295,000	311,300	503,800	655,000	502,500	1,100,600	3,855,700
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** Estimate based upon achieving levels of performance in 2008-09 needed to keep pace with 2020 projections.

Endowment Match Program/Bucks for Brains	9,449,500	2,547,600	5,577,500	6,323,300	6,350,000	9,752,100	100,000,000	50,000,000	10,000,000	200,000,000
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Institutional Summary of 2008-10 Budget Recommendation

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2009-10	EKU	KSU	MoSU	MuSU	NKU	WKU	UK	UofL	KCTCS	Total
Funding Recommendation for Prior Year										
Recommended Gross General Fund Appropriation	\$ 87,222,000	\$ 30,469,500	\$ 52,968,200	\$ 60,021,900	\$ 63,549,200	\$ 93,360,100	\$ 359,544,800	\$ 207,607,300	\$ 253,051,300	\$ 1,207,794,300
Less Debt Service UofL Hospital Contract	2,009,400	909,900	1,140,600	0	2,608,500	1,670,000	4,649,100	27,343,500	0	\$ 40,331,000
Recommended Net General Fund Appropriation	85,212,600	29,559,600	51,827,600	60,021,900	60,940,700	91,690,100	354,895,700	180,263,800	253,051,300	\$ 1,167,463,300
Maintenance of Ongoing Operations										
Base Adjustment	2,799,900	972,300	1,699,300	1,979,000	1,954,800	2,999,800	11,685,100	5,908,600	8,264,200	\$ 38,263,000
M&O of new facilities coming online 2009-10	896,100	155,400	420,800	642,400	2,913,200	334,000	1,588,500	4,732,100	6,683,500	\$ 18,366,000
Subtotal	3,696,000	1,127,700	2,120,100	2,621,400	4,868,000	3,333,800	13,273,600	10,640,700	14,947,700	\$ 56,629,000
Strategic Investments										
Developmental Education 2009-10	261,600	82,800	202,700	85,500	246,200	368,400	67,500	76,600	1,608,700	\$ 3,000,000
Statewide Priorities	878,100	190,200	479,600	642,800	725,600	1,022,500	2,493,600	1,696,400	1,871,200	\$ 10,000,000
Access									7,500,000	\$ 7,500,000
Subtotal	1,139,700	273,000	682,300	728,300	971,800	1,390,900	2,561,100	1,773,000	10,979,900	\$ 20,500,000
Funding Recommendation 2009-10*										
Recommended Net General Fund Appropriation 2009-10*	90,048,300	30,960,300	54,630,000	63,371,600	66,780,500	96,414,800	370,730,400	192,677,500	278,978,900	\$ 1,244,592,300
Debt Service & UofL Hospital Contract	2,029,200	908,900	1,015,800	0	2,618,000	1,958,100	4,682,400	27,552,800	0	\$ 40,765,200
Recommended Gross General Fund Appropriation 2009-10	92,077,500	31,869,200	55,645,800	63,371,600	69,398,500	98,372,900	375,412,800	220,230,300	278,978,900	\$ 1,285,357,500
Increase in Net GF*										
Increase in Net General Fund Appropriation 2009-10*	\$ 4,835,700	\$ 1,400,700	\$ 2,802,400	\$ 3,349,700	\$ 5,839,800	\$ 4,724,700	\$ 15,834,700	\$ 12,413,700	\$ 25,927,600	\$ 77,129,000
Percent Change from 2008-09	5.7%	4.7%	5.4%	5.6%	9.6%	5.2%	4.5%	6.9%	10.2%	6.6%
Percent Share of Total Increase in Net General Fund Appropriation	6.3%	1.8%	3.6%	4.3%	7.6%	6.1%	20.5%	16.1%	33.6%	100.0%
Percent Share of Increase in Net GF Appropriation over Biennium										
	6.5%	2.1%	4.0%	4.6%	7.3%	7.0%	21.7%	14.9%	31.8%	100.0%

* Does NOT include approximately \$15 million to be distributed to institutions in 2009-10 based upon increasing degree production needed to keep pace with 2020 projections.

DTN Degree Production Performance Funding 2009-10**	1,646,300	258,800	772,500	1,218,800	1,282,500	1,890,000	3,007,500	1,278,800	2,831,300	\$ 14,186,500
** Estimate based upon achieving levels of performance in 2009-10 needed to keep pace with 2020 projections.										

