

# KY COUNCIL ON POSTSECONDARY EDUCATION QUARTERLY BOARD MEETING



November 5, 2021 – 9:30 a.m. ET  
 Transylvania University, Lexington, KY  
 William T Young Campus Center, Pioneer Room  
 Livestream: <https://www.youtube.com/c/KentuckyCouncilOnPostsecondaryEducationFrankfort>

*\*Indicates action item*

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**DRAFT MINUTES**  
Council on Postsecondary Education

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Type: Business Meeting  
Date: September 14, 2021  
Time: 10:00 a.m. ET  
Location: Virtual Meeting – Council members by ZOOM teleconference.  
Public viewing on the CPE YouTube page.

**WELCOMING & CALL TO ORDER**

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The Council on Postsecondary Education met Tuesday, September 14, 2021, at 10:00 a.m., ET. In an effort to prevent the spread of the Novel Coronavirus (COVID-19), the CPE met utilizing a video teleconference. Members of the public were invited to view the meeting virtually on the CPE YouTube page. Chair Lucas Mentzer presided.

**ATTENDANCE**

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Members in attendance: Muhammad Babar, Ronald Beal, Colby Birkes, Eric Farris, Lori Harper, Karyn Hoover, Lucas Mentzer, Richard Nelson, Vidya Ravichandran, Madison Silvert, Robert Staat, Elaine Walker, Kevin Weaver, and Commissioner Jason Glass.

Member not in attendance: Carol Wright.

CPE President Aaron Thompson served as Secretary of the board, per the CPE Bylaws. Ms. Heather Faesy, CPE’s senior associate for Board Relations, served as recorder of the meeting minutes.

**OATH OF OFFICE**

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Franklin County Judge Executive, Huston Wells, administered the oath of office for new Council member Elaine Walker.

**APPROVAL OF THE MINUTES**

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The minutes of the June 25, 2021 meetings were approved as distributed.

## **WELCOMING AND UPDATE FROM CPE PRESIDENT, AARON THOMPSON**

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President Aaron Thompson provided a written report in the agenda materials. He discussed the results of the 2021 Special Legislative Session, the AGB Gardner Student Success Academy, and the current status of the biennial budget request for 2022-24.

## **UPDATE FROM KENTUCKY STATE UNIVERSITY RE: EXECUTIVE ORDER 2021-504**

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Mr. Travis Powell, CPE's Vice President and General Counsel provided an overview of the work staff have completed since Executive Order 2021-504 was signed on July 20, 2021. The directives of that order stated:

- 1) CPE shall provide an assessment of the current financial status of KSU, and shall provide a report to the Governor detailing its assessment prior to providing recommendations concerning appropriations for the next biennial budget.
- 2) To assist CPE in performing its assessment, KSU shall provide CPE access to any records CPE deems necessary to preparing its assessment.
- 3) CPE shall assist the KSU Board of Regents in developing a management and improvement plan with goals and measurable metrics, which shall be subject to the approval of CPE. The management and improvement plan shall be designed to assist with organizational and financial stability. The management and improvement plan shall provide for continuing oversight by, and reporting to, CPE concerning the implementation of the plan.
- 4) CPE shall make recommendations to the KSU Board of Regents concerning the KSU administrative structure and leadership.

Since that time, CPE has hired a part-time consultant and worked directly with KSU's leadership and board to complete the directives of the order. KSU's Interim President Clara Stamps and Greg Rush, KSU's newly-appointed Chief Financial Officer, discussed KSU's actions to mitigate issues in the short term, the budget issues it has identified as immediate concerns, and the measures that have been taken thus far to increase transparency with its board and stakeholders.

## **INFORMATIONAL BRIEFING FROM KET – KENTUCKY EDUCATIONAL TELEVISION**

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Shae Hopkins, KET's Executive Director and CEO, and Tonya Crum, KET's Senior Director of Education, provided the Council with an over of its work toward the

educational attainment of Kentucky's citizens. KET is Kentucky's largest classroom, serving more than one million people each week via television, online, and mobile. They produce digital education tools for the classroom and are Kentucky's highest-quality source for public affairs and cultural programming. The governing body for KET is the Kentucky Authority for Educational Television, an agency of the Commonwealth of Kentucky in the Education & Workforce Development Cabinet. Council members Kevin Weaver and Karyn Hoover currently serve on that board.

## **REPORT FROM KDE COMMISSIONER JASON GLASS**

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Kentucky Department of Education's Commissioner, Jason Glass, provided an update on the current work of the P-12 system and its efforts to mitigate COVID-19 transmissions in the classroom and during extracurricular activities.

## **EXECUTIVE COMMITTEE – REPORT AND ACTION ITEMS**

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Chair Mentzer reported that the Executive Committee met on August 18 and September 14, and they did not have any actions to recommend for approval.

## **ACADEMIC AND STRATEGIC INITIATIVES COMMITTEE – REPORT AND ACTION ITEMS**

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Committee Chair Lori Harper presented the Academic and Strategic Initiatives Committee Report, which included actions and reports received at its meetings held in July and August 2021.

### Proposed New Academic Programs

The following new academic programs were proposed for consent approval, each of which were reviewed and approved by the Committee at its August 30, 2021 meeting.

- Two new academic programs at Northern Kentucky University
  - Education, Culture and Society (B.A.) – CIP Code 13.0901
  - Cybersecurity (M.S.) – CIP Code 11.1003
- One new academic programs at Western Kentucky
  - Legal Studies (B.A.) – CIP Code 22.0001

MOTION: The Academic and Strategic Initiatives Committee recommendation served as the motion. A second was not needed.

VOTE: The motion passed.

#### Update on the Development of the 2022-30 Statewide Strategic Agenda

Ms. Lee Nimocks, CPE's Vice President and Chief of Staff, presented a summary of the work completed thus far on the development of the next statewide strategic plan. She discussed the process and stakeholders involved, the overarching goal and statewide priorities, objectives developed to accomplish the priorities, and the proposed planning and review cycle for the length of the Agenda. According to the timeline, the Council anticipates reviewing and approving the final agenda at the November 5<sup>th</sup> meeting.

#### 2021 KY Postsecondary Education Return on Investment Report

Ms. Nimocks; Mr. Travis Muncie, CPE's Executive Director of Data, Research, and Advanced Analytics; and Dr. Grace Dai, CPE's Senior Associate for Data and Research, provided an overview of the latest return on investment report. The report titled, "Early Economic Return on Higher Education Investment," followed 43,655 students in Kentucky's high school class of 2011 from high school graduation to 2019. It explores the median net cost of public postsecondary credentials, median grant and scholarship awards, and median loan amounts for the cohort, by credential level and discipline. It also looks at earnings from 2011 to 2019 by credential level and academic discipline.

### **FINANCE COMMITTEE – REPORT**

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Committee Chair Lucas Mentzer reported that the Finance Committee met on September 2, 2021, and they did not have any actions to recommend for approval.

### **CAMPUS "GOOD NEWS" REPORTS**

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Reports from the institutions were provided in the agenda materials.

### **COMMITTEE APPOINTMENTS**

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Chair Mentzer appointed Elaine Walker to the Finance Committee to fulfill the term ending June 30, 2023 and left vacated by Doris Thomas.

**RESOLUTION**

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The Council approved a resolution for Council member Kristi Nelson in thanks of her support and service to the Council on Postsecondary Education and the Commonwealth of Kentucky,

**ADJOURNMENT**

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The Council adjourned at 12:30 p.m. ET.

**MINUTES REVIEWED AND APPROVED BY THE COUNCIL:** \_\_\_\_\_

DRAFT

**TITLE:** Proposed Council Resolution

**RECOMMENDATION:** A resolution for Dr. Robert Staat will be presented for approval.

**PRESENTER:** Lucas Mentzer, CPE Chair

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**SUPPORTING INFORMATION**

Periodically, the Council recognizes certain individuals for their support of and service to postsecondary education in Kentucky. At the meeting, a resolution for former Council member, Robert Staat, will be proposed for approval by the Council. A copy of the resolution can be found in your board materials.

A RESOLUTION HONORING AND COMMENDING

**ROBERT H. STAAT**

for his service to the Council on Postsecondary Education  
and the Commonwealth of Kentucky

WHEREAS, Robert H. Staat served as the faculty member representative on the Kentucky Council on Postsecondary Education from July 31, 2013, through September 17, 2021; and

WHEREAS, Dr. Staat was an exemplary member of the Council, graciously serving on almost every committee and rarely missing a meeting during his eight years of service; and

WHEREAS, he has been a vigorous champion for Kentucky's higher education system, balancing the needs of postsecondary institutions and students, while taking into account constraints placed on the Council by statute; and

WHEREAS, he served as the chair of the Committee on Equal Opportunities from 2019-2021, and challenged Kentucky's colleges and universities to push harder for equity and inclusion for our most vulnerable and unrepresented students; and

WHEREAS, during his 46-year career at the University of Louisville, he has gone above and beyond the call of duty, serving on the Faculty Senate and as University ombudsman, and founding the Sterilizer Monitory Program in 1998; and

WHEREAS, he has been awarded numerous awards throughout the years, including the President's Distinguished Career of Service Award from the University of Louisville; and

WHEREAS, Dr. Staat approaches his work with integrity, insight and compassion, and has applied those strengths to his role on the Board;

NOW, THEREFORE, BE IT RESOLVED, that the Council on Postsecondary Education does hereby adopt this resolution, November 5, 2021, thanking Robert H. Staat for his dedication and service, and wishing him good fortune (and lots of fishing time) in his retirement.

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Lucas Mentzer, Chair

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Aaron Thompson, Ph.D., President

**TITLE:** 2021 Commonwealth Education Continuum Recommendations and Updates on CPE's P-20 Initiatives

**DESCRIPTION:** Staff will provide information on agency initiatives supporting student transitions to postsecondary education and other P-20-related activities.

**PRESENTERS:** Amanda Ellis, Associate Vice President, K-12 Policies and Programs  
Jennifer Fraker, Executive Director, K-12 Policies and Programs

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## SUPPORTING INFORMATION

There are several initiatives in progress. Below is a description of their current status and staff will provide additional information at the November 5, 2021 meeting.

- **Commonwealth Education Continuum (CEC)** – The CEC prioritized its emerging recommendations at its Sept. 2021 meeting. Since that time, agencies leading the suggested work analyzed the recommendations and drafted possible agency solutions and budgetary/legislative requests along with a timeline of efforts, where applicable. See the attachment for the prioritized recommendations.
- **Summer Bridge Programs** – All 21 participating institutions provided a midterm progress report on their programs and use of grant funds as of Sept. 30, 2021. The programs included strategies to transition students to college life, social and emotional resources, academic or financial advising, training in time management and study skills, accelerated coursework or similar supports. Due to the late awarding of funds and complications related to the pandemic, student participation was less than the campuses projected; however, campuses indicated favorable program evaluation outcomes to date.
- **Commonwealth Educator Diversity Program** -- The evaluation committee met in September to score and discuss the six proposals received for the Commonwealth Educator Diversity Programming Grants. WKU, UofL and NKU were awarded funding. The programs are designed to expand the number of K-

12 teachers in Kentucky from underrepresented groups. Contracts were issued to the campuses late last month.

- **Web Portal** -- CPE, in partnership with KYSTATS and KDE, have officially started the project to develop a state web portal that will provide college and career navigation tools, guidance and resources.

Additionally, there are several new initiatives in the works:

- **Kentucky Advising Academy (KAA)** – The KAA recently launched its first Design Team meeting on Oct. 25. The team is identifying existing resources, needs for new resources, and learning outcomes for KAA participants that set high expectations and provide the support necessary to achieve them. The design team included representatives from school and districts, educational cooperatives, third-party providers, institutions of higher education, professional associations, and state education agencies and partners.

The structure of the academy will include a variety of options giving school counselors and FRYSC coordinators the freedom to take part in learning that aligns with their specific professional needs and availability:

- Face-to-face professional learning meetings every two months as part of a geographical cohort/series
  - Monthly virtual cohort professional learning meetings/series
  - Face-to-face mentoring and support in schools, FRYSCs and institutions of higher education
  - Development and promotion of a school counselor's college and career counseling toolkit
  - Development and promotion of online guidance and sample counseling plans
- **Early Postsecondary Opportunities (EPO) Guidance** – Work with state partners will begin early next year to develop a collaborative and centralized guidance document to help increase early postsecondary opportunities. The second phase will include training and support to districts to use the resource to ensure implementation with fidelity. This would entail regional convenings with district teams to evaluate local data and conduct a needs assessment to develop an initial plan.
  - **Dual Credit Oversight Committee** – The Kentucky Dual Credit Advisory Council will reconvene early next year to develop dual credit state standards and

program approval processes, conduct a statewide self-study and undertake a peer review process for dual credit programs. CPE will work with state partners to secure the necessary resources to review and maintain high-quality dual credit standards, programs and policies; and increase awareness and capacity of high school schools and college and career coaches to understand and promote postsecondary attainment and affordability.

**Prioritized Recommendations**  
 Kentucky Commonwealth Education Continuum  
 September 2021

**SUCCESSFUL TRANSITION TO POSTSECONDARY (STP) WORKGROUP**

**Recommendation #1: Employ more postsecondary transition advisors to help students plan for and transition to postsecondary education.**

**Catalyzing Action**

To implement this recommendation, the following short-term and longer-term initiatives were recommended for actors to consider.

Possible Action Steps	Suggested Owner(s)	Legislative or Budgetary Implications
1. Partner with organizations to provide college advisors to higher education institutions (or to serve as the host site if partnering with an organization like the College Advising Corps) and local districts with attention to key communities with low postsecondary transition rates.	CPE, KDE, KHEAA, IHEs, local districts	YES – Potential budgetary ask to fund the efforts of partnering organizations
2. Formalize the position of a college and career advisor (postsecondary transition advisor) and provide state funding to specifically increase college and career advising staffing and efforts.	KDE, EPSB, KHEAA, local districts, KSBA	YES - Potential budgetary ask to fund positions
3. Develop a statewide, district-focused training curriculum -- informed by focus groups and stakeholder feedback -- to aid school counselors, college and career coaches, and Family Resource and Youth Service Center Coordinators in better understanding the ever-changing postsecondary landscape and opportunities across the state.	KDE, CPE, IHEs, GEAR UP	YES -- Potential budgetary ask for stakeholder group facilitation and curriculum creation

**Recommendation #2: Create a comprehensive communications campaign to better equip high school students with the necessary knowledge to successfully transition to postsecondary.**

**Catalyzing Action**

To implement this recommendation, the following short-term and longer-term initiatives were recommended for actors to consider.

Possible Action Steps	Suggested Owner(s)	Legislative or Budgetary Implications
1. Create a letter or notifications to send students each year of high school, via Infinite Campus and other methods, that outlines institutions they may be eligible to attend and important postsecondary transition steps or early postsecondary opportunities for that year. Incentivize students to apply to college early.	CPE, KDE, KHEAA, IHEs	YES -- Potential budgetary ask to offer incentives
2. Create and communicate a statewide web-based resource hub to access advising resources and information regarding early postsecondary opportunities, postsecondary institutions, career pathways, financial aid information, etc.	CPE, KHEAA, KDE, IHEs, EWDC, KYSTATS, local districts	YES – Potential budgetary ask to build, maintain, and communicate about the site

**Recommendation #3: Catalyze a statewide, cross-agency campaign to improve FAFSA completion rates and access to FAFSA data for schools and districts.**

**Catalyzing Action**

To implement this recommendation, the following short-term and longer-term initiatives were recommended for actors to consider.

Possible Action Steps	Suggested Owner(s)	Legislative or Budgetary Implications
1. Establish a standing cross-agency committee to explore and evaluate agency-level efforts and achieve	KHEAA, KDE, CPE	NO

FAFSA completion goals.		
2. Develop and provide FAFSA-related training and resources on a statewide scale to better equip school counselors, postsecondary transition advising teams, and other partners.	KHEAA, KDE, CPE, KSCA, KASA, IHEs	YES – Potential budgetary ask to develop and provide training
3. Create a system to regularly provide districts and schools with student-level FAFSA completion data.	KHEAA, KDE	NO
4. Include FAFSA completion data on the KDE School Report Card and dashboard, and CPE dashboard.	KDE, CPE, KHEAA	NO

**Recommendation #4: Expand institutional capacity to support students as they transition to postsecondary.**

**Catalyzing Action**

To implement this recommendation, the following short-term and longer-term initiatives were recommended for actors to consider.

Possible Action Steps	Suggested Owner(s)	Legislative or Budgetary Implications
1. Use data to identify which students are less likely to matriculate, and target communications, outreach, and support (e.g. webinars, tours, access to near-peers and advisors) to them via advising touchpoints.	KDE, KYSTATS, Local districts, IHEs	NO
2. Develop or continue summer bridge programming and expand opportunities to the summer before junior year through grants issued to institutions of higher education.	CPE, KDE, IHEs	YES – Potential budgetary ask for the grant awards
3. Launch an outreach campaign (through text nudging, etc.) that connects students to personalized, campus-based supports.	IHEs	YES - Potential budgetary ask to secure and run the texting platform

## EARLY POSTSECONDARY OPPORTUNITIES (EPO) WORKGROUP

**Recommendation #1: Ensure every high school student has access to at least one early postsecondary opportunity and the support to successfully complete the course, particularly those students and families who have been traditionally underrepresented in early postsecondary opportunities.**

### Catalyzing Action

To implement this recommendation, the following short-term and longer-term initiatives were recommended for actors to consider.

Potential Action Steps	Suggested Owner(s)	Legislative or Budgetary Implications
1. Develop a toolkit (containing suggested outreach, ways to identify students using data, advantages of EPO courses, differences among program types, steps to enroll, and supports to improve student success) -- along with professional development -- for K-12 schools and districts to advise students and families.	KDE, KHEAA, CPE, College Board, AdvanceKY, IB, CAI, CTE	YES – Potential budgetary ask to develop and communicate about the toolkit
2. Establish a statewide professional network for EPO teachers to improve recruitment and awareness strategies, supports for increased student success, and instructional practices.	KDE, CPE, IHEs, local districts	YES – Potential budgetary ask to fund facilitation efforts and expenses
3. Dedicate funding for teachers to apply towards graduate coursework, professional development, or other credentialing or qualification requirements for EPO courses to increase the number of available course offerings.	KDE, IHEs, local districts	YES – Potential budgetary ask to fund the costs of coursework and training (scholarships or tuition waivers)
4. Create an online interactive advising tool that provides user-friendly guidance on the availability of EPO courses (a course catalog) and how they will transfer to various in-state institutions.	KDE, CPE, IHEs	YES – Potential budgetary ask to develop the tool/course catalog

**Recommendation #2: Increase state funding to cover the cost of early postsecondary opportunities for all students, including equity grants for low- and middle-income students and families.**

**Catalyzing Action**

To implement this recommendation, the following short-term and longer-term initiatives were recommended for actors to consider.

Potential Action Steps	Suggested Owner(s)	Legislative or Budgetary Implications
1. Issue equity grants to local districts based on eligibility criteria, allowable uses of funds, and an application process.	KDE, CPE, local districts	YES – Potential budgetary ask for additional state funding, and revision to existing legislation
2. Provide state funding to cover the fees of EPO exams for all students.	KDE	YES – Potential budgetary ask to cover the cost of exam fees and revision to existing legislation
3. Provide state funding/incentives for employers to host high-quality work-based learning opportunities (e.g. apprenticeships, internships, etc.) that integrate opportunities to earn early postsecondary credit.	KDE, KY Chamber, EWDC, local districts	YES – Potential budgetary ask to fund incentives

**Recommendation #3: Strengthen local and regional partnerships among high schools, institutions, and the workforce to expand access, advising, and support to early postsecondary opportunities.**

**Catalyzing Action**

To implement this recommendation, the following short-term and longer-term initiatives were recommended for actors to consider.

Potential Action Steps	Suggested Owner(s)	Legislative or Budgetary Implications
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<p>1. Develop a toolkit for K-12 schools/districts and higher education institutions (e.g. data sharing agreements, aligning advising practices, and fostering collaboration between faculty and high school teachers) to establish and scale effective EPO partnerships.</p>	<p>KDE, CPE, local districts, IHEs, EWDC</p>	<p>YES – Potential budgetary ask to create the toolkit</p>
<p>2. Reconvene the Dual Credit Advisory Council to revisit guidance around partnerships to improve student access, advising, and supports.</p>	<p>CPE</p>	<p>YES – Potential budgetary ask to facilitate meetings</p>
<p>3. Leverage Perkins consortia to expand equitable access and success for EPO courses for CTE pathways.</p>	<p>KDE, local districts, IHEs</p>	<p>NO</p>
<p>4. Convene regional cross-sector networks on EPO partnerships to analyze data on access and success, and share best practices to address common challenges.</p>	<p>Regional co-ops, KDE, CPE, IHEs</p>	<p>YES – Potential budgetary ask to offer funding to regional co-ops to pilot networks</p>

## EDUCATOR WORKFORCE AND DIVERSITY (EWD) WORKGROUP

**Recommendation #1: Launch a compelling campaign that highlights the importance and benefits of entering the teaching profession.**

**Catalyzing Action**

To implement this recommendation, the following short-term and longer-term initiatives were recommended for actors to consider.

Possible Action Steps	Suggested Owner(s)	Legislative or Budgetary Implications
1. Design a campaign that targets multiple audiences with information about the benefits and opportunities within the teaching profession, along with a new vision for the future of education as a career field, particularly in critical shortage areas (e.g. STEM, CTE, and middle/high school).	KDE, CPE, IHEs, local districts, local chambers, KEA, EWDC	YES – Potential budgetary ask to fund campaign
2. Engage with local employers and community partners to better elevate and support messaging about the importance of teaching to workforce development.	IHEs, local districts, community leaders, local chambers, EWDC	NO

**Recommendation #2: Enhance the recruitment of future teachers to increase the number of teachers with an emphasis on underrepresented groups.**

**Catalyzing Action**

To implement this recommendation, the following short-term and longer-term initiatives were recommended for actors to consider.

Possible Action Steps	Suggested Owner(s)	Legislative or Budgetary Implications
1. Elevate alternative pathways to the teaching field in recruitment campaigns.	KDE, EPSB, IHEs	NO

2. Identify ways to offer incentives to teacher candidates and provide additional funding/scholarships to complete teacher education programs.	KDE, local districts, KHEAA	YES – Potential budgetary ask for incentives. Potential legislative changes may arise
3. Intentionally recruit military and JR ROTC participants to pursue teaching opportunities in computer science and other CTE fields.	IHEs, local districts, KCMA	YES - Potential budgetary ask for targeted recruitment material and efforts
4. Invest in educator camps that can be used to develop future teachers, expose students to the field of teaching, and can help reinvigorate or train current teachers.	KDE, local districts, IHEs	YES – Potential budgetary ask to fund camps
5. Propose regulatory changes to increase the Praxis validity time frame to 10 years and update the <a href="#">standards</a> for admission to educator preparation programs.	KDE, EPSB	YES – Regulatory changes to amend 16 KAR 6:010
6. Require recurring training on cultural competencies for hiring committees and supervisors.	KDE, KYACTE, KASA, KASS, KEA	YES - Legislative changes to KRS 160.360 (2)(d) minority recruitment efforts
7. Incorporate formal training on cultural competencies within the educator preparation curriculum.	EPPs/IHEs	NO

***Recommendation #3: Increase teacher and administrator retention and advancement opportunities with attention to underrepresented groups.***

**Catalyzing Action**

To implement this recommendation, the following short-term and longer-term initiatives were recommended for actors to consider.

Possible Action Steps	Suggested Owner(s)	Legislative or Budgetary Implications
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<p>1. Advocate for legislation and resources to increase overall teacher pay.</p>	<p>KDE, local districts, KEA</p>	<p>YES - Legislative changes to increase teacher salary scales and funding will be required for updated salary scales</p>
<p>2. Develop guidance for districts on an equitable approach to implement salary increases based on critical shortage areas, additional experiences, and certifications for current teachers.</p>	<p>KDE, local districts, EPSB, KEA, KSBA</p>	<p>YES -- Possible budgetary ask to support increased teacher pay</p>
<p>3. Expand professional learning opportunities to build the capacity of teachers or credential those in critical shortage areas.</p>	<p>KDE, local districts, Advance KY</p>	<p>YES – Potential budgetary ask to expand trainings</p>
<p>4. Develop a statewide Teacher Leadership Academy (e.g. emerging leader programs) that equips teachers with the skills and competencies to develop long term career plans, explore opportunities to pursue those plans, and be involved in policy-making decisions.</p>	<p>KDE, local districts, KASA, Lead KY, Prichard Committee</p>	<p>YES – Potential budgetary ask to develop academy</p>
<p>5. Establish communities of practice and leadership academies to mentor teachers and administrators from underrepresented groups, with consideration to the unique challenges these target populations may face.</p>	<p>KDE, LEAs, Education Coops, KASA, KASS, KEA,</p>	<p>YES – Potential budgetary ask to fund communities of practice</p>
<p>6. Launch mentoring and leadership programs for current and future teachers of color, especially for women who may want to enter administrative leadership.</p>	<p>KDE, local districts, IHEs</p>	<p>YES – Potential budgetary ask to launch programs</p>

## Prioritized Recommendations Summary

Kentucky Commonwealth Education Continuum

September 2021

*STP1:* Employ more postsecondary transition advisors to help students plan for and transition to postsecondary education.

*STP2:* Create a comprehensive communications campaign to better equip high school students with the necessary knowledge to successfully transition to postsecondary.

*STP3:* Catalyze a statewide, cross-agency campaign to improve FAFSA completion rates and access to FAFSA data for schools and districts.

*STP4:* Expand institutional capacity to support students as they transition to postsecondary.

*EPO1:* Ensure every high school student has access to at least one early postsecondary opportunity and the support to successfully complete the course, particularly those students and families who have been traditionally underrepresented in early postsecondary opportunities.

*EPO2:* Increase state funding to cover the cost of early postsecondary opportunities for all students, including equity grants for low- and middle-income students and families.

*EPO3:* Strengthen local and regional partnerships among high schools, institutions, and the workforce to expand access, advising, and support to early postsecondary opportunities.

*EWD1:* Launch a compelling campaign that highlights the importance and benefits of entering the teaching profession.

*EWD2:* Enhance the recruitment of future teachers to increase the number of teachers with an emphasis on underrepresented groups.

*EWD3:* Increase teacher and administrator retention and advancement opportunities with attention to underrepresented groups.

**TITLE:** Kentucky State University – Management and Improvement Plan Areas

**RECOMMENDATION:** Council staff recommends the Council approve the subject matter areas for the Kentucky State University Management and Improvement Plan.

**PRESENTERS:** Dr. Aaron Thompson, President  
Travis Powell, Vice President and General Counsel

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### **SUPPORTING INFORMATION**

On July 20, 2021, Governor Beshear signed Executive Order 2021-504 that provided several directives.

On that order, item #3 states the following:

CPE shall assist the KSU Board of Regents in developing a management and improvement plan with goals and measurable metrics, which shall be subject to the approval of CPE. The management and improvement plan shall be designed to assist with organizational and financial stability. The management and improvement plan shall provide for continuing oversight by, and reporting to, CPE concerning implementation of the plan.

Item #4 of the Executive Order states the following:

CPE shall make recommendations to the KSU Board of Regents concerning the KSU administrative structure and leadership.

At its meeting on October 19, 2021, upon recommendation of CPE staff after consultation with KSU leadership, the KSU Board of Regents adopted the following initial list of subject matter areas for the Management and Improvement Plan.

1. Comprehensive Cataloging and Review of University Policies and Procedures to Ensure Efficiency and compliance with state and federal law.

2. Guidelines for Salary Ranges and Benefits for all Faculty, Staff, and Administrators.
3. Board Member Training and Development, including but not limited to financial oversight and effective committee structure.
4. Organizational Structure and Development of Human Infrastructure.
5. Academic Program Offerings, Course Offerings, and Faculty Productivity Guidelines.
6. Accounting and Fiscal Reporting Systems, Collections, Budget, and Internal Controls Over Expenditures and Financial Reporting
7. Student Success and Enrollment Management Strategies

Council staff recommends approval of the Management and Improvement Plan subject matter areas outlined above.

**TITLE:** Diversity Performance Improvement Plan – Big Sandy Community and Technical College

**DESCRIPTION:** Council staff recommend the Council approve Big Sandy Community and Technical College’s Diversity Performance Improvement Plan. If approved, the college will receive a temporary waiver to offer new academic programs, per KRS 164.020(19).

**PRESENTER:** Travis Powell, CPE Vice President and General Counsel  
Dawn Offutt, Executive Director for Diversity, Equity and Inclusion

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## **BACKGROUND INFORMATION**

Per KRS 164.020 (19), the Council can "postpone the approval of any new program at a state postsecondary educational institution, unless the institution has met its equal educational opportunity goals, as established by the Council. In accordance with administrative regulations promulgated by the Council, those institutions not meeting the goals shall be able to obtain a temporary waiver, if the institution has made substantial progress toward meeting its equal educational opportunity goals."

In the most recent annual review conducted by the CPE Diversity Equity and Inclusion Unit in partnership with the Committee on Equal Opportunities, Big Sandy Community and Technical College did not meet the minimum score required to automatically be eligible to apply for new academic programs. As a result, Big Sandy is requesting a waiver and has submitted the required improvement plan.

The Committee on Equal Opportunities is charged with reviewing improvement plans submitted, however the Committee did not have a quorum present to conduct their meeting on October 25, 2021. Therefore, CPE staff have requested the Council review this request directly.

## **IMPROVEMENT PLAN**

The improvement plan submitted by Big Sandy outlines the areas in which they scored low and describes how they plan to address those areas moving forward (see attachment). Some specific areas of planned improvement include:

- Internal communication
  - Establishment of weekly meetings for key personnel to track progress on the Diversity Plan 2020-2021 Report
  - Implementation of 2021-2022 Plan and this waiver request
  - Creation of a timeline for actions leading through and to final report
  - Creation of a timeline to include regular, brief progress check-in reports every other week to ensure momentum and to solve barriers or other issues
  
- Incorporation of reviewer feedback received from conversations with the evaluation report review team lead and from internal peer groups.
  
- Data collection
  - Creation of a repository to deposit data and drafts of sections of the report, which is accessible to all stewards/partners of both teams
  - Assembling relevant previous year data sets and replicating them as the year progresses.
  
- Clearly connecting strategies to results to future actions
  - Creating professional development for stewards and partners implementing strategies during the current academic year, 2021-2022 including an introductory session for discussing the connections between each strategy and the desired results
  - Presenting the CPE rubric to the Implementation stewards and partners to reinforce the gathering and analysis of data on the effectiveness of the strategies.

## **NEXT STEPS**

Following the Council's approval, staff will inform Big Sandy Community and Technical College and the Committee on Equal Opportunities that the waiver request has been granted.

## **Big Sandy Community and Technical College**

### **Diversity Performance Improvement Plan**

Big Sandy Community and Technical College is committed to improving the lives of the underrepresented minority populations and low-income residents in the eastern Kentucky region it serves. We appreciate the opportunity to reflect upon our recent Diversity Plan scores and to present the college's thoughts and actions designed to make meaningful improvements.

- I. Self-Reflection: What issues led to your institution not meeting the minimum required score? Please include in the description the nature of the underperformance, including an explanation of any gaps in meeting targets as well as any issues in the qualitative reporting.**

#### **QUALITATIVE**

The college scored 12/18 points on its qualitative report. We think this was due to several factors that include lack of appropriate and timely internal communication, failure to incorporate helpful suggestions from KCTCS reviewers, inadequate data collection and failure to consider the readers for whom the report was written.

First, the college did not meet its own timeline for generating the report. Writers submitted narratives late and did not allow time for revision in response to feedback. As a result, when college participated in external review from KCTCS prior to submission to CPE, it did not allow enough time to fully absorb and incorporate those suggestions. We have since returned to that feedback and mined it for opportunities for improvement. We have also closely read the feedback from CPE on the report and see a pattern emerging from the observations of those reviewers along with the suggestions from KCTCS. It is clear to us that the qualitative score reflected the college's failure to draft longer narratives that provide richer descriptions, more contextualized explanations, and clear and directly relevant data. Using all 500 words available would allow the college to give non-BSCTC audiences the details they need to understand and assess what is happening at BSCTC. In addition, the college has ascertained that the narrative assumed knowledge of the college and its processes and did not communicate well to an external audience unfamiliar with the workings of the college.

The college's initial diversity plan was developed without the participation of many of those expected to implement the dozens of strategies originally proposed by the plan. As a result, awareness of the obligation to assess each strategy consistently was not "baked in" from the beginning, and many of those engaged in implementation did not collect appropriate data prior to and during their activities that would yield robust information about the effectiveness of the activity. Failing to collect appropriate data hampered the institution's ability to conduct assessment and limited the scope of the writing process. Not capturing the right data compromised the institution's ability to demonstrate in the report that strategy implementation was done with fidelity. Also, the institution then was unable to adequately assess strategy effectiveness or decide lessons learned and next steps.

In addition, the college's reliance almost exclusively on summative data after the fact rather than formative data before or during its efforts with students created a disconnect between actions or interventions to potential results and actual students. The college missed opportunities to make mid-course corrections and adaptations that could have positively impacted student success as well as persistence, retention, and completion. After careful reflection and review of the Diversity Plan strategies by the newly formed President's Diversity Team, a body consisting of the Diversity, Equity and Inclusion Committee leadership and other officers of the college, the institution realized that the strategies of the 2019-2020 plan were not always "strategies" and that in fact some of the strategies were tactics. In response the college chose to collapse strategies and redefine them as tactics under those combined strategies. This has resulted in a more streamlined list of 17 strategies - a much more manageable number for implementation.

## QUANTITATIVE

The college scored 5/16 points toward target goals. Part of this is due to a disconnect between the strategies and the results (progress to targets). Below is a review of each target, our results, and considerations.

**URM retention Goal of 55%** was not met. However, we are pleased to have exceeded the previous year total of 46.15% with our performance of 46.67%. We attribute that gain largely to the personal connections made by the staff member serving to communicate directly and often with URM students. Other success strategies implemented during 2019-2020 related to engagement and retention such as hosting a range of Diversity events including a Multicultural Fair had to be canceled or pivot to online which was less engaging and fewer students took part. Students did participate in other strategies aimed at engagement, student success, and retention such as the Racial Healing circles even when held remotely. We think that was largely due to the direct interaction possible in those events. Through analysis of student participation, we clearly saw the importance of live, direct interaction for our students and plan to re-implement as much in-person activity as is safely permitted.

In the meantime, during the 2020-2021 academic year we made a special effort to create student engagement with a virtual Multicultural Day. We applied lessons learned from our pivot to remote advising and added a moderated Q&A to allow students to connect directly with presenters. In addition, we maximized the power of Facebook by livestreaming. The chat function permitted students who chose to attend through Facebook to chat with the presenters and each other during the event. As we moved forward through the pandemic year, the college drew on this capacity to provide engagement virtually.

**Retention Rate LSI goal of 59.7%** was not met since our retention was 54.4% and down from previous year. In examining our plan, we noted that the only retention strategies developed for this group were focused on meeting financial need. In addition, as we have become engaged in guided pathways work, we recognize that we have not closely examined student success data disaggregated by LSI. We are integrating this discipline into our work moving forward and will develop additional actions to achieve this goal.

**Graduation Rate URM goal of 18.7%** was met and exceeded with a graduation rate of 27.8%. **Graduation Rate LSI goal of 26.6%** was met and exceeded with a graduation rate of 29.3%. As a result of implementing and institutionalizing various initiatives to improve student success, BSCTC had experienced an increase in the overall graduation rate for the last five years from 22.4% in 2016-2-17 to 32.2% unofficially in 2020-2021. These efforts have also resulted in a rise in graduation rates for our URM and LIS student cohorts which surpassed our established targets for both groups (URM: unofficial 23.8%/target 20.1% and LIS: unofficial rate of 30.3%/target 28.0%). Those initiatives have included expanding tutoring services for online students, initiating a First-Year course (FYE105), adopting a co-requisite model with the developmental courses, and communicating with student cohorts about important graduation deadlines. BSCTC also created a Quality Enhancement Plan that focuses on academic and career advising for first-time AA/AS students and follows those students from the first semester through graduation.

**Total credentials URM goal of 49** was not achieved even though 34 students completed a credential in 2019-2020, 69.3% of goal. This is an incremental improvement over the previous year in which the college saw 33 students complete a credential toward a goal of 48 students, or 68% of goal. In 2020-2021 we instituted degree progress reports and employed specialized advising specifically for URM students to assist them to persist and complete. As a result, 59 students completed a credential toward a goal of 51, or 115% of goal. We will retain this practice going forward. In addition, in our review of our practices through a guided pathways lens, we discovered that we have not focused on the programs into which our URM students are enrolling. This is another area in which we are investigating potential actions that provide additional support.

**Total credentials LIS goal of 1420** not achieved since only 1,058 completed in 2019-2020. This is about the same number of student completers the year previous. BSCTC implemented the KCTCS 15 to Finish initiative in Fall of 2018 to encourage students

to take 15 credits per term through to completion. However, the \$500 scholarship offered did not meet the financial needs of students, especially as tuition rose. In Spring 2018, BSCTC began auto awarding all credentials earned by every graduating student. In 2019-2020 the college implemented Program Applicability reviews to assist students in completing only those program requirements necessary for the award of a degree. This effort should have shortened the time to completion for students and, more importantly for LIS, reduced the financial burden of degree attainment. Despite these efforts, the downward enrollment trend at the college reduced the total number of students eligible to graduate.

**Workforce Diversity goal of 4.4%** not met with 0.0%. The college struggles in this category due to the need to recruit URM candidates into the remote rural location at salaries that are below what can be commanded in environments with larger, more diverse populations. KCTCS is investing in a staff position that will be tasked with assisting the rural colleges of Eastern Kentucky in addressing this challenge. All positions that are advertised by BSCTC are on the Greater Kentucky Higher Education Recruitment Consortium (HERC) which is committed to advancing inclusive excellence in the higher education workforce. Even utilizing this website in addition to other advertising venues such as Inside Higher Ed we are not getting the diverse applicants we desire.

Currently BSCTC is exploring the implementation of a “grow your own” program. As a pilot we are reaching out to past graduates and any current entry level or front-line employees who have identified as URM. A focus group will be held before the end of the year to discuss their experience at BSCTC and to recruit graduates as potential employees for the college.

**Full-time Faculty URM goal of 1.7%** not met with 0.8%. The college also struggles in this area for the reasons stated above. In recent years we have attracted more diverse applicants into faculty interview pools. Unfortunately, salaries offered were declined by prospective hires. The college is undertaking a review of salaries in conjunction with KCTCS to be able to offer a more competitive starting salary.

**II. Plan of Action: How will your institution address these issues moving forward? Please include in the description which steps are necessary to address the concerns. Include the timeline for improvement, resources necessary and persons responsible.**

The college recognizes that the key to effectively address the issues we have identified (internal communication, incorporation of reviewer feedback, data collection and clearly connecting strategies to results to future actions) lies within a transparent structure of accountability for the reporting process.

Our actions below are designed to provide for all leaders a clear understanding of the goals of the Diversity Plan as it relates to specific and measurable outcomes. They also put in place methods designed to create appropriate, clear, and timely communication among those charged with leading the strategies of the Plan. And it provides for ongoing accountability for plan implementation, data collection and report writing.

### **Internal Communication**

- President Zylka has established a weekly meeting of key personnel to track progress on the Diversity Plan 2020-2021 Report, implementation of 2021-2022 Plan and this waiver request. Weekly meetings increase accountability and ensures progress.
- The name of the committee, formerly Campus Environment Team, has been changed to Diversity, Equity, and Inclusion Committee (DEIC) to communicate its focus more clearly.
- Each of the DEIC Co-Chairs, has been assigned as lead of a Team to ensure clear leadership and accountability. Tina Terry leads the 2020-2021 Reporting Team and Joshua Thacker leads the 2021-2022 Implementation Team.
- Tina Terry partnered with Connie Estep (College Grants Coordinator) to create a timeline for actions leading through and to final report. Joshua Thacker and Denese Atkinson (IE/IR Officer) created an Implementation Timeline to include regular, brief progress check-in reports every other week to ensure momentum and to solve barriers or other issues. The two timelines are merged in the document attached to this plan.