Institutional Summary of 2008-10 Budget Recommendation

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	EKU	KSU	MoSU	MuSU	NKU	WКУ	UK	UofL	KCTCS	Total
Gross Tuition and Fee Revenue										
Gross Tuition & Fee Revenue Estimated 2007-08	\$ 94,045,300	\$ 16,106,700	\$ 47,860,500	\$ 73,859,700	\$ 90,019,600	\$ 120,082,000	\$ 242,993,900	\$ 170,296,000	\$ 162,226,700	\$ 1,017,490,400
Potential Cap for Resident, UG Tuition & Fee Rate Increase	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	9.0%	9.0%	0.0%	
Gross Tuition & Fee Revenue Estimated 2008-09	103,568,100	17,862,600	52,566,900	80,921,200	99,246,800	132,050,300	270,979,300	188,543,500	168,408,100	\$ 1,114,146,800
Increase in Tuition & Fee Revenue 2008-09	9,522,800	1,755,900	4,706,400	7,061,500	9,227,200	11,968,300	27,985,400	18,247,500	6,181,400	\$ 96,656,400
Estimated % Change in Tuition Revenue from 2007-08	10.1%	10.9%	9.8%	9.6%	10.3%	10.0%	11.5%	10.7%	3.8%	9.5%
Gross Tuition & Fee Revenue Estimated 2009-10	114,053,500	19,819,600	57,534,800	88,625,100	109,492,100	145,177,800	302,279,600	208,796,100	174,807,600	\$ 1,220,586,200
Increase in Tuition & Fee Revenue 2009-10	10,485,400	1,957,000	4,967,900	7,703,900	10,245,300	13,127,500	31,300,300	20,252,600	6,399,500	\$ 106,439,400
Estimated % Change in Tuition Revenue from 2008-09	10.1%	11.0%	9.5%	9.5%	10.3%	9.9%	11.6%	10.7%	3.8%	9.6%
Net Total Public Funds 2008-09*										
Net Total Public Funds 2007-08	\$ 174,006,700	\$ 43,758,000	\$ 96,262,600	\$ 130,128,400	\$ 145,619,100	\$ 205,772,600	\$ 580,314,900	\$ 339,993,300	\$ 392,131,600	\$ 2,107,987,200
Projected Net Total Public Funds 2008-09	188,780,700	47,422,200	104,394,500	140,943,100	160,187,500	223,740,400	625,875,000	368,807,300	421,459,400	\$ 2,281,610,100
Projected Increase in Net Total Public Funds	14,774,000	3,664,200	8,131,900	10,814,700	14,568,400	17,967,800	45,560,100	28,814,000	29,327,800	\$ 173,622,900
Projected Increase in Net Total Public Funds	8.5%	8.4%	8.4%	8.3%	10.0%	8.7%	7.9%	8.5%	7.5%	8.2%
Percent Share of Estimated Net Total Public Funds	8.5%	2.1%	4.7%	6.2%	8.4%	10.3%	26.2%	16.6%	16.9%	100.0%
Net Total Public Funds 2009-10*										
Net Total Public Funds 2008-09	\$ 188,780,700	\$ 47,422,200	\$ 104,394,500	\$ 140,943,100	\$ 160,187,500	\$ 223,740,400	\$ 625,875,000	\$ 368,807,300	\$ 421,459,400	\$ 2,281,610,100
Projected Net Total Public Funds 2009-10	204,101,800	50,779,900	112,164,800	151,996,700	176,272,600	241,592,600	673,010,000	401,473,600	453,786,500	\$ 2,465,178,500
Projected Increase in Net Total Public Funds	15,321,100	3,357,700	7,770,300	11,053,600	16,085,100	17,852,200	47,135,000	32,666,300	32,327,100	\$ 183,568,400
Projected Increase in Net Total Public Funds	8.1%	7.1%	7.4%	7.8%	10.0%	8.0%	7.5%	8.9%	7.7%	8.0%
Percent Share of Estimated Net Total Public Funds	8.3%	1.8%	4.2%	6.0%	8.8%	9.7%	25.7%	17.8%	17.6%	100.0%
Percent Share of Estimated Net TPF over Biennium	8.4%	2.0%	4.5%	6.1%	8.6%	10.0%	26.0%	17.2%	17.3%	100.0%

* Does NOT include approximately \$20 million to be distributed to institutions in 2008-10 based upon increasing degree production needed to keep pace with 2020 projections.