### **Incorporation of Reviewer Feedback**

- On May 24, 2021, President Zylka, Provost King, DEIC Co-Chairs Tina Terry and Joshua Thacker among other college personnel met with Dr. Carrie Hodges, a reviewer of the college's 2019-20 report, and CPE staff members Dr. Deverin Muff and Dr. Dawn Offutt in a session facilitated by Dr. Natalie Gibson in which additional feedback on the 2019-20 Diversity Assessment Report was shared.
- In June 2021, the college submitted a revision of a failed narrative to CPE reviewer, Dr. Carrie Hodge. The revision was the result of careful review of all previous feedback in addition to that shared in May. Dr. Hodge read the revised narrative and offered additional and positive feedback, encouraging the college to apply those effort to future reports.
- In July 2021, report writers (stewards/partners) of the 2020-2021 report presented their initial findings to each other in a group meeting. Feedback was provided for each steward for ways to use the data collected, to gather additional information, to deepening analysis and considering additional future actions to further the impact of the strategy.

- Stewards will submit multiple drafts of their narratives for review through Tina Terry to the President’s Diversity Team. Feedback will flow back to the stewards for revision. One revision cycle has already taken place as of this writing.
- The college will submit a full report to KCTCS for review and has scheduled subsequent sessions for additional revision and internal review based on that feedback.

### **Data Collection**

- Connie Estep and Tina Terry created a repository in MS Teams for the Reporting Team to deposit data and drafts of sections of the report. This repository is accessible to all stewards/partners of both teams.
- Joshua Thacker and Denese Atkinson have followed up with all 2021-2022 stewards and partners to consider how assessment is built into their implementation of each strategy.
- 2021-2022 stewards are assembling relevant previous year data sets and will replicate them as the year progresses. Several are gathering new forms of information that points more directly toward the outcomes each strategy attempts to accomplish as we develop a more systematic assessment process.

### **Connecting Strategies to Results to Future Actions**

- The Reporting Team held an organizational meeting of all 2020-2021 report-writers (stewards and partners) in which the CPE scoring rubric was reviewed and connections between the report and the desired results were discussed.
- Tina Terry and Connie Estep have regularly scheduled individual sessions with writers on the Reporting Team to review drafts in process using the CPE rubric.
- Joshua Thacker partnered with Denese Atkinson to create professional development for stewards and partners implementing strategies during the current academic year, 2021-2022 that included an introductory session in which the connections between each strategy and the desired results were discussed.
- Joshua Thacker and Denese Atkinson plan to present the CPE rubric to the Implementation stewards and partners to reinforce the gathering and analysis of data on the effectiveness of strategies. Individual and group intervention sessions are scheduled to take place at junctures throughout the year.

**III. Diversity Plan Modification: How does the improvement plan impact the institutional diversity plan? Please include in the description if your Plan of Action will lead to any changes in the institutional diversity plan. If so, please identify those modifications and the underlying rationale.**

BSCTC submitted a revision to its Diversity Plan for 2021-2022 to the Committee on Equal Opportunity of the Council on Post-Secondary Education. The revisions below were approved at the June 28, 2021, meeting.

<b>Opportunity</b>		
<b>Current Strategy (old strategy, combined strategies, etc.)</b>	<b>Proposed Strategy #1 (the new proposed strategy will go in this section)</b>	<b>Justification (the reasoning behind changing the strategy)</b>
<b>Current Strategy</b>	<b>Proposed Strategy</b>	<b>Justification</b>
1. Implement usage of Radius Software to identify and track potential URM students within geographical area.	1. Use Radius Software to identify and follow up with URM students who have applied for admission.	We propose clearer language to guide actions.
2. Develop and promote scholarships specifically for Black/African American and Latino/Hispanic students.	2. Develop one new scholarship specifically for Hispanic/Latinx students.	We propose to separate the former strategy to provide focus for our actions for both Black/African American and Hispanic Latinx students.
	3. Promote John T. Smith scholarship to Black/African American students.	We propose to separate the former strategy to provide focus for our actions for both Black/African American and Hispanic Latinx students.
3. Utilization of minority recruiter.	Combined with Strategy #1, #2, #3, #4 and #6.	This strategy has been implemented and is now a regular practice. The college's minority recruiter's personal outreach has been instrumental in the enrollment of diverse students as noted in our last report. The position and activities are ongoing and will be reported under proposed Strategy 1, 2, 3, 4 and 6.
4. Partner with public secondary schools within the BSCTC five-county service area to host events showcasing BSCTC academic programs, financial aid, and support services. Also encourage local public schools to participate in college diversity events.	4. Host Financial Aid events at regional public secondary schools focused on Financial Aid, assisting URM and LIS students to complete FAFSA.	This revision focuses our efforts on activity that better serves the population we are seeking to support.

5. Create a specialized learning community to encourage math non-completers in the cohort who have stopped-out to re-enroll.	eliminate	We no longer plan to pursue this strategy. The college is seeing greater success in its co-requisite model of mathematics instruction. The numbers of students who fall into groups that could be organized as learning communities are small and not conducive to schedule effectively for students across the multiple campuses of the college.
6. Increase Ready to Work (RTW) program participation.	5. Improve the success of Ready to Work participants by requiring specialized study skill sessions and other supports.	This revision builds on the increased number of participants by supporting their success. It will move into the Success category.
7. Develop close/inter-connective groups of cross-cultural leaders/students for the purpose forming and sustaining a more equitable community.	eliminate	We have subsumed this strategy into other actions within the college as part of the development of the college's new Strategic Plan. As we implement the Strategic Plan, we will develop a clearer strategy to include in the Diversity Plan that has clearer, better defined outcomes that may be measured for reporting purposes. As it currently is written here, this strategy is ill-defined, and we are unable to report on it. We request that it be eliminated.
<b>Success</b>		
<b>Current Strategy</b>	<b>Proposed Strategy</b>	<b>Justification</b>
8. Establish an at-risk advising process to facilitate student success.	6. Establish specialized advising process for URM students to increase retention and completion.	This revision more clearly focuses on URM students' academic progress.
	7. Develop mentorship program in which URM students are assigned a mentor from staff or faculty.	This is a new strategy to support URM student success, especially in creating a sense of belonging.
9. Track academic progress through development of student cohorts.	Combined with Strategy #6	This strategy has been implemented and is a regular activity of the minority recruiter who monitors student progress. The activity of tracking will be a part of the advising process of the proposed Strategy #6.
10. Embed diversity module within the First Year Experience course.	Combined with Strategy #13	We have moved this strategy to proposed #13 in the Impact area and provided greater clarity.
11. Provide scholarship funding for students' emergency needs.	8. Provide funding for students' emergency needs.	This revision acknowledges the broader sources of funding that is used to support emergency need.
12. Provide financial and advisory support for student and staff-initiated conferences, projects, and events focused on equity, inclusion, and diversity.	Combined with Strategies #8, #11 and #12	This breaks apart the various pieces of this strategy for improved focus in implementation.
<b>Impact</b>		

Current Strategy	Proposed Strategy	Justification for Revision
13. Increase advertising in such nationally known employment sites as Higher Ed Jobs by submitting all regular, full-time positions (including staff) to the national sites. National advertising in 2018-2019 was only utilized for administrative and faculty positions, not staff positions.	9. Invest in advertising in employment sites that target minority educational professionals to increase the pool of applicants.	This revision refines the strategy to focus on publications that may yield diverse applicants
	10. Implement unconscious or implicit bias training for search committee members.	This is a new strategy.
14. Hire temporary part-time staff and adjunct faculty minority positions in an effort to "grow from within" to begin training minorities to better qualify for regular, full-time positions in the future as the need and funding becomes available.	eliminate	We are no longer pursuing this strategy. We do not have the capacity at this time to give this strategy the time and attention that it needs to be successful in our market characterized by extremely limited pools of populations that qualify as URM.
15. Develop an annual Multicultural College Fair.	11. Reassess and revise the college's annual Multicultural Day.	Given the events of the past year it is timely that we examine the intended outcomes for our Multicultural Day and ensure we are providing relevant engagement.
16. Create a diversity award for faculty and staff who best promote diversity efforts.	12. Recognize faculty and staff who best promote diversity efforts in the classroom or college community.	The award has been created and has been awarded. This revision pushes us to publicly recognize nominees and awardees. This will serve to inspire and encourage others to consider what they could do in this arena.
17. Implement best practices in equality, inclusion, and diversity on campus and in the classroom by facilitating cross cultural interactions amongst students through the utilization of THRT (Truth, Racial Healing & Transformation Campus Center) and the Student45 college events.	13. Embed TRHT Rx Racial Healing Circles as part of a diversity module within the First Year Experience course.	This revision focuses the college on the implementation of the Rx Healing Circles at scale.
	14. Identify a space dedicated to conducting our Rx Racial Healing Circles for the TRHT Center.	This new strategy will ensure that the Rx Healing Circles can be implemented at scale appropriately. As we implement Healing Circles as part of all FYE Courses, it is important that the activity be scheduled into a conducive setting for intimate

		and open discussion rather than the classroom used for everyday conduct of the course.
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Table 1 - Postsecondary Institution Request Components

Component	Fiscal 2022-23	Fiscal 2023-24	Biennial Total
<b>Operating Funds</b>			
Performance Funding	\$67,500,000	\$90,000,000	\$157,500,000
Pension Relief Funds	2,209,900	4,419,800	6,629,700
KSU Land-Grant Program	671,500	671,500	1,343,000
<b>Capital Investment</b>			
New Construction	\$0	\$0	\$0
Asset Preservation	350,000,000	350,000,000	700,000,000
– Debt Service	25,217,000	50,434,000	75,651,000
Technology Infrastructure	0	0	0
<b>Trust Funds</b>			
Endowment Match Program	\$30,000,000	\$30,000,000	\$60,000,000
– Debt Service	2,418,000	4,836,000	7,254,000
Competitive Workforce Initiative	2,225,000	4,450,000	6,675,000

### Operating Funds

- **Performance Funding** - Additional operating funds that will 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 the state's student success goals. The request represents increases of **7.4%** and **9.9%**, respectively, above the current year net General Fund base.
- **Pension Relief Funds** - In 2021-22, Kentucky comprehensive universities (except for NKU) and KCTCS transitioned to a fixed-dollar allocation method of determining employer pension contributions. Based on actuarial calculations, the General Assembly provided appropriations in the 2021-22 budget bill (HB 192), which were intended to cover 100% of the costs associated with that transition. Beginning in 2022-23, Section 7(6)(b) of HB 8 calls for a reduction of 10% per year over five years of the pension subsidies provided in 2021-22. The additional operating funds contained in this request would maintain the pension subsidy at each institution at the 2021-22 funding level.
- **KSU Land-Grant Program** - Additional operating funds to meet federal matching requirements for KSU's land-grant program each year of the upcoming biennium. Also included in the request, but not shown in the table above, is a \$671,500 current-year appropriation to meet the match in 2021-22. If authorized by the General Assembly, these funds would be added to \$8,210,400 in state provided land-grant funding already contained in KSU's 2021-22 operating appropriation and the resulting **\$8,881,900** mandated program total would be excluded from the performance funding model. These funds will help sustain the effectiveness and impact of outreach, service, and applied research of KSU's land-grant program.

### *Capital Investment*

- **New Construction** - A request for state bond funds (or cash) to support new and expanded space is not included in CPE staff's recommended, and the Finance Committee's endorsed, budget request. However, institutions are free to submit to the Governor and General Assembly their own requests for new capital construction projects.
- **Asset Preservation** - Debt service for a **\$700 million** bond issue (i.e., \$350 million each year) to finance renovation and renewal capital projects at the postsecondary institutions during the upcoming biennium (or that amount could be cash funded). If requested bond funds are authorized, CPE staff recommends that they be **matched fifty cents on the dollar** by receiving institutions. It is estimated that the combined **\$1.05 billion** total, state bonds and campus matching funds, would address about **15%** of a total asset preservation need estimated to exceed **\$7.0 billion**.
- **Technology Infrastructure** - A request for state bond funds (or cash) to support technology infrastructure projects is not included in CPE staff's recommended, and the Finance Committee's endorsed, budget request. Compared to other funding components, technology infrastructure was a relatively low priority among campus presidents and CBOs and CPE Executive Leadership. However, institutions are free to submit to the Governor and General Assembly their own requests for information technology and equipment projects.

### *Trust Funds*

- **Endowment Match Program** - Debt service for a **\$60 million** bond issue (i.e., \$30 million each year) to support a fifth round of funding for Bucks for Brains (or that amount could be cash funded). If authorized, the state funds would be **matched dollar-for-dollar** with institutional funds generated from external sources. State and campus matching funds would either be endowed, with investment proceeds available for expenditure in perpetuity on research related activities, or expended on eligible capital projects as permitted by Council guidelines. Investment proceeds would be used to support endowed chairs, professorships, research staff and infrastructure, and student fellowships and scholarships.
- **Competitive Workforce Initiative** - Additional operating funds that will be used to help Kentucky reestablish a competitive workforce through expanded educational and training opportunities (credit and noncredit) at KCTCS institutions. If authorized, these funds will be used to increase degree and credential production capacity at all levels (i.e., certificate, diploma, and associate degree) at every KCTCS institution and address worker skills and supply gaps in targeted industry sectors. KCTCS estimates that targeted workforce program expansion will cost \$17.8 million. It is anticipated that three-fourths of that cost will be covered by added tuition revenue, operating efficiencies, or other fund sources.

**TITLE:** 2022-24 Postsecondary Education Budget Recommendation  
Postsecondary Institution Operating Funds Request

**DESCRIPTION:** The Finance Committee recommends that the Council approve the proposed 2022-24 Postsecondary Institution Operating Funds Request.

**PRESENTER:** Lucas Mentzer, Chair of the Finance Committee

**COMMITTEE REVIEW & APPROVAL**

The Finance Committee reviewed and approved the proposed staff recommendation at its October 28, 2021 meeting.

**SUPPORTING INFORMATION**

The primary way that Kentucky finances its public postsecondary system and supports the teaching, research, and public service missions of individual colleges and universities is by providing state General Fund appropriations for campus operations. These funds, along with tuition and fee revenue, support education and general (E&G) expenditures on campus, including faculty and staff salaries, fringe benefits, student financial aid, utilities, building maintenance, libraries, student support services, and numerous other operating expenses. When available, these funds also finance strategic initiatives that support attainment of the state’s student success goals and objectives of the Council’s *2016-2021 Strategic Agenda for Postsecondary Education*.

- *Council staff recommends total General Fund appropriations of \$974,373,800 in fiscal year 2022-23 and \$996,873,800 in fiscal year 2023-24 to support public postsecondary institution operations.*

As can be seen in Table 1, the recommended total General Fund appropriations represent increases of \$68,171,500 in 2022-23 and \$90,671,500 in 2023-24, or 7.5% and 10.0% increases, respectively, compared to the 2021-22 net General Fund base.

**Table 1: Components of 2022-24 Operating Funds Request**

Funding Category	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
2021-22 Net General Fund <sup>1</sup>	\$906,202,300	\$906,202,300	\$906,202,300
Base Adjustments:			
KERS Subsidy Reductions		<u>(\$2,209,900)</u>	<u>(\$4,419,800)</u>
Adjusted Net General Fund	\$906,202,300	\$903,992,400	\$901,782,500
Additional Budget Requests:			
Performance Funding		\$67,500,000	\$90,000,000
Pension Relief Funds		2,209,900	4,419,800
KSU Land Grant Match	\$671,500	671,500	671,500
<b>Total Operating Funds Request</b>	<b>\$906,873,800</b>	<b>\$974,373,800</b>	<b>\$996,873,800</b>
Dollar Change	\$671,500	\$68,171,500	\$90,671,500
Percent Change	0.1%	7.5%	10.0%

<sup>1</sup> Includes each institution's 2021-22 regular appropriation (net of 2021-22 debt service at UK and KSU), a \$200,000 special appropriation for KSU, and \$17,307,100 appropriated to the Postsecondary Education Performance Fund in 2021-22.

See Attachment A for a breakdown of the Operating Funds request by institution. Major components of the Operating Funds request include the beginning base, base adjustments, and additional appropriations for performance funding, pension relief, and KSU's land-grant program. Each of these components is described in detail below.

### Beginning Base

In recent budget years (i.e., the odd years preceding a new biennium), an institution's beginning base has been calculated as the enacted General Fund appropriation in the second year of the biennium (or the revised appropriation if there was a mid-year budget cut), minus any applicable debt service, plus any earned performance funds. For the upcoming 2022-24 biennium, an additional calculation was required to determine the beginning base for each institution, due to a change in statute (KRS 164.092) that rendered the 2021-22 distribution of \$17,307,100 from the Postsecondary Education Performance Fund (PEPF) to the institutions a nonrecurring distribution.

In the enacted 2021-22 Budget of the Commonwealth (HB 192), the General Assembly appropriated \$17,307,100 to the PEPF in 2021-22. Those funds were distributed among postsecondary institutions using public university and KCTCS funding models in fiscal 2021-22, but rather than those funds being added to the recurring General Fund base of institutions that earned the funds, an amendment in Kentucky's Performance Funding Statute (KRS 164.092) stipulated that the amounts distributed from the performance

fund in the previous year shall be included in the PEPF's base budget submitted by the Council in the postsecondary education biennial budget recommendation.

**Table 2: Calculated Beginning Base by Institution**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>(A + B + C)</b>
Institution	2021-22 Total Appropriation	Debt Service Adjustments	Performance Adjustments	2021-22 Net General Fund
UK	\$272,330,200	(\$1,013,000)	(\$6,086,400)	\$265,230,800
UofL	130,129,300	0	(2,972,500)	127,156,800
EKU	74,444,100	0	(120,200)	74,323,900
KSU	27,386,100	(182,000)	0	27,204,100
MoSU	43,324,900	0	0	43,324,900
MuSU	47,024,700	0	0	47,024,700
NKU	55,150,200	0	(2,902,700)	52,247,500
WKU	78,345,400	0	(1,398,800)	76,946,600
KCTCS	179,262,400	0	(3,826,500)	175,435,900
Performance	0	0	17,307,100	17,307,100
<b>Total</b>	<b>\$907,397,300</b>	<b>(\$1,195,000)</b>	<b>\$0</b>	<b>\$906,202,300</b>

As can be seen in Table 2, net General Fund baseline numbers for fiscal year 2021-22 are calculated by subtracting applicable debt service and earned performance funds from each institution's 2021-22 total General Fund appropriation and returning \$17.3 million to the PEPF. The total appropriation figures are the sum of each institution's 2021-22 regular General Fund (which includes debt service at UK and KSU), a \$200,000 special appropriation for KSU, and applicable nonrecurring distributions from the Performance Fund. The General Fund baseline calculated by CPE staff has been validated using numbers generated by Office of State Budget Director (OSBD) staff for the upcoming biennium.

Figures shown in the Total Appropriation column in Table 2 represent direct appropriations to each institution in 2021-22, which were obtained from the *2021-2022 Budget of the Commonwealth* (HB 192), plus any applicable distributions from the PEPF in 2020-21. Figures shown in the Debt Service Adjustments column were obtained from HB 192. Finally, figures shown in the Performance Adjustments column were calculated using the statutorily required performance funding models (KRS 164.092) and are the inverse of the Performance Fund distribution numbers that were submitted to the Governor and Office of State Budget Director by May 1, 2021. This calculation allows funds distributed to the postsecondary institutions in 2021-22 to be returned to

the PEPF, which satisfies statutory requirements for determining the 2021-22 net GF baseline for each institution and the baseline for the Performance Fund.

- *It is anticipated that performance funds earned in fiscal year 2021-22, specifically \$17,307,100 appropriated to the Postsecondary Education Performance Fund and distributed to Kentucky's public postsecondary institutions that year, will not become recurring to institutions that earned those funds, but rather returned to the Performance Fund for subsequent distribution each year of the 2022-24 biennium.*

## **Base Adjustments**

Base adjustments are technical in nature and typically relate to changes in existing state obligations for postsecondary education, such as increases or decreases over time in General Fund bond supported debt service that is located at the institutions. For the upcoming 2022-24 biennium, CPE staff and Office of State Budget Director officials agree that appropriations for University of Kentucky and Kentucky State University debt service payments and KERS subsidy reductions (HB 8) represent necessary and appropriate base adjustments.