**Council on Postsecondary Education
Budget Recommendation for 2008-10
CPE Trust Funds and Funding Programs**

<u>Trust Fund or Funding Program</u>	<u>Request 2008-09</u>	<u>Request 2009-10</u>	<u>B4B Bond Authorization</u>
Double the Numbers Funding Program	\$ 5,000,000	\$ 20,000,000	
Research Challenge Trust Fund	-	15,958,000	\$ 150,000,000
Regional University Excellence Trust Fund	-	4,256,000	
Postsecondary Workforce Development	-	1,064,000	
Technology Initiative Trust Fund	10,130,200	10,200,200	
Science & Technology Funding Program	19,555,900	19,555,900	
Regional Stewardship Funding Program	2,100,000	2,100,000	
Pilot Performance Funding	1,000,000	1,000,000	
Special Initiatives Funding Program	9,050,000	9,050,000	
Total	\$ 46,836,100	\$ 83,184,100	\$ 200,000,000

<u>Additional Categories</u>	<u>Request 2008-09</u>	<u>Request 2009-10</u>	<u>Agenda Item Location</u>
Information Technology Initiatives Pool	-	\$ 9,165,000	Capital
Physical Facilities Trust Fund	-	67,099,000	Capital
Kentucky Adult Education Funding Program	\$ 27,026,000	29,026,000	Continuing Ops
Lung Cancer Research	\$ 5,591,100	\$ 5,685,600	Tobacco Funds

**General Fund Capital Projects Priorities
Recommendation 2008-10**

Capital Project Category	General Funds	Restricted Funds	Other Funds	Federal	Total
Capital Renewal, Maintenance, & Infrastructure	\$ 90,000,000				\$ 90,000,000
Space Adequacy & Renovation	161,822,000	\$ 6,000,000	\$ 23,092,000		190,914,000
New & Expanded E&G Facilities & Postsecondary Education Centers	312,892,000	60,330,000			373,222,000
Research & Economic Development Projects	184,998,200	15,874,800			200,873,000
Information Technology Initiatives	50,000,000				50,000,000
Total	\$ 799,712,200	\$ 82,204,800	\$ 23,092,000	\$ -	\$ 905,009,000

Council on Postsecondary Education
Summary of 2008-10 General Fund Capital Recommendation

System Priority	Institution/Project Name	General Funds	Other Funds	Total	Estimated Debt Service
Project Category 1: Capital Renewal, Maintenance, & Infrastructure Pool					
1	Capital Renewal & Infrastructure Pool (allocation attached)	\$ 90,000,000	\$ -	\$ 90,000,000	\$ 8,053,000
	<i>Total - (E&G) Capital Renewal & Infrastructure</i>	<i>\$ 90,000,000</i>	<i>\$ -</i>	<i>\$ 90,000,000</i>	
Project Category 2: Space Adequacy & Renovations					
1	NKU-Renew/Renovate Old Science Building	\$ 27,500,000		\$ 27,500,000	\$ 2,461,000
2	WKU-Renovate Science Campus Ph 3	24,000,000	\$ 6,000,000	30,000,000	2,148,000
3	UofL-Renovate Life Sciences Building	30,024,000		30,024,000	2,687,000
4	KCTCS- Renovate Downtown Campus, Phase 2, Jefferson CTC	28,612,000		28,612,000	2,561,000
5	MoSU-Renovate & Expand Student Center, Ph 3	26,000,000	23,092,000	49,092,000	2,327,000
6	MuSU-Renovate Blackburn Science Building	25,686,000		25,686,000	2,299,000
	<i>Total - (E&G) Space Adequacy & Renovations</i>	<i>\$ 161,822,000</i>	<i>\$ 29,092,000</i>	<i>\$ 190,914,000</i>	<i>\$ 14,483,000</i>
Project Category 3: New & Expanded E&G Facilities & Postsecondary Education Centers					
1	MoSU-Construct Space Science Center Star Theatre/Clean Room	\$ 9,641,000		\$ 9,641,000	\$ 863,000
2	NKU-Construct Health Innovation Center *	43,650,000	\$ 4,850,000	48,500,000	3,906,000
3	MuSU-Construct/Complete New Science Complex, Final Phase	15,000,000		15,000,000	1,343,000
4	KSU-Expand/Renovate Betty White Nursing Building	6,164,000		6,164,000	554,000
5	KCTCS/WKU- Construct Owensboro Tech Center & Postsecondary Center	14,055,000		14,055,000	1,258,000
6	KCTCS-Construct Advanced Manufacturing Facility (Bluegrass)*	19,800,000	2,200,000	22,000,000	1,772,000
7	EKU-Construct Science Building - Phase 2 **	41,600,000		41,600,000	3,723,000
8	UK-Construct Gatton Building Complex *	67,500,000	32,500,000	100,000,000	6,040,000
9	UofL-Construct Belknap Classroom/Academic Building *	58,482,000	6,498,000	64,980,000	5,234,000
10	KSU-Construct Business & Technology Center	9,000,000	2,762,000	11,762,000	806,000
11	WKU/KCTCS-Construct Central Reg Postsecondary Ed Center (BRAC)	28,000,000	11,520,000	39,520,000	2,506,000
	<i>Total - (E&G) General Fund Projects Requested</i>	<i>\$ 312,892,000</i>	<i>\$ 60,330,000</i>	<i>\$ 373,222,000</i>	<i>\$ 28,005,000</i>
Project Category 4: Research & Economic Development Projects					
1	UK-Construct Science Research Building #2 *	\$ 117,000,000	\$ 13,000,000	\$ 130,000,000	\$ 10,469,000
2	UofL- Renovate Medical Dental Research Building, Ph IV*	20,473,200	2,274,800	22,748,000	1,832,000
3	WKU-Construct Materials Characterization/ICET, Ph 2	4,575,000	600,000	5,175,000	413,000
4	UK-Expand/Upgrade Livestock Disease Diagnostic Center Ph 2	20,000,000		20,000,000	1,790,000
5	MuSU-Construct New Breathitt Veterinary Center * (***)	22,950,000	-	22,950,000	2,054,000
	<i>Total - (R&ED) General Fund Projects Requested</i>	<i>\$ 184,998,200</i>	<i>\$ 15,874,800</i>	<i>\$ 200,873,000</i>	<i>\$ 16,558,000</i>
Project Category 5: Information Technology Initiatives					
1	Information Technology Initiatives (Pool)	\$ 50,000,000	\$ -	\$ 50,000,000	\$ 9,165,000
	<i>Total - (E&G) Information Technology Initiatives</i>	<i>\$ 50,000,000</i>	<i>\$ -</i>	<i>\$ 50,000,000</i>	<i>\$ 9,165,000</i>
	System Total - General Fund Projects Requested	<i>\$ 799,712,200</i>	<i>\$ 105,296,800</i>	<i>\$ 905,009,000</i>	<i>\$ 76,264,000</i>