### Debt Service

Prior to 1998, when General Fund supported bonds were issued to finance the construction of public postsecondary facilities, the resulting liability was accounted for at the institutional level and the General Assembly provided funding for debt service, which was included in campus base budgets and line-itemed in appropriations bills. Over time, as new debt was issued and mature debt retired, changes in debt service obligations occurred making periodic adjustments to the base necessary to reflect these changes. Following passage of the *Kentucky Postsecondary Education Improvement Act of 1997* (HB 1), debt service for newer postsecondary projects (i.e., those constructed after 1997) has typically been located in the Finance and Administration Cabinet's budget.

In the enacted *2021-22 Budget of the Commonwealth* (HB 192), the University of Kentucky received \$14.0 million in General Fund supported bond funds for a *University of Kentucky, Sanders-Brown Center on Ageing* capital project and Kentucky State University received \$5.0 million for a *KSU Roof Replacement* project. Included in UK's General Fund appropriation in 2021-22 was debt service of \$1,013,000 to support the \$14.0 million in new bonds issued for that year; and included in KSU's General Fund appropriation in 2021-22 was \$182,000 in debt service to support the bonds for their roof replacement.

- *It is anticipated that \$1,013,000 included in the University of Kentucky's General Fund appropriation in 2021-22 to support new bonds for a University of Kentucky Sanders-Brown Center on Ageing capital project and \$182,000 included in*

*Kentucky State University's General Fund appropriation in 2021-22 to support new bonds for a KSU Roof Replacement capital project will be transferred to the Finance and Administration Cabinet in accordance with common practice.*

**KERS Subsidy Reductions (HB 8)**

Another category of base adjustments that is scheduled to occur during the 2022-24 biennium stems from statutorily required KERS subsidy reductions. In fiscal 2021-22, Kentucky comprehensive universities (except for NKU) and KCTCS transitioned to a fixed-dollar allocation method of determining employer pension contributions. Based on actuarial calculations, the General Assembly appropriated \$22,099,200 in total to participating institutions in the 2021-22 budget bill (HB 192), which was intended to cover 100% of the costs associated with that transition at each institution.

Beginning in 2022-23, Section 7(6)(b) of HB 8 calls for a reduction of 10% per year over five years of the pension subsidies provided in 2021-22. As can be seen in Table 3, the \$22.1 million KERS pension subsidy provided in 2021-22 is slated to be reduced by a total of \$2.2 million in 2022-23 and by \$4.4 million in 2023-24. The planned decrease in KERS pension subsidies will reduce the net General Fund base of impacted institutions each year of the upcoming biennium as shown in Table 3.

**Table 3: Planned Reduction in KERS Pension Subsidies (HB 8)**

Campus	Fiscal Year 2021-22	Fiscal Year 2022-23	Subsidy Reduction	Fiscal Year 2023-24	Subsidy Reduction
EKU	\$8,909,700	\$8,018,700	(\$891,000)	\$7,127,800	(\$1,781,900)
KSU	558,200	502,400	(55,800)	446,600	(111,600)
MoSU	4,913,000	4,421,700	(491,300)	3,930,400	(982,600)
MuSU	3,270,900	2,943,800	(327,100)	2,616,700	(654,200)
WKU	3,592,500	3,233,300	(359,200)	2,874,000	(718,500)
KCTCS	854,900	769,400	(85,500)	683,900	(171,000)
<b>Totals</b>	<b>\$22,099,200</b>	<b>\$19,889,300</b>	<b>(\$2,209,900)</b>	<b>\$17,679,400</b>	<b>(\$4,419,800)</b>
Subsidy	100%	90%		80%	

- *It is anticipated that the net General Fund base of five comprehensive universities (excludes NKU) and KCTCS will be reduced in total by \$2,209,900 in 2022-23 and \$4,419,800 in 2023-24 in accordance with HB 8 statutory requirements and as shown in Table 3 above.*

## Additional Budget Requests

Over the past five months, CPE staff has engaged in a collaborative process with multiple stakeholders to identify funding components and request amounts to include in the Council’s 2022-24 biennial budget recommendation that address the most pressing resource needs of Kentucky’s public postsecondary system and provide the highest and best return on the state’s investment. Following numerous discussions between and among Council members, campus presidents, chief budget officers, and CPE senior staff, there is consensus that the highest priorities for the 2022-24 biennium are additional appropriations for performance funding and pension relief, as part of the Operating Funds request, and General Fund debt supported bond funds (or cash) for asset preservation, as part of the Capital Investment request.

As can be seen in Table 4 below, CPE staff recommends that the Council’s Operating Funds request include new funding for three components: (1) performance funding; (2) pension relief funds; and (3) KSU’s land-grant program. The performance funding request is well aligned with the state’s student success goals and the objectives and strategies identified in the Council’s *2016-2021 Strategic Agenda for Postsecondary Education*. The pension relief funds will help five comprehensive universities and KCTCS avoid reductions in HB 8 subsidies over the biennium. The request for KSU’s land-grant funding is necessary to meet a federal matching requirement.

**Table 4: Components of 2022-24 Operating Funds Request**

Funding Component	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Additional Budget Requests:			
Performance Funding		\$67,500,000	\$90,000,000
Pension Relief Funds		2,209,900	4,419,800
KSU Land-Grant Program	\$671,500	671,500	671,500
<b>Total Additional Requests</b>	<b>\$671,500</b>	<b>\$70,381,400</b>	<b>\$95,091,300</b>

Additional information about each of these funding components is provided below.

### Performance Funding

On March 21, 2017, Kentucky’s Performance Funding Bill (SB 153), which had passed both the House and Senate with no changes, was signed into law by the Governor. The newly created statute (KRS 164.092) represented the culmination of a six-month effort by a working group of campus presidents, the Council president, and the Governor and

legislative leaders (or their representatives), to develop a rational model for distributing state General Fund appropriations among public universities and KCTCS institutions.

Now in their fifth year of operation, university and KCTCS funding models were used to distribute \$42.9 million in fiscal year 2017-18, \$31.0 million in 2018-19, \$38.7 million in 2019-20, \$15.0 million in 2020-21, and \$17.3 million in 2021-22 among the institutions, using rational criteria imbedded in the funding formulas. In terms of process, the General Assembly appropriated funds to the Postsecondary Education Performance Fund (PEPF) in each of those years, CPE and KCTCS staffs ran the funding models and certified the resulting distribution of funds to the Office of the State Budget Director, and distributions to institutions were made through the quarterly allotment process.

Since the adoption of performance funding, the number of degrees and credentials produced by Kentucky postsecondary institutions has grown at an average annual rate of 3.5 percent, which exceeds the growth rate needed (i.e., 1.7% per year) for the state to achieve its goal of increasing educational attainment of working age adults to 60% by the year 2030. In addition, numbers of underrepresented minority degrees and credentials and awards in STEM+H fields have grown at unprecedented rates.

- *Council staff recommends appropriations of \$67,500,000 in 2022-23 and \$90,000,000 in 2023-24 for performance funding to provide incentives for institutions to increase student success and course completion outcomes and continue making progress toward the state's 60X30 attainment goal.*

If the requested appropriations are authorized, it is anticipated that the funds will be placed in the Performance Fund, pending application of the funding models by CPE and KCTCS staffs and distribution among institutions based on statutorily defined formulas.

In addition to encouraging desired student outcomes, state investment in performance funding will help institutions and the Council maintain affordability for Kentucky students and families. Over the past decade, reductions in state support and mandated increases in employer-paid pension contributions have strained campus budgets and placed upward pressure on tuition and fees. Despite Council adopted tuition ceilings, published in-state sticker prices have increased over the past decade. Additional funding for campus operations will help institutions and the Council minimize tuition increases and maintain affordability and access.

### Pension Relief Funds

As previously described, Kentucky comprehensive universities (except for NKU) and KCTCS transitioned to a fixed-dollar allocation method of determining employer pension contributions in 2021-22. The General Assembly appropriated \$22.1 million to cover 100% of estimated transition costs that year, but also enacted HB 8, which calls for 10% reductions in the subsidies each year of the biennium. These are essentially budget cuts for participating institutions.

- *Council staff recommends appropriations of \$2,209,900 in 2022-23 and \$4,419,800 in 2023-24 to maintain the KERS pension subsidies at their 2021-22 levels at five comprehensive universities and KCTCS.*
- *In addition, staff recommends that the requested appropriations for 2022-23 and 2023-24 be allocated among participating institutions in amounts that exactly offset planned KERS pension reductions at each institution as shown in Table 5 below.*

If the requested appropriations are authorized, the KERS pension subsidies at each participating institution would be maintained at the 2021-22 funding level. This would negate the scheduled budget cuts, reduce stress on campus budgets and help the institutions and the Council maintain affordability for Kentucky citizens. It would provide resources needed for the institutions to pursue student success goals and eliminate a potential disadvantage among KERS participating universities in performance funding.

**Table 5: Allocation of Requested 2022-24 Pension Relief Funds**

Institution	Fiscal Year 2022-23	Fiscal Year 2023-24
Eastern Kentucky University	\$891,000	\$1,781,900
Kentucky State University	55,800	111,600
Morehead State University	491,300	982,600
Murray State University	327,100	654,200
Western Kentucky University	359,200	718,500
KCTCS	85,500	171,000
<b>Totals</b>	<b>\$2,209,900</b>	<b>\$4,419,800</b>

### KSU Land Grant Match

Kentucky State University is an 1890 Land-Grant Institution. As such, it is eligible to receive federal grant funds appropriated by Congress each year to support land-grant research and extension activities. These funds must be matched dollar-for-dollar by the state to ensure that KSU will continue to receive its full allotment of federal funds. The matching requirement is an obligation of the state, not Kentucky State University. Other sources of federal funds and tuition and fee revenue cannot be used to meet the match.

In 2021-22, KSU is eligible to receive \$8,881,900 in United States Department of Agriculture (USDA) administered grants to support its land-grant program. Currently, KSU has \$8,210,400 in General Fund appropriations in its base to meet the matching requirement, resulting in a funding gap of \$671,500.

- *CPE staff recommends appropriations of \$671,500 in fiscal year 2022-23 and \$671,500 in fiscal year 2023-24 to provide a sufficient amount of recurring state General Fund to meet the federal matching requirement for Kentucky State University's land-grant program.*
- *In addition, because KSU's land-grant program is under matched in the current year, staff recommends a current-year appropriation of \$671,500 to complete the state's matching obligation for fiscal year 2021-22.*

If the requested funds are authorized, it is recommended that they be appropriated directly to Kentucky State University. Since KSU's land-grant program has been designated as a mandated program by the Kentucky General Assembly and the Council on Postsecondary Education, it is anticipated that the total amount of state funds provided to the program in the upcoming biennium will be line-itemed in the 2022-24 budget bill and excluded from the institution's allocable resources in upcoming iterations of the performance funding model.

Finally, if these funds are authorized, they will reinforce the effectiveness and impact of outreach, service, and applied research of KSU's land-grant program.

## **Endorsements**

### Additional Pension Funding

As previously mentioned, Kentucky comprehensive universities (except for NKU) and KCTCS transitioned to a fixed-dollar allocation method of determining employer pension contributions in 2021-22. The General Assembly appropriated \$22,099,200 in total to participating institutions in the 2021-22 budget bill (HB 192), which was intended to cover 100% of the costs associated with that transition at each institution.

Several institutions have indicated to Council staff that the salary base estimates used to determine their KERS pension subsidy amounts for 2021-22 ended up being different from their actual KERS salary bases, which resulted in an appropriation in 2021-22 that covered less than 100% of the cost of transitioning to the fixed-dollar allocation method.

If the Governor and General Assembly determine that the KERS pension subsidy appropriated to a comprehensive university or KCTCS in fiscal year 2021-22 was insufficient to cover 100% of the fixed-dollar allocation method transition cost, the Council will support any additional funding that the legislature may provide to make those institutions whole and subsidize 100% of the transition cost.

- *The Council supports and endorses any current-year appropriations as may be necessary to fully cover the cost of transitioning to a fixed-dollar allocation method of determining pension contributions in 2021-22 among participating KERS institutions.*

Council on Postsecondary Education  
2022-24 Biennial Budget Recommendation  
Postsecondary Institution Operating Funds Request

Purple Card

Current Year Base:	UK	UofL	EKU	KSU	MoSU	MuSU	NKU	WKU	KCTCS	PEPF	Total
2021-22 Regular Appropriation	\$266,243,800	\$127,156,800	\$74,323,900	\$27,186,100	\$43,324,900	\$47,024,700	\$52,247,500	\$76,946,600	\$175,435,900	\$17,307,100	\$907,197,300
Plus: 2021-22 Performance Distribution	6,086,400	2,972,500	120,200	0	0	0	2,902,700	1,398,800	3,826,500	(17,307,100)	0
Special Appropriation	0	0	0	200,000	0	0	0	0	0	-- NA --	200,000
2021-22 Total General Fund	\$272,330,200	\$130,129,300	\$74,444,100	\$27,386,100	\$43,324,900	\$47,024,700	\$55,150,200	\$78,345,400	\$179,262,400	\$0	\$907,397,300
Minus: 2021-22 Debt Service	(1,013,000)	0	0	(182,000)	0	0	0	0	0	-- NA --	(1,195,000)
Performance Adjustment (KRS 164.092)	(6,086,400)	(2,972,500)	(120,200)	0	0	0	(2,902,700)	(1,398,800)	(3,826,500)	17,307,100	0
➔ 2021-22 Adjusted Net General Fund Baseline	\$265,230,800	\$127,156,800	\$74,323,900	\$27,204,100	\$43,324,900	\$47,024,700	\$52,247,500	\$76,946,600	\$175,435,900	\$17,307,100	\$906,202,300
				671,500							
<b>First-Year Operating Request:</b>											
➔ 2021-22 Adjusted Net General Fund Baseline	\$265,230,800	\$127,156,800	\$74,323,900	\$27,204,100	\$43,324,900	\$47,024,700	\$52,247,500	\$76,946,600	\$175,435,900	\$17,307,100	\$906,202,300
Minus: Base Adjustments											
KERS Subsidy Reduction (HB 8)	0	0	(891,000)	(55,800)	(491,300)	(327,100)	0	(359,200)	(85,500)	-- NA --	(2,209,900)
Plus: Additional Budget Requests											
Performance Funding	0	0	0	0	0	0	0	0	0	67,500,000	67,500,000
Pension Relief Funds	0	0	891,000	55,800	491,300	327,100	0	359,200	85,500	-- NA --	2,209,900
KSU Land Grant Match	0	0	0	671,500	0	0	0	0	0	-- NA --	671,500
2022-23 Requested General Fund	\$265,230,800	\$127,156,800	\$74,323,900	\$27,875,600	\$43,324,900	\$47,024,700	\$52,247,500	\$76,946,600	\$175,435,900	\$84,807,100	\$974,373,800
Dollar Change from Baseline <sup>(1)</sup>	\$0	\$0	\$0	\$671,500	\$0	\$0	\$0	\$0	\$0	\$67,500,000	\$68,171,500
Percent Change from Baseline <sup>(1)</sup>	0.0%	0.0%	0.0%	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	-- NA --	7.5%
<b>Second-Year Operating Request:</b>											
➔ 2021-22 Adjusted Net General Fund Baseline	\$265,230,800	\$127,156,800	\$74,323,900	\$27,204,100	\$43,324,900	\$47,024,700	\$52,247,500	\$76,946,600	\$175,435,900	\$17,307,100	\$906,202,300
Minus: Base Adjustments											
KERS Subsidy Reduction (HB 8)	0	0	(1,781,900)	(111,600)	(982,600)	(654,200)	0	(718,500)	(171,000)	-- NA --	(4,419,800)
Plus: Additional Budget Requests											
Performance Funding	0	0	0	0	0	0	0	0	0	90,000,000	90,000,000
Pension Relief Funds	0	0	1,781,900	111,600	982,600	654,200	0	718,500	171,000	-- NA --	4,419,800
KSU Land Grant Match	0	0	0	671,500	0	0	0	0	0	-- NA --	671,500
2023-24 Requested General Fund	\$265,230,800	\$127,156,800	\$74,323,900	\$27,875,600	\$43,324,900	\$47,024,700	\$52,247,500	\$76,946,600	\$175,435,900	\$107,307,100	\$996,873,800
Dollar Change from Baseline <sup>(1)</sup>	\$0	\$0	\$0	\$671,500	\$0	\$0	\$0	\$0	\$0	\$90,000,000	\$90,671,500
Percent Change from Baseline <sup>(1)</sup>	0.0%	0.0%	0.0%	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	-- NA --	10.0%

<sup>(1)</sup> Dollar and percent change figures for the postsecondary institutions do not reflect distribution of any funds from the Postsecondary Education Performance Fund (PEPF). The funding model will be run in April each year of the upcoming biennium to determine the distribution of any available performance funds.

**TITLE:** 2022-24 Postsecondary Education Budget Recommendation  
Postsecondary Institution Capital Investment Request

**DESCRIPTION:** The Finance Committee recommends that the Council approve the proposed 2022-24 Postsecondary Institution Capital Investment Request.

**PRESENTER:** Lucas Mentzer, Chair of the Finance Committee

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### **COMMITTEE REVIEW & APPROVAL**

The Finance Committee reviewed and approved the proposed staff recommendation at its October 28, 2021 meeting.

### **SUPPORTING INFORMATION**

This agenda item provides detail regarding CPE staff's recommendation to address new construction, asset preservation, and information technology and equipment needs of Kentucky's public postsecondary institutions for the 2022-24 biennium. It identifies the most pressing campus needs for renovation and renewal of existing facilities (to be funded through a combination of state General Fund supported bond funds and campus resources) and new and expanded space and information technology and equipment (to be funded with institutional resources).

#### **Background**

In 2005, the Council and postsecondary institutions contracted with Vanderweil Facilities Advisors, Inc. (VFA), Paulien & Associates, and NCHEMS to conduct a comprehensive review and assessment of Kentucky's public college and university facilities. Evaluators took more than a year and examined over 700 education and general (E&G) facilities located on college campuses across the system and, in early 2007, concluded that Kentucky's facilities inventory was in relatively poor condition compared to industry standards.

Most buildings at that time were over 30 years old and their condition and utility was consistent with their age. Additionally, HVAC, plumbing, and electrical systems in many buildings had far exceeded their useful life expectancies and many buildings no longer

adequately supported the academic programming for which they were originally intended. Overall, evaluators identified an accumulation of about \$6.1 billion in asset preservation needs for the postsecondary system projected to come due by 2018 (*Facility Condition Assessment & Space Study*, VFA, 2007).

In 2013, VFA evaluators were retained again by the Council and updated their findings from the 2007 study. Based on updated projections, they determined that unless sizable investments in asset preservation were made in coming biennia, the magnitude of renovation and renewal need would grow to \$7.3 billion by 2021. Over the past seven biennia (i.e., since 2008), the state invested \$281.0 million in postsecondary institution asset preservation projects, or 3.8 percent of the total projected need. A combination of factors, including a growing inventory of aging facilities, infrastructure, and systems in need of renovation and renewal, increasing construction costs, and minimal state investment in asset preservation, has resulted in an accumulation of asset preservation need that is estimated to exceed \$7.0 billion in 2021.

### 2022-24 Capital Investment Recommendation

The Council’s capital investment request typically includes three components: (a) new construction; (b) asset preservation; and (c) information technology and equipment. In recent biennia, due to the magnitude of accumulated need, CPE staff, campus officials, and the Council have elected to prioritize asset preservation in the Capital Investment request. That same emphasis is recommended for the 2022-24 biennium.

**Table 1: Components of 2022-24 Capital Investment Request**

Funding Component	Fiscal Year 2022-23	Fiscal Year 2023-24
Additional Budget Requests:		
• New Construction	\$0	\$0
• Asset Preservation	\$350,000,000	\$350,000,000
- Debt Service	25,217,000	50,434,000
• Information Technology and Equipment	\$0	\$0

As can be seen in Table 1, staff recommends \$350.0 million each year of the upcoming biennium (i.e., a biennial total of \$700.0 million) to finance Asset Preservation projects on Kentucky public postsecondary campuses, which could be bond or cash funded.

While investment in new construction and information technology would address important needs for the postsecondary system, due to the extent of accumulated renovation and renewal needs, CPE staff and campus officials recommend that the Council's 2022-24 Capital Investment request focus exclusively on asset preservation. Each component of the capital request is described in greater detail below.

### New Construction

For the 2022-24 biennium, a request for state bond funds (or cash) to support new and expanded space is not included in CPE staff's Capital Investment recommendation. However, institutions are free to submit to the Governor and General Assembly their own requests for new capital construction projects.

### Asset Preservation

As indicated above, the need for facilities renovation and renewal at Kentucky's public postsecondary institutions has not been addressed in any substantive way since 2008. In a 2013 update to the original VFA Study, evaluators found that the cumulative cost of bringing the state's postsecondary education facilities up to industry standards was projected to grow to \$7.3 billion by 2021. Since 2008, the state has appropriated a total of \$281.0 million to meet to that need.

Staff recommends that the Council continue to pursue a capital investment strategy that establishes a long-term partnership between the state, postsecondary institutions, and students and families to address asset preservation needs. Sustained investment over an extended time horizon is necessary to address what has become an overwhelming and urgent need for renovation and renewal of existing postsecondary facilities and to protect these valuable state-owned assets.

- *Staff recommends an appropriation of \$25,217,000 in 2022-23 and \$50,434,000 in 2023-24, recurring at the latter amount in subsequent years, to pay annual debt service on \$700.0 million in state bonds (i.e., \$350.0 million each year) to finance asset preservation and renovation projects at public postsecondary institutions during the upcoming biennium.*

Since the Commonwealth of Kentucky ended fiscal year 2020-21 with a sizable budget surplus, there may be an opportunity for the General Assembly to cash fund some portion of the requested \$700.0 million appropriation for asset preservation. However, should policymakers decide to debt finance the requested amount in its entirety, the debt service figures shown in Table 1 were calculated using a template provided by

Finance Cabinet staff and reflect the annual cost of financing the full amount at current tax-exempt rates over a 20-year time period.

If the asset preservation request is approved by the Council and authorized by the General Assembly, CPE staff recommends that the funds be allocated among the postsecondary institutions using an approach that has been vetted by campus officials and proposed by Council staff several times in previous biennia. Namely, 10 percent of the total amount appropriated (i.e., or \$70.0 million, if \$700.0 million is authorized) would be designated as the “base allocation” and of that amount 20 percent (i.e., or \$14.0 million) would be allocated to KCTCS and 80 percent (i.e., or \$56.0 million) would be allocated to the university sector. The university allocation would then be divided equally among Kentucky’s eight public universities (i.e., or \$7.0 million each).

The remaining funds (i.e., the \$630.0 million not designated as “base allocation” funds) would be allocated among institutions based on each institution’s share of projected total asset preservation need (i.e., \$7.3 billion), as identified in the 2013 update to the VFA Study (see Table 2).

In keeping with previous asset preservation requests approved by the Council, staff recommends that any state bond funds (or cash) appropriated for asset preservation in the 2022-24 biennium be matched 50 cents (i.e., \$0.50) for every state dollar (i.e., \$1.00) with college and university restricted-funds resources. The recommended matching component reflects a hard reality that renovation and renewal of existing Education and General facilities has been neglected for far too long on Kentucky college and university campuses, allowing system total asset preservation need to accumulate to more than \$7.0 billion in 2021. It reflects the realization that it will require shared commitment and sustained investment on the part of state government leaders, campus officials, and students and families to address asset preservation needs of the magnitude we now face.

- *Staff recommends that Kentucky colleges and universities expend 50 cents (\$0.50) on renovation and renewal projects out of their own restricted-funds resources for every state dollar (\$1.00) appropriated to finance asset preservation projects at public postsecondary institutions during the upcoming biennium.*
- *Staff further recommends that the institutions be allowed flexibility to meet the match by counting renovation and renewal expenditures over three biennia, including 2020-22, 2022-24, and 2024-26.*
- *Finally, staff recommends that the institutions be given the option to have no match (\$0.00) on half of the requested asset preservation funds in the first year of the biennium and a dollar-for-dollar match (\$1.00) on the other half of the funds in*

*the second year (to meet the fifty-cents-on-the-dollar match in the aggregate over the biennium).*

It is estimated that a combined \$1.05 billion total expenditure for asset preservation, comprised of \$700.0 million in state bond funds (or cash) and \$350.0 million in restricted source campus funds, will address about 15 percent of the total accumulated asset preservation need at the campuses.

**Table 2: Allocation of Requested Asset Preservation Funds**

Campus	Base Allocation	Renovation and Renewal Need	Percent of Total	VFA Need Allocation	State Funds Requested
UK	\$7,000,000	\$2,689,403,800	36.8%	\$232,099,100	\$239,099,100
UofL	7,000,000	1,237,835,000	17.0%	106,826,900	113,826,900
EKU	7,000,000	526,448,000	7.2%	45,433,200	52,433,200
KSU	7,000,000	136,457,400	1.9%	11,776,500	18,776,500
MoSU	7,000,000	385,674,200	5.3%	33,284,200	40,284,200
MuSU	7,000,000	416,847,300	5.7%	35,974,500	42,974,500
NKU	7,000,000	352,630,000	4.8%	30,432,500	37,432,500
WKU	7,000,000	644,924,200	8.8%	55,657,800	62,657,800
KCTCS	14,000,000	909,780,100	12.5%	78,515,300	92,515,300
<b>Totals</b>	<b>\$70,000,000</b>	<b>\$7,300,000,000</b>	<b>100.0%</b>	<b>\$630,000,000</b>	<b>\$700,000,000</b>

Staff recommends that any appropriations for asset preservation in the upcoming biennium be allocated to the postsecondary institutions in funding pools. Each campus has provided a list of high-priority renovation and renewal projects that can be funded from their respective pools. A list of eligible E&G asset preservation projects can be found in Attachment C-1.

If requested debt service for asset preservation projects is authorized, it will be housed temporarily in the Physical Facilities Trust Fund.

### Information Technology

For the upcoming biennium, CPE staff is not recommending a Capital Investment request to support information technology or equipment projects. Compared to other funding components, information technology was less of a priority among CPE staff, campus presidents and CBOs, than other funding components. However, institutions

are free to submit to the Governor and General Assembly their own requests for information technology and equipment projects.

### **Institution Funded Projects**

Staff recommends that the Council approve institutionally funded capital projects that further the goals of *The Postsecondary Education Improvement Act of 1997* (HB 1) and objectives of the Council's *2022-30 Strategic Agenda*. While this proposal requests state funds for asset preservation only, the state budget office has allowed the institutions to submit their projects using the fund source that they used in the capital planning system. The state budget office is fully aware of the CPE position.

Council approval of projects listed in the attachments that are not included in the enacted biennial budget may be pursued in the interim using institutional resources as allowed without additional Council approval. Staff recommends that the Council support projects in the following categories:

- *Authorization of \$2,301,730,800 in agency, federal, private, and other fund source authority to address new and expanded space on postsecondary campuses during the upcoming biennium. This authorization level represents the total of all possible agency, federal, private, and other fund source financed new and expanded space projects that might be undertaken by the campuses during the biennium. These projects can be found in Attachment C-2.*
- *Authorization of \$211,181,000 in agency, federal, private, and other fund source authority for information technology needs on postsecondary campuses during the upcoming biennium. This authorization level represents the total of all possible agency, federal, private, and other fund source financed projects that might be undertaken by the campuses during the biennium. A list of these projects can be found in Attachment C-3.*
- *Authorization of \$278,792,000 in agency bonds to finance capital projects (with a total scope of (\$1,473,792,000) on postsecondary campuses during the upcoming biennium (this total does not include Agency Bond authorization for Education and General new construction or asset preservation projects). This authorization level represents the total of all possible agency bond funded projects that might be undertaken by the campuses during the biennium. A list of these projects can be found in Attachment C-4.*
- *Authorization of \$4,524,799,000 in agency, federal, private, and other fund source authority to address life safety, major maintenance, equipment acquisitions, infrastructure repair and upgrades, and new construction on postsecondary campuses during the upcoming biennium. This authorization level represents the*

*total of all possible agency, federal, private, and other fund source financed projects that might be undertaken by the campuses during the biennium for non-Education and General facilities and purposes. These projects, which include capital lease authorizations, can be found in Attachment C-5.*

- *Authorization for nine projects (one at each institution) to improve energy efficiency in campus buildings, including energy equipment acquisitions, infrastructure repair, and upgrades. These projects would be funded using third-party financing available through the Finance and Administration Cabinet, private contractors, or other non-state funds.*

## **Endorsements**

Staff recommends that the Council endorse the following language for inclusion in the 2022-24 Budget of the Commonwealth:

*Inasmuch as the identification of specific projects in a variety of areas of postsecondary institution operations cannot be ascertained with absolute certainty at this time, amounts are appropriated and authorized for specific projects which are not individually identified in this act in the following areas: EKV, KCTCS, KSU, MoSU, MuSU, NKU, UK, UofL, and WKU asset preservation, renovations, major maintenance, infrastructure, and HVAC and roofing systems.*

*Any specific project exceeding \$1,000,000 or any major item of equipment exceeding \$200,000 that is initiated shall be reported by the institution to the Council on Postsecondary Education, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee no later than 30 days after the specific project or equipment item is initiated and funded. The report shall identify the need for, and provide a brief description of, each project or equipment item pursuant to KRS Chapter 45.*

Proposed Asset Preservation Projects 2022-24

Attachment C-1

Institution/Count/Title	Total Scope	General Fund			Third-Party		Private Funds -	
		(Bond Funds)	Agency Bonds	Restricted Funds	Financing	Federal Funds	Cash	
<b>University of Kentucky</b>								
1 Facilities Renewal and Modernization 2	250,000,000	125,000,000	125,000,000	-	-	-	-	-
2 Improve Funkhouser Building	120,000,000	90,000,000	-	15,000,000	15,000,000	-	-	-
3 Asset Preservation Matching Funds Pool	119,550,000	-	119,550,000	-	-	-	-	-
4 Improve Barnhart Building 1	45,000,000	30,000,000	-	15,000,000	-	-	-	-
5 Improve Barnhart Building 2	45,000,000	-	-	-	45,000,000	-	-	-
6 Improve Life Safety	15,000,000	-	-	15,000,000	-	-	-	-
7 ADA Compliance Pool	10,000,000	-	-	10,000,000	-	-	-	-
8 Construct Student Housing	50,000,000	-	-	50,000,000	-	-	-	-
9 Upgrade/Renovate/Expand Research Labs	50,000,000	-	-	50,000,000	-	-	-	-
10 Improve Memorial Coliseum	65,000,000	-	-	65,000,000	-	-	-	-
11 Construct/Improve Recreation Quad 1	15,000,000	-	-	15,000,000	-	-	-	-
12 Improve Whalen Building and Bay Facility (Ky Adv Mfg Initiative)	5,000,000	-	-	5,000,000	-	-	-	-
13 Improve Johnson Center	30,000,000	-	-	30,000,000	-	-	-	-
14 Improve Kastle Hall	43,000,000	-	-	43,000,000	-	-	-	-
15 Improve Cooper House	4,000,000	-	-	4,000,000	-	-	-	-
16 Improve LTS Facilities	20,000,000	-	-	20,000,000	-	-	-	-
17 Improve Anderson Tower	6,000,000	-	-	6,000,000	-	-	-	-
18 Improve Dentistry Facility	30,000,000	-	-	30,000,000	-	-	-	-
19 Improve Jacobs Science Building	35,000,000	-	-	35,000,000	-	-	-	-
20 Improve Library Facility	20,000,000	-	-	20,000,000	-	-	-	-
21 Improve McVey Hall	35,000,000	-	-	35,000,000	-	-	-	-
22 Improve Medical Plaza	5,000,000	-	-	5,000,000	-	-	-	-
23 Improve Pence Hall	30,000,000	-	-	30,000,000	-	-	-	-
24 Improve Reynolds Bldg #1	41,000,000	-	-	41,000,000	-	-	-	-
25 Improve Sanders-Brown Center on Aging/Neuroscience Facilities (Reauthorization)	63,000,000	14,000,000	-	35,000,000	14,000,000	-	-	-
26 Improve Scovell Hall	45,000,000	-	-	45,000,000	-	-	-	-
27 Improve Seaton Center	6,000,000	-	-	6,000,000	-	-	-	-
28 Improve Taylor Education Building	72,000,000	-	-	72,000,000	-	-	-	-
29 Improve W.T. Young Facility	5,000,000	-	-	5,000,000	-	-	-	-
30 Improve Willard Medical Education Building	20,000,000	-	-	20,000,000	-	-	-	-
31 Improve CAFE Motor Pool Building	10,000,000	-	-	10,000,000	-	-	-	-
32 Construct/Relocate/Replace Greenhouses	3,000,000	-	-	3,000,000	-	-	-	-
33 Improve Med Center Library	12,000,000	-	-	12,000,000	-	-	-	-
34 Improve Memorial Hall	25,000,000	-	-	25,000,000	-	-	-	-
35 Renovate Space for a Testing Center	5,000,000	-	-	5,000,000	-	-	-	-
36 Improve Campus Core Quadrangle Facilities	40,000,000	-	-	40,000,000	-	-	-	-
37 Improve Chem/Physics Building, Phase 3	65,000,000	-	-	65,000,000	-	-	-	-
38 Improve Nursing Building	5,000,000	-	-	5,000,000	-	-	-	-
39 Improve Multi-Disciplinary Science Building	10,000,000	-	-	10,000,000	-	-	-	-

Proposed Asset Preservation Projects 2022-24

Attachment C-1

Institution/Count/Title	Total Scope	General Fund			Private Funds -		
		(Bond Funds)	Agency Bonds	Restricted Funds	Third-Party Financing	Federal Funds	Cash
40 Improve King Library	5,000,000	-	-	5,000,000	-	-	-
41 Acquire/Renovate Clinical Research Facility	8,000,000	-	-	8,000,000	-	-	-
42 Improve White Hall Classroom Building	120,000,000	-	-	120,000,000	-	-	-
43 Expand KGS Well Sample and Core Repository	6,000,000	-	-	6,000,000	-	-	-
44 Improve CAER Facilities	75,000,000	-	-	75,000,000	-	-	-
45 Improve DLAR Facilities	10,000,000	-	-	10,000,000	-	-	-
46 Purchase/Construct CO2 Capture Process Plant	50,000,000	-	-	1,500,000	8,500,000	40,000,000	-
47 Improve Mineral Industries Building	6,000,000	-	-	6,000,000	-	-	-
48 Acquire/Improve Administrative Facility	10,000,000	-	-	10,000,000	-	-	-
49 Acquire/Improve Elevator Systems	10,000,000	-	-	10,000,000	-	-	-
50 Construct/Improve Office Building	55,000,000	-	-	55,000,000	-	-	-
51 Improve Sturgill Development Building	4,000,000	-	-	4,000,000	-	-	-
52 Improve Academic Facility 1	16,000,000	-	-	16,000,000	-	-	-
53 Improve Academic/Administrative Space 1	10,000,000	-	-	10,000,000	-	-	-
54 Improve Academic/Administrative Space 2	10,000,000	-	-	10,000,000	-	-	-
55 Improve Academic/Administrative Space 3	10,000,000	-	-	10,000,000	-	-	-
56 Improve Academic/Administrative Space 4	10,000,000	-	-	10,000,000	-	-	-
57 Improve Building Electrical Systems	10,000,000	-	-	10,000,000	-	-	-
58 Improve Building Mechanical Systems	35,000,000	-	-	35,000,000	-	-	-
59 Improve Building Shell Systems	40,000,000	-	-	40,000,000	-	-	-
60 Improve Campus Infrastructure Upgrade	10,000,000	-	-	10,000,000	-	-	-
61 Improve Coldstream Research Campus	50,000,000	-	-	50,000,000	-	-	-
62 Improve Electrical Infrastructure	28,000,000	-	-	28,000,000	-	-	-
63 Improve Mechanical Infrastructure	26,000,000	-	-	26,000,000	-	-	-
64 Improve Peterson Service Building	14,000,000	-	-	14,000,000	-	-	-
65 Improve Senior Center	2,000,000	-	-	2,000,000	-	-	-
66 Improve Site/Civil Infrastructure	50,000,000	-	-	50,000,000	-	-	-
67 Improve Student Center Space 2	20,000,000	-	-	20,000,000	-	-	-
68 Improve Student Center Space 3	25,000,000	-	-	25,000,000	-	-	-
69 Improve University Storage Facility	12,000,000	-	-	12,000,000	-	-	-
70 Renovate Carnahan House	8,000,000	-	-	8,000,000	-	-	-
71 Repair Critical Infrastructure/Bldg Systems	25,000,000	-	25,000,000	-	-	-	-
72 Repair/Replace Campus Cable Infrastructure	4,000,000	-	-	4,000,000	-	-	-
73 Improve Fume Hood Systems	10,000,000	-	-	10,000,000	-	-	-
74 Decommission Facilities	30,000,000	-	-	30,000,000	-	-	-
75 Improve Central Plants	112,000,000	-	-	112,000,000	-	-	-
76 Construct/Improve Innovation Facility	70,000,000	-	-	-	70,000,000	-	-
77 Guaranteed Energy Performance Contract - General	1,000,000	-	-	1,000,000	-	-	-
78 Facilities Renewal and Modernization (Reauthorization)	250,000,000	-	125,000,000	125,000,000	-	-	-
<b>UK AP Total</b>	<b>2,721,550,000</b>	<b>259,000,000</b>	<b>394,550,000</b>	<b>1,875,500,000</b>	<b>152,500,000</b>	<b>40,000,000</b>	-

Proposed Asset Preservation Projects 2022-24

Attachment C-1

Institution/Count/Title	Total Scope	General Fund	Agency Bonds	Restricted Funds	Third-Party	Private Funds -	
		(Bond Funds)			Financing	Federal Funds	Cash
<b>University of Louisville</b>							
1 Upgrade - STEM Instruction Building	50,000,000	50,000,000	-	-			
2 Capital Renewal Replace & Upgrade Pool	100,000,000	50,000,000	50,000,000	-			
3 Asset Preservation Matching Pool	56,914,000	-	56,914,000	-			
4 Renovate - School of Nursing	14,000,000	-	-	14,000,000			
5 Renovate - School of Medicine Building 55A	20,000,000	-	-	20,000,000			
6 Renovation & Adaption Projects for Various Bldgs	50,000,000	-	-	50,000,000			
7 Renovation - Vivarium Facilities	75,000,000	-	-	75,000,000			
8 Renovate - Fresh Tissue Culture and Morgue	2,200,000	-	-	2,200,000			
9 Renovate - Chemistry Fume Hood Redesign, Ph II	9,750,000	-	-	9,750,000			
10 Renovate - Chemistry Teaching Labs/Auditorium	3,960,000	-	-	3,960,000			
11 Renovate - Resurface & Repair Parking Lot	2,500,000	-	-	2,500,000			
12 Renovate - College of Business Classrooms	24,000,000	-	-	24,000,000			
13 Renovate - College of Education-HVAC Upgrade	2,200,000	-	-	2,200,000			
14 Law School HVAC	6,916,000	-	-	6,916,000			
15 Renovate - Law School	50,000,000	-	-	50,000,000			
16 Renovate - Gross Anatomy Lab	3,000,000	-	-	3,000,000			
17 Renovate - Dental School Administrative Space	1,000,000	-	-	1,000,000			
18 Replacement - Building HVAC	25,000,000	-	-	25,000,000			
19 Renovation - Exterior Envelope Replacement-55A	15,000,000	-	-	15,000,000			
20 Guaranteed Energy Savings Contract	10,000,000	-	-	10,000,000			
21 Renovate -HSC Instructional & Student Srvs Space	42,000,000	-	-	42,000,000			
22 Upgrade HVAC for Dental School	2,200,000	-	-	2,200,000			
23 Renovate - Speed School Research Building	5,500,000	-	-	5,500,000			
24 Renovate - Natural Science Building	30,000,000	-	-	30,000,000			
25 Renovate - Life Sciences Building Vivarium	3,471,000	-	-	3,471,000			
26 Renovate - Gottschalk Hall	2,004,000	-	-	2,004,000			
27 Renovate - Humanities Building	2,500,000	-	-	2,500,000			
28 Construct - Belknap Stormwater Improvements	5,000,000	-	-	5,000,000			
29 Renovate - Belknap Physical Plant Building	2,000,000	-	-	2,000,000			
30 Renovate - Flexner Way Mall	2,500,000	-	-	2,500,000			
31 Renovation - Office Building	5,000,000	-	-	5,000,000			
32 Construct - Artificial Turf Field for Intramural	1,215,000	-	-	1,215,000			
33 Renovate - Music School Building	3,500,000	-	-	3,500,000			
34 Replace - Physical Access Control System	3,500,000	-	-	3,500,000			
35 Renovation - KY Lions Eye Lab	7,000,000	-	-	7,000,000			
36 Steam Plant Modernization (Reauth., KRS 45.763)	-	-	-	-			
<b>UofL AP Total</b>	<b>638,830,000</b>	<b>100,000,000</b>	<b>106,914,000</b>	<b>431,916,000</b>			