Notes:

- * The amount of General Funds recommended by CPE for this project is less than the original amount requested by the institution. Projects requesting General Funds of \$21M or more are reduced by 10 percent.
- ** EKU requested that the GF recommendation for the Science Building and the Dairy Research Project be combined to fully fund the Science Building.
- *** MuSU requested that the amount displayed for the Breathitt Veterinary Center reflect only the recommended state support.

**General Fund Capital Projects Priorities
Distribution of General Fund Recommendation Among Institutions
2008-10 Recommendation**

Project Categories	EKU	KCTCS	KSU	MoSU	MuSU	NKU	UK	UofL	WKU	CPE	Total	Percent of total	Estimated Debt Serv
1 Capital Renewal, Maintenance & Infrastructure	\$ 8,506,200	\$ 17,256,500	\$ 2,185,200	\$ 4,677,300	\$ 7,374,800	\$ 4,684,100	\$ 26,154,600	\$ 13,568,300	\$ 5,593,000	\$ -	\$ 90,000,000	11%	\$ 8,053,000
2 Space Adequacy & Renovations	-	28,612,000	-	26,000,000	25,686,000	27,500,000	-	30,024,000	24,000,000	-	161,822,000	20%	14,483,000
3 New & Expanded E&G Facilities	41,600,000	33,855,000	15,164,000	9,641,000	15,000,000	43,650,000	67,500,000	58,482,000	28,000,000	-	312,892,000	39%	28,005,000
4 Research & Economic Development	-	-	-	-	22,950,000	-	137,000,000	20,473,200	4,575,000	-	184,998,200	23%	16,558,000
5 Information Technology Initiatives	3,428,200	6,472,800	1,399,500	2,516,200	2,634,700	2,904,200	9,309,800	7,518,600	3,816,000	10,000,000	50,000,000	6%	9,165,000
Total - Recommendation	\$ 53,534,400	\$ 86,196,300	\$ 18,748,700	\$ 42,834,500	\$ 73,645,500	\$ 78,738,300	\$ 239,964,400	\$ 130,066,100	\$ 65,984,000	\$ 10,000,000	\$ 799,712,200	100%	\$ 76,264,000
Percent of Total	7%	11%	2%	5%	9%	10%	30%	16%	8%	1%	100%		
Total W/O Pool Funds	\$ 41,600,000	\$ 62,467,000	\$ 15,164,000	\$ 35,641,000	\$ 63,636,000	\$ 71,150,000	\$ 204,500,000	\$ 108,979,200	\$ 56,575,000	\$ -	\$ 659,712,200	100%	
Percent of Total W/O Pools	6%	9%	2%	5%	10%	11%	31%	17%	9%		100%		