Proposed Asset Preservation Projects 2022-24

Institution/Count/Title	Total Scope	General Fund (Bond Funds)	Agency Bonds	Restricted Funds	Attachment C-1		
					Third-Party Financing	Federal Funds	Private Funds - Cash
<b>Eastern Kentucky University</b>							
1 Renovate Alumni Coliseum	72,350,000	31,350,000	25,000,000	5,000,000	-	-	11,000,000
2 Capital Asset Renewal Match Pool	35,000,000	35,000,000	-	-	-	-	-
3 Renovate Moore-Memorial-Roark Buildings	75,000,000	75,000,000	-	-	-	-	-
4 Renovate Whalen Complex	27,500,000	25,500,000	-	-	-	-	2,000,000
5 Renovate and Upgrade Heat Plant	14,000,000	7,000,000	-	7,000,000	-	-	-
6 Renovate Mechanical Systems Pool 2022-2024	20,000,000	10,000,000	-	10,000,000	-	-	-
7 Repair/Replace Infrastructure/Bldg. System Pool	20,000,000	-	-	20,000,000	-	-	-
8 Miscellaneous Maintenance Pool 2022-2024	20,000,000	-	-	20,000,000	-	-	-
9 Commonwealth Hall Partial Repurposing and Renov.	6,000,000	-	-	6,000,000	-	-	-
10 Demolish Building Pool	40,000,000	-	-	20,000,000	-	-	20,000,000
11 Steam Line Upgrades	10,000,000	-	-	-	10,000,000	-	-
12 Guaranteed Energy Savings Performance Contracts	25,000,000	-	-	-	25,000,000	-	-
13 Campus Infrastructure Upgrade	35,000,000	-	-	-	35,000,000	-	-
14 Additional University Services Space (repurpose)	2,500,000	-	-	2,000,000	-	-	500,000
<b>EKU AP Total</b>	<b>402,350,000</b>	<b>183,850,000</b>	<b>25,000,000</b>	<b>90,000,000</b>	<b>70,000,000</b>	-	<b>33,500,000</b>
<b>Kentucky State University</b>							
1 Academic & Student Success Center	29,604,000	29,604,000	-	-	-	-	-
2 Renovation & Renewal Projects Pool 2022	5,967,000	5,967,000	-	-	-	-	-
3 Asset Preservation Matching Pool	9,389,000	-	7,889,000	1,500,000	-	-	-
4 Guaranteed Energy Savings Project	-	-	-	-	-	-	-
<b>KSU AP Total</b>	<b>44,960,000</b>	<b>35,571,000</b>	<b>7,889,000</b>	<b>1,500,000</b>	-	-	-
<b>Morehead State University</b>							
1 Renovate Combs Classroom Building	31,409,000	31,409,000	-	-	-	-	-
2 Asset Preservation Matching Funds Pool	20,142,000	-	20,142,000	-	-	-	-
3 Replace Electrical Switchgear B	3,000,000	3,000,000	-	-	-	-	-
4 Capital Renewal and Maintenance Pool-E&G	17,813,000	17,813,000	-	-	-	-	-
5 Water Plant Sediment Basin	2,015,000	2,015,000	-	-	-	-	-
6 Upgrade Campus Fire & Security Systems	2,789,000	2,789,000	-	-	-	-	-
7 Repair Camden-Carroll Library Facade & Interior	10,221,000	10,221,000	-	-	-	-	-
8 Capital Renewal and Maintenance Pool-Univ. Farm	1,262,000	1,262,000	-	-	-	-	-
9 Comply with ADA - E&G	4,007,000	4,007,000	-	-	-	-	-
10 Renovate Button Auditorium	18,527,000	18,527,000	-	-	-	-	-
11 Renovate Howell-McDowell	5,650,000	5,650,000	-	-	-	-	-
12 Renovate Lappin Hall	7,975,000	7,975,000	-	-	-	-	-
13 Renovate Academic Athletic Center	7,581,000	7,581,000	-	-	-	-	-
14 Guaranteed Energy Savings/Performance Contracting	-	-	-	-	-	-	-
<b>MoSU AP Total</b>	<b>132,391,000</b>	<b>112,249,000</b>	<b>20,142,000</b>	-	-	-	-

Proposed Asset Preservation Projects 2022-24

Attachment C-1

Institution/Count/Title	Total Scope	General Fund	Agency Bonds	Restricted Funds	Third-Party	Private Funds -	
		(Bond Funds)			Financing	Federal Funds	Cash
<b>Murray State University</b>							
1 Asset Preservation Matching Funds Pool	21,487,250	-	12,200,000	9,287,250			
2 Capital Renewal and Building Modernization	25,662,000	25,662,000	-	-			
3 Renovate Applied Science Classrooms & Offices	16,823,000	16,823,000	-	-			
4 Renovate Mason Hall Labs/Classrooms/Systems/Etc	8,347,000	8,347,000	-	-			
5 Modernize Business Bldg Elec, HVAC & Classrooms	15,253,000	15,253,000	-	-			
6 Replace/Retrofit Doyle Fine Arts HVAC & Energy	2,743,000	2,743,000	-	-			
7 Renovate Wells Hall	12,958,000	12,958,000	-	-			
8 Upgrade Sparks Hall Electrical System	2,615,000	2,615,000	-	-			
9 Renovate CFSB Center	6,938,000	6,938,000	-	-			
10 Renovate Lowry Center	2,976,000	2,976,000	-	-			
11 Replace Expo Center Roof	1,500,000	-	-	1,500,000			
<b>MuSU AP Total</b>	<b>117,302,250</b>	<b>94,315,000</b>	<b>12,200,000</b>	<b>10,787,250</b>			
<b>Northern Kentucky University</b>							
1 Renew/Renovate Fine Arts Center Phase II	55,000,000	45,000,000	-	5,000,000	-	-	5,000,000
2 Renew/Renovate Steely Library	45,000,000	35,000,000	-	5,000,000	-	-	5,000,000
3 Renew E&G Building Systems Projects Pool Reauth \$20 M	-	-	-	-	-	-	-
4 Replace Underground Utility Infrastructure	4,400,000	-	-	4,400,000	-	-	-
5 Renovate/Construct Campbell Hall Reauth \$18.0 M	-	-	-	-	-	-	-
6 Renew/Renovate Nunn Hall	10,000,000	-	-	5,000,000	-	-	5,000,000
7 Renovate/Construct Civic Center Building	14,000,000	-	-	-	7,000,000	-	7,000,000
8 Replace Recreation Field Turf	2,000,000	-	-	2,000,000	-	-	-
9 Guaranteed Energy Savings Performance Contracts	-	-	-	-	-	-	-
10 Replace Event Center Technology (\$4.0 M +) Add'l Reauthor	500,000	-	-	-	500,000	-	-
11 Asset Preservation Matching Funds Pool	56,100,000	37,400,000	18,700,000	-	-	-	-
<b>NKU AP Total</b>	<b>187,000,000</b>	<b>117,400,000</b>	<b>18,700,000</b>	<b>21,400,000</b>	<b>7,500,000</b>	-	<b>22,000,000</b>

Proposed Asset Preservation Projects 2022-24

Attachment C-1

Institution/Count/Title	Total Scope	General Fund	Agency Bonds	Restricted Funds	Third-Party	Federal Funds	Private Funds -
		(Bond Funds)			Financing		Cash
<b>Western Kentucky University</b>							
1 Renovate Grise Hall	32,200,000	32,200,000	-	-	-	-	-
2 Replace Underground Infrastructure	25,000,000	25,000,000	-	-	-	-	-
3 Asset Preservation Matching Funds Pool	31,329,000	31,329,000	-	-	-	-	-
4 Renovate Raymond Cravens Library	40,300,000	40,300,000	-	-	-	-	-
5 Ren Ogden College of Science & Engineering Fac	75,800,000	75,800,000	-	-	-	-	-
6 Renovate Potter College Arts & Letters Facilitie	96,400,000	96,400,000	-	-	-	-	-
7 Renovate Academic Complex	27,500,000	27,500,000	-	-	-	-	-
8 Improve Life Safety Pool/Academic Bldgs	27,500,000	27,500,000	-	-	-	-	-
9 Repair/Replace Roof at Ctr Research Development	5,100,000	5,100,000	-	-	-	-	-
10 Capital Renewal Pool	10,000,000	10,000,000	-	-	-	-	-
11 Renovate Kentucky Building	17,500,000	17,500,000	-	-	-	-	-
12 Renovate Central Heat Plant	5,100,000	5,100,000	-	-	-	-	-
13 Renovate Jones Jagers Interior	1,000,000	1,000,000	-	-	-	-	-
14 Energy Saving Performance Contracting	10,000,000	-	-	-	10,000,000	-	-
15 Guaranteed Energy Savings Project	-	-	-	-	-	-	-
16 Renovate South Campus	5,000,000	-	-	5,000,000	-	-	-
17 Renovate State/Normal Street Properties	1,500,000	-	-	1,500,000	-	-	-
18 Renovate CRD Phase I	6,000,000	-	-	6,000,000	-	-	-
19 Renovate and Expand Innovation Campus (CRD)	80,000,000	-	-	7,000,000	-	15,000,000	58,000,000
<b>WKU AP Total</b>	<b>497,229,000</b>	<b>394,729,000</b>	<b>-</b>	<b>19,500,000</b>	<b>10,000,000</b>	<b>15,000,000</b>	<b>58,000,000</b>
<b>KCTCS</b>							
1 Capital Renewal & Deferred Maintenance Pool	40,000,000	40,000,000	-	-	-	-	-
2 Renov Occupational Tech. Ph I-Elizabethtown CTC	16,500,000	16,500,000	-	-	-	-	-
3 Replace Hartford Building Phase I-JCTC	22,500,000	17,500,000	-	5,000,000	-	-	-
4 Renovate Laurel South Campus Phase I-Somerset CC	6,000,000	4,800,000	-	1,200,000	-	-	-
5 Renovate Main Campus Bldgs-Southcentral KY CTC	10,000,000	5,000,000	-	5,000,000	-	-	-
6 Roof Replacements - Gateway CTC	4,000,000	4,000,000	-	-	-	-	-
7 Renov/Const Transport Training Ctr-Ashland CTC	5,900,000	5,900,000	-	-	-	-	-
8 Upgrade HVAC Academic Building - Hopkinsville CC	3,500,000	3,500,000	-	-	-	-	-
9 Renovate Jolly Classroom Ctr - Hazard CTC	6,300,000	6,300,000	-	-	-	-	-
10 Roof Replacements - Big Sandy CTC	3,200,000	3,200,000	-	-	-	-	-
11 Roof Replacements - Southeast KY CTC	1,500,000	1,500,000	-	-	-	-	-
12 Roof Replacements - Maysville CTC	1,300,000	1,300,000	-	-	-	-	-
13 Renovate Tech Campus - Madisonville CC	3,400,000	3,400,000	-	-	-	-	-
14 Replace HVAC System Ph I, Owensboro CTC	4,100,000	4,100,000	-	-	-	-	-
15 Renovate Academic Building-Hopkinsville CC	13,900,000	13,900,000	-	-	-	-	-
16 Renovations Main Campus - West KY CTC	5,000,000	5,000,000	-	-	-	-	-
17 Renovate Main Bldg. Phase II, Ashland CTC	34,000,000	34,000,000	-	-	-	-	-
18 Upgrade HVAC Equip & Controls - Hazard CTC	4,700,000	4,700,000	-	-	-	-	-
19 Upgrade Life and Fire Safety - Owensboro CTC	2,400,000	2,400,000	-	-	-	-	-
20 Renovate Aviation - Madisonville CC	1,700,000	1,700,000	-	-	-	-	-

Proposed Asset Preservation Projects 2022-24

Attachment C-1

Institution/Count/Title	Total Scope	General Fund	Attachment C-1				
		(Bond Funds)	Agency Bonds	Restricted Funds	Third-Party Financing	Federal Funds	Private Funds - Cash
21 Upgrade Life and Fire Safety - Somerset CC	4,300,000	4,300,000	-	-	-	-	-
22 Renovate Science Labs-Jefferson CTC	3,000,000	3,000,000	-	-	-	-	-
23 Renovate Pineville Campus, Southeast KY CTC	3,500,000	3,000,000	-	500,000	-	-	-
24 Upgrade HVAC - Somerset CC South Campus	2,300,000	2,300,000	-	-	-	-	-
25 Renovate Parking Lot & Sidewalks West KY CTC	3,400,000	3,400,000	-	-	-	-	-
26 Upgrade Fire Alarms - Maysville CTC	1,500,000	1,500,000	-	-	-	-	-
27 Roof Replacements -Ashland CTC	2,200,000	-	-	2,200,000	-	-	-
28 Upgrade Welding Shop-Big Sandy CTC, Mayo (Reauth)	1,500,000	-	-	-	-	1,500,000	-
29 Renov Newtown North (Reauth) Add'l \$12.4 M - Bluegrass	12,400,000	-	-	12,400,000	-	-	-
30 Renov Admin Building - Bluegrass CTC Newtown	9,700,000	-	-	9,700,000	-	-	-
31 Renov Science Building Labs - Elizabethtown CTC	6,400,000	-	-	6,400,000	-	-	-
32 Upgrade IT Infrastructure (Reauth)- Gateway CTC	1,500,000	-	-	1,500,000	-	-	-
33 Renov Advance Manuf & Constr-Hazard CTC (Reauth)	4,900,000	-	-	1,000,000	-	3,900,000	-
34 Renov Industrial Education Bldg-Hazard CTC (Reauth)	2,500,000	-	-	-	-	2,500,000	-
35 Relocate Student Center - Henderson CC	2,400,000	-	-	2,400,000	-	-	-
36 Upgrade ADA Somerset Community College	1,600,000	-	-	1,600,000	-	-	-
37 Replace Windows & Doors, Somerset CC	1,200,000	-	-	1,200,000	-	-	-
38 Guaranteed Energy Savings Project Pool	20,000,000	-	-	-	20,000,000	-	-
39 Asset Preservation Matching Funds Pool	46,257,650	-	-	46,257,650	-	-	-
<b>KCTCS AP Total</b>	<b>320,457,650</b>	<b>196,200,000</b>	<b>-</b>	<b>96,357,650</b>	<b>20,000,000</b>	<b>7,900,000</b>	<b>-</b>
<b>225 Asset Preservation Total</b>	<b>5,062,069,900</b>	<b>1,618,314,000</b>	<b>585,395,000</b>	<b>2,421,960,900</b>	<b>260,000,000</b>	<b>62,900,000</b>	<b>113,500,000</b>

## New or Expanded Space

Institution/Count/Title	Total Scope	General Fund			Attachment C-2		
		(Bond Funds)	Agency Bonds	Restricted Funds	Third-Party Financing	Federal Funds	Private Funds - Cash
<b>University of Kentucky</b>							
1 Construct Health Education Building (Reauthorization)	380,000,000	250,000,000	50,000,000	30,000,000	50,000,000	-	-
2 Construct Agriculture Research Facility #1	20,000,000	-	-	20,000,000	-	-	-
3 Construct Agriculture Research Facility #2	10,000,000	-	-	10,000,000	-	-	-
4 Construct Beam Institute	10,000,000	-	-	10,000,000	-	-	-
5 Construct Engineering Center Building	110,000,000	-	-	110,000,000	-	-	-
6 Construct Equine Campus, Phase 2	11,000,000	-	-	11,000,000	-	-	-
7 Construct Library Depository Facility	20,000,000	-	-	20,000,000	-	-	-
8 Construct Metal Arts/Digital Media Bldg	10,000,000	-	-	10,000,000	-	-	-
9 Construct North Farm Agricultural Research Facility	2,000,000	-	-	2,000,000	-	-	-
10 Construct Teaching Pavilion	28,000,000	-	-	28,000,000	-	-	-
11 Construct Digital Villiage Building 3A	70,000,000	-	-	-	70,000,000	-	-
12 Construct Digital Villiage Building 3B	70,000,000	-	-	70,000,000	-	-	-
13 Construct Agricultural Federal Research Facility I	80,000,000	-	-	-	-	80,000,000	-
14 Construct Agricultural Federal Research Facility II	10,000,000	-	-	-	-	10,000,000	-
15 Acquire Land	50,000,000	-	-	50,000,000	-	-	-
16 Construct Childcare Center Facility	10,000,000	-	-	10,000,000	-	-	-
17 Construct Facilities Shop & Storage Facility	27,000,000	-	-	27,000,000	-	-	-
18 Construct New Alumni Center	38,000,000	-	-	-	38,000,000	-	-
19 Construct Office Park at Coldstream	65,000,000	-	-	-	65,000,000	-	-
20 Construct Police Headquarters	27,000,000	-	-	27,000,000	-	-	-
21 Construct/Relocate Data Center	50,000,000	-	-	50,000,000	-	-	-
<b>UK New or Expanded Total</b>	<b>1,098,000,000</b>	<b>250,000,000</b>	<b>50,000,000</b>	<b>485,000,000</b>	<b>223,000,000</b>	<b>90,000,000</b>	<b>-</b>
<b>University of Louisville</b>							
1 Construct - College of Business Building	120,000,000	-	40,000,000	-	-	-	80,000,000
2 Construct - Medical office/lab building	90,000,000	-	30,000,000	60,000,000	-	-	-
3 Construct - Belknap 3rd Street Improvements	2,180,000	-	-	2,180,000	-	-	-
4 Construct - Belknap Brandeis Corridor Imp	3,100,000	-	-	3,100,000	-	-	-
5 Vivarium Equipment Pool	20,000,000	-	-	20,000,000	-	-	-
6 Public/Private Partnership-LARRI Bldg-Speed Sch	5,500,000	-	-	-	-	-	5,500,000
7 Construct - Administrative Office Building	9,000,000	-	-	9,000,000	-	-	-
8 Construct-Utility Infrastructure Upgrade	21,975,000	-	-	21,975,000	-	-	-
9 Purchase Land	15,000,000	-	-	15,000,000	-	-	-
10 Construct-Multidisciplinary Engineering Bldg #1	65,000,000	-	-	65,000,000	-	-	-
11 Construct - Belknap Century Corridor Improvement	1,250,000	-	-	1,250,000	-	-	-
12 Expand - College of Business Addition	10,000,000	-	-	10,000,000	-	-	-
13 Shelbyhurst Academic Bldg & Conf. Center	50,596,000	-	-	50,596,000	-	-	-
<b>UofL New or Expanded Total</b>	<b>413,601,000</b>	<b>-</b>	<b>70,000,000</b>	<b>258,101,000</b>	<b>-</b>	<b>-</b>	<b>85,500,000</b>

## New or Expanded Space

Institution/Count/Title	Total Scope	General Fund (Bond Funds)	Agency Bonds	Restricted Funds	Third-Party Financing	Attachment C-2	
						Federal Funds	Private Funds - Cash
<b>Eastern Kentucky University</b>							
1 Construct New Model Laboratory School	90,000,000	90,000,000	-	-	-	-	-
2 Construct Academic Complex	100,000,000	97,000,000	-	-	-	-	3,000,000
3 Construct Aviation/Aerospace Instr Facility Reallocation	4,540,800	1,890,800	-	250,000	2,000,000	400,000	-
4 Property Acquisitions Pool	8,000,000	-	-	5,000,000	-	-	3,000,000
5 Construct EKU Early Childhood Center	10,000,000	-	-	10,000,000	-	-	-
6 Construct Student Health Center	2,705,000	-	-	-	-	-	2,705,000
7 Construct Alumni & Welcome Center	20,000,000	-	-	-	-	-	20,000,000
8 Innovation and Commercialization Pool	15,000,000	-	-	5,000,000	-	-	10,000,000
9 Natural Areas Improvement Pool	825,000	-	-	825,000	-	-	-
<b>EKU New or Expanded Total</b>	<b>251,070,800</b>	<b>188,890,800</b>	<b>-</b>	<b>21,075,000</b>	<b>2,000,000</b>	<b>400,000</b>	<b>38,705,000</b>
<b>Kentucky State University</b>							
1 Construct Health Sciences Center	18,406,000	18,406,000	-	-	-	-	-
2 Construct Business & Technology Center	42,717,000	42,717,000	-	-	-	-	-
3 Acquire Land/Campus Master Plan	2,000,000	-	-	2,000,000	-	-	-
<b>KSU New or Expanded Total</b>	<b>63,123,000</b>	<b>61,123,000</b>	<b>-</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Morehead State University</b>							
1 Construct Science and Engineering Building	98,000,000	98,000,000	-	-	-	-	-
2 Construct Ctr for Excellence in Education	53,533,000	53,533,000	-	-	-	-	-
3 Acquire Land Related to Master Plan	4,000,000	4,000,000	-	-	-	-	-
<b>MoSU New or Expanded Total</b>	<b>155,533,000</b>	<b>155,533,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Murray State University</b>							
1 Acquire Agriculture Research Farm Land	1,254,000	-	-	1,254,000	-	-	-
2 Acquire Property	4,180,000	-	-	4,180,000	-	-	-
3 Install CFSB Center Generator	1,611,000	-	-	1,611,000	-	-	-
4 Replace CFSB Center Seating	3,658,000	-	-	3,658,000	-	-	-
<b>MuSU New or Expanded Total</b>	<b>10,703,000</b>	<b>-</b>	<b>-</b>	<b>10,703,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Northern Kentucky University</b>							
1 Expand Herrmann Science Center	84,900,000	79,900,000	-	-	-	-	5,000,000
2 Acquire Land/Master Plan 2010-2012 Reauth \$25.5 M	-	-	-	-	-	-	-
3 Construct Research/Innovation Building	30,000,000	-	-	-	30,000,000	-	-
<b>NKU New or Expanded Total</b>	<b>114,900,000</b>	<b>79,900,000</b>	<b>-</b>	<b>-</b>	<b>30,000,000</b>	<b>-</b>	<b>5,000,000</b>

## New or Expanded Space

Institution/Count/Title	Total Scope	General Fund (Bond Funds)	Agency Bonds	Restricted Funds	Third-Party Financing	Attachment C-2	
						Federal Funds	Private Funds - Cash
<b>Western Kentucky University</b>							
1 Construct New Gordon Ford College of Business	74,400,000	74,400,000	-	-	-	-	-
2 Purchase Prop/Parking& Street Improve	3,000,000	-	-	3,000,000	-	-	-
3 Purch Property for Campus Expansion	3,000,000	-	-	3,000,000	-	-	-
4 Construct South Plaza	3,600,000	-	-	-	-	-	3,600,000
5 Renovate and Expand Clinical Education Complex	8,000,000	-	-	-	-	-	8,000,000
<b>WKU New or Expanded Total</b>	<b>92,000,000</b>	<b>74,400,000</b>	<b>-</b>	<b>6,000,000</b>	<b>-</b>	<b>-</b>	<b>11,600,000</b>
<b>Kentucky Community and Technical College System</b>							
1 Const Student/Classroom-Bluegrass CTC, Newtown	58,000,000	52,200,000	-	5,800,000	-	-	-
2 Expand Leitchfield Campus - Elizabethtown CTC	9,000,000	9,000,000	-	-	-	-	-
3 Const/Procure Transportation Reauth - ECTC	5,000,000	-	-	5,000,000	-	-	-
4 Const Fire Commission NRPC Classroom Bldg (Reauth) Add'l :	1,800,000	-	-	1,800,000	-	-	-
5 Property Acquisition - Fire Commission	2,000,000	-	-	2,000,000	-	-	-
6 Property Acquisition - Hopkinsville CC	3,000,000	-	-	3,000,000	-	-	-
7 Construct Parking Garage - Jefferson CTC	12,500,000	-	-	12,500,000	-	-	-
8 Procure Postsecondary Ed Ctr Phil-Maysville CTC	6,500,000	-	-	6,500,000	-	-	-
9 KCTCS Property Acquisition Pool	5,000,000	-	-	5,000,000	-	-	-
<b>KCTCS New or Expanded Space</b>	<b>102,800,000</b>	<b>61,200,000</b>	<b>-</b>	<b>41,600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>70 New or Expanded Total</b>	<b>2,301,730,800</b>	<b>871,046,800</b>	<b>120,000,000</b>	<b>824,479,000</b>	<b>255,000,000</b>	<b>90,400,000</b>	<b>140,805,000</b>

Proposed Information Technology and Equipment Projects

Attachment C-3

Institution/Count/Title	Total Scope	General Fund (Bond Funds)	Agency Bonds	Restricted Funds	Third-Party Financing	Federal Funds	Private Funds - Cash
<b>University of Kentucky</b>							
1 Research Equipment Pool	30,000,000	-	-	30,000,000	-	-	-
2 Acquire Transportation Buses	3,000,000	-	-	3,000,000	-	-	-
3 Improve Enterprise Networking 1	5,000,000	-	-	5,000,000	-	-	-
4 Improve Enterprise Networking 2	5,000,000	-	-	5,000,000	-	-	-
5 Lease/Purchase Campus Call Center System	5,000,000	-	-	5,000,000	-	-	-
6 Lease/Purchase Campus IT Systems	10,000,000	-	-	10,000,000	-	-	-
7 Lease/Purchase High Performance Computer	7,000,000	-	-	7,000,000	-	-	-
8 Lease/Purchase Network Security	5,000,000	-	-	5,000,000	-	-	-
9 Lease/Purchase Voice Infrastructure	3,000,000	-	-	3,000,000	-	-	-
<b>UK IT and Equipment Total</b>	<b>73,000,000</b>	-	-	<b>73,000,000</b>	-	-	-
<b>University of Louisville</b>							
1 Purchase - Networking System*	8,000,000	-	-	8,000,000	-	-	-
2 Purchase - Fiber Infrastructure*	3,500,000	-	-	3,500,000	-	-	-
3 Purchase - Computing for Research Infrastructure*	7,000,000	-	-	7,000,000	-	-	-
4 Purchase - Identity Management	2,000,000	-	-	2,000,000	-	-	-
5 Purchase - Computer Processing System & Storage*	3,500,000	-	-	3,500,000	-	-	-
6 Purchase - Content Management System*	4,000,000	-	-	4,000,000	-	-	-
<b>UofL IT and Equipment Total</b>	<b>28,000,000</b>	-	-	<b>28,000,000</b>	-	-	-
<b>Eastern Kentucky University</b>							
1 Campus Data Network Pool*	13,000,000	-	-	13,000,000	-	-	-
2 Administrative Computing Pool*	6,500,000	-	-	6,500,000	-	-	-
3 Academic Computing Pool*	8,000,000	-	-	8,000,000	-	-	-
4 Aviation Acquisition Pool	7,000,000	2,000,000	-	5,000,000	-	-	-
5 Scientific and Research Equipment Pool	7,400,000	-	-	3,000,000	-	2,200,000	2,200,000
6 Chemistry and Translational Research Pool	1,025,000	-	-	675,000	-	-	350,000
7 Lease - Aviation	200,000	200,000	-	-	-	-	-
<b>EKU IT and Equipment Total</b>	<b>43,125,000</b>	<b>2,200,000</b>	-	<b>36,175,000</b>	-	<b>2,200,000</b>	<b>2,550,000</b>
<b>Kentucky State University</b>							
1 Expand Campus Communications Infrastructure	2,407,000	2,407,000	-	-	-	-	-
2 Upgrade Information Tech Infrastructure 2018*	12,263,000	12,263,000	-	-	-	-	-
<b>KSU IT and Equipment Total</b>	<b>14,670,000</b>	<b>14,670,000</b>	-	-	-	-	-
<b>Morehead State University</b>							
1 Enhance Network/Infrastructure Resources - Add'l*	3,219,000	3,219,000	-	-	-	-	-
2 Upgrade Instruct.&Business PCs/LANS/Digitization*	2,088,000	2,088,000	-	-	-	-	-
3 Enhance Library Automation Resources*	1,608,000	1,608,000	-	-	-	-	-
<b>MoSU IT and Equipment Total</b>	<b>6,915,000</b>	<b>6,915,000</b>	-	-	-	-	-
<b>Murray State University</b>							
1 Replace Campus Comm Infrastructure (Fiber Ring)	4,849,000	4,849,000	-	-	-	-	-
2 Agriculture Instructional Lab & Technology Equip	836,000	-	-	-	-	-	836,000
3 Broadcasting Education Lab Equipment	236,000	-	-	-	-	-	236,000
<b>MuSU IT and Equipment Total</b>	<b>5,921,000</b>	<b>4,849,000</b>	-	-	-	-	<b>1,072,000</b>

<b>Northern Kentucky University</b>								
1 Scientific/Technology Equip Pool	10,000,000	-	-	10,000,000	-	-	-	-
2 Upgrade Admin/IT Infrastructure Pool Add'l (Reauth \$21.5 M)	450,000	-	-	450,000	-	-	-	-
<b>NKU IT and Equipment Total</b>	<b>10,450,000</b>	-	-	<b>10,450,000</b>	-	-	-	-
<b>Western Kentucky University</b>								
1 Upgrade IT Infrastructure*	6,000,000	6,000,000	-	-	-	-	-	-
2 Acquire FF&E Diddle Arena	3,000,000	-	-	-	-	-	-	3,000,000
3 Acquire FF&E Equipment Pool	3,000,000	-	-	3,000,000	-	-	-	-
<b>WKU IT and Equipment Total</b>	<b>12,000,000</b>	<b>6,000,000</b>	-	<b>3,000,000</b>	-	-	-	<b>3,000,000</b>
<b>Kentucky Community and Technical College System</b>								
1 KCTCS Information Technology Pool	9,500,000	9,500,000	-	-	-	-	-	-
2 Procure Fire Pumpers - Fire Commission	2,000,000	-	-	2,000,000	-	-	-	-
3 Purchase Construction Grade 3D Printer-Somerset	600,000	-	-	600,000	-	-	-	-
4 KCTCS Equipment Pool	5,000,000	-	-	5,000,000	-	-	-	-
<b>KCTCS IT and Equipment Total</b>	<b>17,100,000</b>	<b>9,500,000</b>	-	<b>7,600,000</b>	-	-	-	-
<b>39 Information Technology &amp; Equipment Total</b>	<b>211,181,000</b>	<b>44,134,000</b>	-	<b>158,225,000</b>	-	<b>2,200,000</b>	-	<b>6,622,000</b>

## Proposed Agency Bond Projects (Non-E&G)

Institution/Count/Title	Total Scope	Attachment C-4			
		General Fund (Bond Funds)	Agency Bonds	Restricted Funds	Third-Party Financing
<b>University of Kentucky</b>					
1 Improve Housing	75,000,000	-	40,000,000	-	35,000,000
<b>UK Agency Bond Project Total (Non-E&amp;G)</b>	<b>75,000,000</b>	<b>-</b>	<b>40,000,000</b>	<b>-</b>	<b>35,000,000</b>
<b>UK Healthcare</b>					
1 Construct Ambulatory Facility (Cancer)(Reauthorization)	450,000,000	-	50,000,000	350,000,000	50,000,000
2 Acquire/Improve Medical/Administrative Facility 1	250,000,000	-	50,000,000	150,000,000	50,000,000
3 Acquire/Partnership Medical System	350,000,000	-	50,000,000	300,000,000	-
4 Improve UKHC Facilities - UK Chandler Hospital	310,000,000	-	50,000,000	260,000,000	-
<b>UK Healthcare Agency Bond Project Total (Non-E&amp;G)</b>	<b>1,360,000,000</b>	<b>-</b>	<b>200,000,000</b>	<b>1,060,000,000</b>	<b>100,000,000</b>
<b>Morehead State University</b>					
1 Construct New Residence Hall	38,792,000	-	38,792,000	-	-
<b>MoSU Agency Bond Project Total (Non-E&amp;G)</b>	<b>38,792,000</b>	<b>-</b>	<b>38,792,000</b>	<b>-</b>	<b>-</b>
<b>6 Agency Bond (Non-E&amp;G) total</b>	<b>1,473,792,000</b>	<b>-</b>	<b>278,792,000</b>	<b>1,060,000,000</b>	<b>135,000,000</b>

Proposed Non-E&G Projects and Leases

Attachment C-5

Institution/Count/Title	Total Scope	General Fund (Bond Funds)	Agency Bonds	Restricted Funds	Third-Party Financing	Private Funds - Cash
<b>University of Kentucky</b>						
1 Construct Indoor Track	20,000,000	-	-	10,000,000	10,000,000	-
2 Construct Tennis Facility	35,000,000	-	-	17,500,000	17,500,000	-
3 Construct Retail/Parking Facility 2	75,000,000	-	-	-	75,000,000	-
4 Construct/Improve Greek Housing	72,000,000	-	-	36,000,000	-	36,000,000
5 Construct/Fit-Up Retail Space	15,000,000	-	-	10,000,000	-	5,000,000
6 Construct/Improve Parking I	30,000,000	-	-	30,000,000	-	-
7 Construct/Improve Parking II	30,000,000	-	-	30,000,000	-	-
8 Improve Campus Parking & Transportation System	150,000,000	-	-	75,000,000	75,000,000	-
9 Improve Parking Garage 1	30,000,000	-	-	30,000,000	-	-
10 Improve Parking Garage 2	30,000,000	-	-	30,000,000	-	-
11 Improve Spindletop Hall Facilities	15,000,000	-	-	15,000,000	-	-
12 Construct/Improve Dining Facilities	10,000,000	-	-	10,000,000	-	-
13 Construct Retail/Parking Facility 1	75,000,000	-	-	-	75,000,000	-
14 Acquire Information Technology Systems	2,000,000	-	-	-	-	2,000,000
15 Acquire Equipment/Furnishings Pool	5,000,000	-	-	-	-	5,000,000
16 Acquire/Renovate Golf Facility	8,000,000	-	-	-	-	8,000,000
17 Construct Cross Country Trail	3,000,000	-	-	-	-	3,000,000
18 Construct/Improve Athletic Facility	5,000,000	-	-	-	-	5,000,000
19 Construct/ Improve Athletics Playing Field #1	3,000,000	-	-	-	-	3,000,000
20 Construct/Improve Athletics Playing Field #2	3,000,000	-	-	-	-	3,000,000
21 Construct/Improve Athletics Playing Field #3	2,000,000	-	-	-	-	2,000,000
22 Construct/Improve Gymnastic Practice Facility	10,000,000	-	-	-	-	10,000,000
23 Improve Wildcat Coal Lodge	20,000,000	-	-	-	-	20,000,000
24 Improve Athletic Facility 1	15,000,000	-	-	-	-	15,000,000
25 Improve Athletic Facility 2	10,000,000	-	-	-	-	10,000,000
26 Improve Athletic Facility 3	6,000,000	-	-	-	-	6,000,000
27 Improve Athletic Facility 4	5,000,000	-	-	-	-	5,000,000
28 Improve Athletic Facility 5	5,000,000	-	-	-	-	5,000,000
29 Improve Baseball Facility Phase II	7,000,000	-	-	-	-	7,000,000
30 Improve Joe Craft Center	5,000,000	-	-	-	-	5,000,000
31 Improve Joe Craft Football Training Facility	3,000,000	-	-	-	-	3,000,000
32 Improve Kroger Field Stadium	15,000,000	-	-	-	-	15,000,000
33 Improve Lancaster Aquatic Center-1	14,000,000	-	-	-	-	14,000,000
34 Improve Lancaster Aquatic Center-2	8,000,000	-	-	-	-	8,000,000
35 Improve Nutter Field House	15,000,000	-	-	-	-	15,000,000
36 Improve Nutter Training Facility	7,000,000	-	-	-	-	7,000,000
37 Improve Soccer/Softball Facility	7,000,000	-	-	-	-	7,000,000
38 Improve Boone Tennis Center	15,000,000	-	-	-	-	15,000,000
39 Replace Basketball Playing Floors	3,000,000	-	-	-	-	3,000,000
40 Off-Campus #1	-	-	-	-	-	-

Proposed Non-E&G Projects and Leases

Attachment C-5

Institution/Count/Title	Total Scope	General Fund (Bond Funds)	Agency Bonds	Restricted Funds	Third-Party Financing	Private Funds - Cash
41 Off-Campus #3	-	-	-	-	-	-
42 Off-Campus #4	-	-	-	-	-	-
43 Off-Campus #6	-	-	-	-	-	-
44 Off-Campus #7	-	-	-	-	-	-
45 Off-Campus #11	-	-	-	-	-	-
46 Off-Campus #12	-	-	-	-	-	-
47 Off-Campus #13	-	-	-	-	-	-
48 Off-Campus #14	-	-	-	-	-	-
49 Off-Campus #15	-	-	-	-	-	-
50 Off-Campus #16	-	-	-	-	-	-
51 Off-Campus #17	-	-	-	-	-	-
52 Off-Campus #18	-	-	-	-	-	-
53 Off-Campus #19	-	-	-	-	-	-
54 Off-Campus #20	-	-	-	-	-	-
55 Off-Campus Housing #1	-	-	-	-	-	-
56 Off-Campus Housing #2	-	-	-	-	-	-
57 College of Medicine 3	-	-	-	-	-	-
58 College of Medicine 4	-	-	-	-	-	-
59 College of Medicine 5	-	-	-	-	-	-
60 Athletics 1	-	-	-	-	-	-
61 Athletics 2	-	-	-	-	-	-
62 Off-Campus #2	-	-	-	-	-	-
63 Off-Campus #5	-	-	-	-	-	-
64 College of Medicine 1	-	-	-	-	-	-
65 College of Medicine 2	-	-	-	-	-	-
<b>UK non-E&amp;G Total</b>	<b>788,000,000</b>	-	-	<b>293,500,000</b>	<b>252,500,000</b>	<b>242,000,000</b>

Proposed Non-E&G Projects and Leases

Attachment C-5

Institution/Count/Title	Total Scope	General Fund			Attachment C-5	
		(Bond Funds)	Agency Bonds	Restricted Funds	Third-Party Financing	Private Funds - Cash
<b>UK Healthcare</b>						
1 Implement Energy Performance Contracting	1,000,000	-	-	1,000,000	-	-
2 Replace UKHC IT Systems 1	320,000,000	-	-	320,000,000	-	-
3 Improve UK Good Samaritan Hospital Facilities	25,000,000	-	-	25,000,000	-	-
4 Improve Clinical/Ambulatory Services Facilities	50,000,000	-	-	50,000,000	-	-
5 Improve Markey Cancer Center Facilities	20,000,000	-	-	20,000,000	-	-
6 Construct State Street Medical Facilities	100,000,000	-	-	100,000,000	-	-
7 Improve State Street Medical Facilities	100,000,000	-	-	100,000,000	-	-
8 Acquire Medical Facility 1	75,000,000	-	-	75,000,000	-	-
9 Acquire Medical Facility 2	75,000,000	-	-	75,000,000	-	-
10 Improve Medical Facility 1	25,000,000	-	-	25,000,000	-	-
11 Improve Medical Facility 2	25,000,000	-	-	25,000,000	-	-
12 Construct/Improve Medical/Administrative Facility 1	250,000,000	-	-	250,000,000	-	-
13 Acquire/Improve Medical/Administrative Facility 2	125,000,000	-	-	125,000,000	-	-
14 Construct/Improve Medical/Administrative Facility 2	75,000,000	-	-	75,000,000	-	-
15 Acquire/Improve Medical/Administrative Facility 3	300,000,000	-	-	250,000,000	-	50,000,000
16 Construct/Improve Medical/Administrative Facility 3	200,000,000	-	-	200,000,000	-	-
17 Construct Medical/Administrative Facility 3	150,000,000	-	-	150,000,000	-	-
18 Construct Medical/Administrative Facility 1	100,000,000	-	-	100,000,000	-	-
19 Construct Medical/Administrative Facility 2	75,000,000	-	-	75,000,000	-	-
20 Acquire Data Center Hardware	15,000,000	-	-	15,000,000	-	-
21 Acquire Telemedicine/Virtual ICU	10,000,000	-	-	10,000,000	-	-
22 Acquire/Improve Elevator Systems UKHC	15,000,000	-	-	15,000,000	-	-
23 Acquire/Upgrade UKHC IT System	10,000,000	-	-	10,000,000	-	-
24 Construct Data Center - UKHC	45,000,000	-	-	-	45,000,000	-
25 Construct Hospice Facility - UKHC	25,000,000	-	-	25,000,000	-	-
26 Construct/Expand/Improve Ambulatory Care	50,000,000	-	-	30,000,000	20,000,000	-
27 Construct/Improve Medical/Admn Fac	50,000,000	-	-	50,000,000	-	-
28 Implement Land Use Plan UKHC	150,000,000	-	-	150,000,000	-	-
29 Implement Patient Communication System UKHC	25,000,000	-	-	25,000,000	-	-
30 Improve Building Systems UKHC	50,000,000	-	-	50,000,000	-	-
31 Improve Parking/Transportation Systems 1 UKHC	75,000,000	-	-	75,000,000	-	-
32 Improve Parking/Transportation Systems 2 UKHC	75,000,000	-	-	-	75,000,000	-
33 Improve Site/Civil Infrastructure - UKHC	25,000,000	-	-	25,000,000	-	-
34 Improve Utilities Infrastructure	80,000,000	-	-	80,000,000	-	-
35 Renovate/Improve Nursing Units - UKHC	7,000,000	-	-	7,000,000	-	-
36 Health Affairs Office	-	-	-	-	-	-
37 Health Affairs Office #3	-	-	-	-	-	-
38 Health Affairs Office #5	-	-	-	-	-	-
39 Health Affairs Office #11	-	-	-	-	-	-
40 Health Affairs Office #12	-	-	-	-	-	-
41 Health Affairs Office #14	-	-	-	-	-	-

Proposed Non-E&G Projects and Leases

Attachment C-5

Institution/Count/Title	Total Scope	General Fund (Bond Funds)	Agency Bonds	Restricted Funds	Third-Party Financing	Private Funds - Cash
42 Health Affairs Office #15	-	-	-	-	-	-
43 Health Affairs Office #16	-	-	-	-	-	-
44 Health Affairs Office #17	-	-	-	-	-	-
45 UKHC Off-Campus Fac #11	-	-	-	-	-	-
46 UKHC Off-Campus Fac #12	-	-	-	-	-	-
47 UKHC Off-Campus Fac #13	-	-	-	-	-	-
48 UKHC Off-Campus Fac #14	-	-	-	-	-	-
49 UKHC Off-Campus Fac #15	-	-	-	-	-	-
50 UKHC Off-Campus Fac #16	-	-	-	-	-	-
51 UKHC Off-Campus Fac #17	-	-	-	-	-	-
52 UKHC Off-Campus Fac #18	-	-	-	-	-	-
53 UKHC Off-Campus Fac #19	-	-	-	-	-	-
54 Health Affairs Office #2	-	-	-	-	-	-
55 Health Affairs Office #4	-	-	-	-	-	-
56 Health Affairs Office #6	-	-	-	-	-	-
57 Health Affairs Office #7	-	-	-	-	-	-
58 Health Affairs Office #8	-	-	-	-	-	-
59 Health Affairs Office #9	-	-	-	-	-	-
60 Health Affairs Office #10	-	-	-	-	-	-
61 Health Affairs Office #13	-	-	-	-	-	-
62 Good Sam Hospital	-	-	-	-	-	-
63 UKHC Off-Campus Fac #1	-	-	-	-	-	-
64 UKHC Off-Campus Fac #2	-	-	-	-	-	-
65 UKHC Off-Campus Fac #3	-	-	-	-	-	-
66 UKHC Off-Campus Fac #4	-	-	-	-	-	-
67 UKHC Off-Campus Fac #5	-	-	-	-	-	-
68 UKHC Off-Campus Fac #6	-	-	-	-	-	-
69 UKHC Off-Campus Fac #7	-	-	-	-	-	-
70 UKHC Off-Campus Fac #8	-	-	-	-	-	-
71 UKHC Off-Campus Fac #9	-	-	-	-	-	-
72 UKHC Off-Campus Fac #10	-	-	-	-	-	-
73 UKHC Off-Campus #8	-	-	-	-	-	-
74 UKHC Off-Campus #9	-	-	-	-	-	-
75 UKHC Off-Campus #10	-	-	-	-	-	-
<b>UK Healthcare non-E&amp;G Total</b>	<b>2,798,000,000</b>	-	-	<b>2,608,000,000</b>	<b>140,000,000</b>	<b>50,000,000</b>

Proposed Non-E&G Projects and Leases

Attachment C-5

Institution/Count/Title	Total Scope	General Fund (Bond Funds)	Agency Bonds	Restricted Funds	Third-Party Financing	Private Funds - Cash
<b>University of Louisville</b>						
1 Improve Housing Facilities Pool	10,000,000	-	-	10,000,000	-	-
2 Renovate - Parking Structures	3,600,000	-	-	3,600,000	-	-
3 Belknap Campus Parking Garage	34,229,000	-	-	34,229,000	-	-
4 Public/Private Partnership Resident Hall	52,000,000	-	-	-	-	52,000,000
5 Purchase Housing Facilities	75,000,000	-	-	75,000,000	-	-
6 Acquisition of Dormitories	41,149,000	-	-	41,149,000	-	-
7 Renovate Unitas Resident Hall	22,300,000	-	-	22,300,000	-	-
8 Renovate - University Tower Apartments	2,700,000	-	-	2,700,000	-	-
9 Lease Housing Facilities	10,000,000	-	-	10,000,000	-	-
10 Expand Patterson Stadium /construct indoor facil	16,000,000	-	-	-	-	16,000,000
11 Replace - Electronic Video Boards	10,000,000	-	-	-	-	10,000,000
12 Construct - Athletics Office Building	7,500,000	-	-	-	-	7,500,000
13 Construct - Athletic Grounds Building	1,550,000	-	-	-	-	1,550,000
14 Football Practice Field Lighting	2,000,000	-	-	-	-	2,000,000
15 Replace - Artificial Turf Field III	1,250,000	-	-	-	-	1,250,000
16 Replace - Artificial Turf Field IV	1,250,000	-	-	-	-	1,250,000
17 Expand-Ulmer Softball Stadium/Const Indoor Fac	8,000,000	-	-	-	-	8,000,000
18 Construct - Natatorium	25,000,000	-	-	-	-	25,000,000
19 Basketball/Lacrosse Practice Facility Expansion	25,000,000	-	-	-	-	25,000,000
20 Expand - Marshall Center Complex	5,000,000	-	-	-	-	5,000,000
21 Renovate - Cardinal Football Stadium	25,000,000	-	-	-	-	25,000,000
22 Renovate - Cardinal Park	8,000,000	-	-	-	-	8,000,000
23 Renovate - Bass Rudd Tennis Center	3,000,000	-	-	-	-	3,000,000
24 Renovate - Garvin Brown Boathouse	2,000,000	-	-	-	-	2,000,000
25 Renovate - Marshall Center	1,000,000	-	-	-	-	1,000,000
26 Renovation - Golf Club - Shelby County	1,000,000	-	-	-	-	1,000,000
27 Renovation - Lynn Soccer Stadium	1,000,000	-	-	-	-	1,000,000
28 Renovation - Thornton's Academic Center	1,000,000	-	-	-	-	1,000,000
29 Renovation - Trager Football Practice Facility	1,000,000	-	-	-	-	1,000,000
30 Renovations - Patterson Baseball Stadium	1,000,000	-	-	-	-	1,000,000
31 Capital Renewal for Athletic Venues	7,500,000	-	-	-	-	7,500,000
32 Construct-Practice Bubble	4,000,000	-	-	-	-	4,000,000
33 Construction - Indoor Facility	15,000,000	-	-	-	-	15,000,000
34 Renovation - Cardinal Stadium Club Upgrades	5,000,000	-	-	-	-	5,000,000
35 Demo and Construct-Golf Maintenance/Chemical Bld	2,000,000	-	-	-	-	2,000,000
36 Construct - Athletics Village	90,000,000	-	-	-	-	90,000,000
37 Replacement - Seats in Athletic Venues	7,000,000	-	-	-	-	7,000,000
38 Athletics enhancements in new dormitory	6,000,000	-	-	-	-	6,000,000
39 Expand and Renovate - Wright Natatorium	10,000,000	-	-	-	-	10,000,000
40 Replace - Cardinal Stadium Seats	6,000,000	-	-	-	-	6,000,000
<b>UofL non-E&amp;G Total</b>	<b>550,028,000</b>	<b>-</b>	<b>-</b>	<b>198,978,000</b>	<b>-</b>	<b>351,050,000</b>

Proposed Non-E&G Projects and Leases

Attachment C-5

Institution/Count/Title	Total Scope	General Fund (Bond Funds)	Agency Bonds	Restricted Funds	Third-Party Financing	Private Funds - Cash
<b>Eastern Kentucky University</b>						
1 Leased Space	-	-	-	-	-	-
<b>EKU Lease Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Morehead State University</b>						
1 Renovate Jayne Stadium	40,637,000	40,637,000	-	-	-	-
2 Capital Renewal and Maintenance Pool-Aux	4,639,000	-	4,639,000	-	-	-
3 Comply with ADA - Auxiliary	2,079,000	-	2,079,000	-	-	-
4 Renovate Alumni Tower Ground Floor	3,897,000	-	3,897,000	-	-	-
5 Renovate Cartmell Residence Hall	15,521,000	-	15,521,000	-	-	-
6 Reno.& Replace Exterior Precast Panels-Nunn Hall	3,148,000	-	3,148,000	-	-	-
7 Replace Turf on Jacobs Field	1,127,000	-	1,127,000	-	-	-
8 Renovate Normal Residence Hall	3,840,000	-	3,840,000	-	-	-
9 Renovate Fields Residence Hall	4,920,000	-	4,920,000	-	-	-
10 Renovate Grote-Thompson Residence Hall	4,920,000	-	4,920,000	-	-	-
11 Renovate Cooper Residence Hall	9,000,000	-	9,000,000	-	-	-
<b>MoSU non-E&amp;G Total</b>	<b>93,728,000</b>	<b>40,637,000</b>	<b>53,091,000</b>			
<b>Murray State University</b>						
1 Repair Stewart Stadium - Structural	7,356,000	7,356,000	-	-	-	-
2 Construct Residential Housing	68,970,000	-	68,970,000	-	-	-
3 Construct Residential Housing - LTF	68,970,000	-	-	-	68,970,000	-
4 Construct/Renovate Alt Dining Facility (1 to 3)	12,540,000	-	-	-	12,540,000	-
5 Enhance Dining Facility	4,884,000	-	-	4,884,000	-	-
6 Renovate Residence Hall Electrical System	4,369,000	-	4,369,000	-	-	-
7 Renovate Residence Hall Electrical System - LTF	4,369,000	-	-	-	4,369,000	-
8 Renovate Residence Hall HVAC System	3,661,000	-	3,661,000	-	-	-
9 Renovate Residence Hall HVAC System - LTF	3,661,000	-	-	-	3,661,000	-
10 Renovate Residence Hall Interior	1,674,000	-	1,674,000	-	-	-
11 Renovate Residence Hall Interior - LTF	1,674,000	-	-	-	1,674,000	-
12 Replace Residence Hall Domestic Water Piping	1,195,000	-	1,195,000	-	-	-
<b>MuSU non-E&amp;G Total</b>	<b>183,323,000</b>	<b>7,356,000</b>	<b>79,869,000</b>	<b>4,884,000</b>	<b>91,214,000</b>	
<b>Northern Kentucky University</b>						
1 Renovate Residence Halls Add'l Reauthor	15,000,000	-	5,000,000	-	-	-
2 Expand/Renovate Regents Hall	2,000,000	-	-	-	1,500,000	500,000
3 Construct Indoor Tennis Facility	12,000,000	-	-	-	6,000,000	6,000,000
4 Reconstruct West Side Parking Reauth (\$13,529,000)	-	-	-	-	-	-
5 Renovate/Expand Baseball Field	6,700,000	-	-	-	-	6,700,000
6 Space Lease	-	-	-	-	-	-
<b>NKU non-E&amp;G Total</b>	<b>35,700,000</b>	<b>-</b>	<b>5,000,000</b>	<b>-</b>	<b>7,500,000</b>	<b>13,200,000</b>

Proposed Non-E&G Projects and Leases

Attachment C-5

Institution/Count/Title	Total Scope	General Fund (Bond Funds)	Agency Bonds	Restricted Funds	Third-Party Financing	Private Funds - Cash
<b>Western Kentucky University</b>						
1 Add Club Seating at Diddle Arena	3,600,000	-	-	-	-	3,600,000
2 Construct Football Pressbox	5,200,000	-	-	-	-	5,200,000
3 Expand Track and Field Facilities	4,700,000	-	-	-	-	4,700,000
4 Construct Baseball Grandstand	4,500,000	-	-	-	-	4,500,000
5 Construct Parking Structure IV	25,000,000	-	25,000,000	-	-	-
6 Construct Indoor Athletic Training Facility	25,000,000	-	-	-	-	25,000,000
7 Remove and Replace Student Housing @ Farm	2,500,000	-	-	-	-	2,500,000
8 Improve Softball and Soccer Complex	5,500,000	-	-	-	-	5,500,000
<b>WKU non-E&amp;G Total</b>	<b>76,000,000</b>	<b>-</b>	<b>25,000,000</b>	<b>-</b>	<b>-</b>	<b>51,000,000</b>
<b>217 Non-E&amp;G, Leases, Other Total</b>	<b>4,524,779,000</b>	<b>47,993,000</b>	<b>162,960,000</b>	<b>3,105,362,000</b>	<b>491,214,000</b>	<b>707,250,000</b>

**TITLE:** 2022-24 Postsecondary Education Budget Recommendation  
Postsecondary Institution Trust Funds Request

**DESCRIPTION:** The Finance Committee recommends that the Council approve the proposed 2022-24 Postsecondary Institution Trust Funds Request.

**PRESENTER:** Lucas Mentzer, Chair of the Finance Committee

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### **COMMITTEE REVIEW & APPROVAL**

The Finance Committee reviewed and approved the proposed staff recommendation at its October 28, 2021 meeting.

### **SUPPORTING INFORMATION**

*The Kentucky Postsecondary Education Improvement Act of 1997 (HB 1)* created six Strategic Investment and Incentive Trust Funds to bring about change and improvement in Kentucky colleges and universities by providing strategic financial incentives for institutions to pursue desired state goals for postsecondary education. These trust funds are listed below.

1. Research Challenge Trust Fund
2. Comprehensive University Excellence Trust Fund
3. Technology Initiative Trust Fund
4. Physical Facilities Trust Fund
5. Postsecondary Education Workforce Development Trust Fund
6. Student Financial Aid and Advancement Trust Fund

When the General Assembly authorizes appropriations for trust fund programs, they are typically maintained and administered by the Council on Postsecondary Education, but represent resources that are passed through to postsecondary institutions based on compliance with Council approved guidelines and procedures.

Every two years, CPE staff works collaboratively with campus presidents, chief budget officers, and Council members to identify programs and recommend funding that will provide incentives for Kentucky colleges and universities to pursue and achieve state goals for postsecondary education. For the upcoming biennium, stakeholders reached

consensus that the Council’s 2022-24 budget recommendation should include trust fund requests supporting Bucks for Brains at the research and comprehensive universities and a Competitive Workforce Initiative at KCTCS.

**Table 1: Components of 2022-24 Trust Funds Request**

Funding Component	Fiscal Year 2022-23	Fiscal Year 2023-24
Additional Budget Requests:		
• Bucks for Brains Program	\$30,000,000	\$30,000,000
- Debt Service	2,418,000	4,836,000
• Competitive Workforce Initiative	\$2,225,000	\$4,450,000

As can be seen in Table 1, staff recommends a total of \$60.0 million (or \$30.0 million each year of the upcoming biennium) for the Bucks for Brains Program, which could either be bond or cash funded, and \$2.2 million in 2022-23 and \$4.5 million in 2023-24 for a new Competitive Workforce Initiative at KCTCS. It is anticipated that any bond funds or cash authorized for Bucks for Brains would be appropriated on a nonrecurring basis (although second-year debt service would be a recurring expenditure if the request is bond funded). Finally, staff recommends that any funds authorized in the second year of the biennium for the Competitive Workforce Initiative be appropriated on a recurring basis. Each of the requested funding components is described in greater detail below.

### **Bucks for Brains Program**

Since the adoption of HB 1 (1997), the Bucks for Brains program has been a key strategic funding component of the state’s postsecondary reform agenda. The program encourages private giving to support research faculty, staff, and infrastructure at the University of Kentucky and the University of Louisville, and to strengthen essential programs at the comprehensive universities, by matching state appropriated funds dollar-for-dollar with private donations. Funds are typically endowed, with investment proceeds used to provide a perpetual source of funding for research related activities, but can also be used to support research-related capital projects in accordance with Council guidelines.

Between 1998 and 2010, the General Assembly authorized four rounds of funding for the Bucks for Brains program, totaling \$410 million. About 85 percent of that total (\$350 million) was appropriated to Kentucky's two research universities and 15 percent (\$60 million) was allocated among the state's six comprehensive institutions.

The state's investment in this program was used to leverage an additional \$410 million in private contributions through a dollar-for-dollar matching feature. When the fourth round of funding for the program (i.e., in 2008-10) was fully matched, a total of \$767.9 million was added to public university endowments and a total of \$52.1 million was used to support construction of new research facilities at the University of Kentucky (\$43.8 million) and education and general (E&G) facilities at the comprehensive universities (\$8.3 million).

The Council's *2016-21 Strategic Agenda for Postsecondary and Adult Education* calls for Kentucky universities to increase basic, applied, and translational research to create new knowledge, accelerate innovation, and promote economic growth (Objective 10, page 17). To accomplish this aim, the *Agenda* highlights the importance of advocating for funding for research and innovation through the Endowment Match Program (Bucks for Brains) or other similar funding approaches (Strategy 10.3, page 17). In keeping with this objective and strategy, staff recommends that the Council approve a \$60.0 million request for Bucks for Brains as part of its 2022-24 biennial budget recommendation.

- *Council staff recommends appropriations of \$2,418,000 in fiscal year 2022-23 and \$4,836,000 in 2023-24, recurring at the latter amount in subsequent years, to pay debt service on a \$60,000,000 bond issue (or that amount could be cash funded) to support a fifth round of funding for the Bucks for Brains program.*
- *Staff further recommends that half of the requested Bucks for Brains funds, or \$30,000,000 if authorized in full, be appropriated in the first year of the biennium (i.e., 2022-23) and that the other half of the requested funds, or \$30,000,000 if authorized in full, be appropriated in the second year (i.e., 2023-24).*

If approved by the Council and authorized by the General Assembly, it is anticipated that requested bond funds for the Bucks for Brains Program will be placed in the Research Challenge Trust Fund (RCTF) and the Comprehensive University Excellence Trust Fund (CUETF), as shown in Table 2 below, pending eventual distribution to postsecondary institutions in accordance with Council approved guidelines.

**Table 2: Allocation of Requested 2022-24 Bucks for Brains Program Funds**

Trust Fund Allocations	Fiscal Year 2022-23	Fiscal Year 2023-24	Biennial Totals
Additional Budget Requests:			
• Research Challenge Trust Fund (RCTF)	\$25,000,000	\$25,000,000	\$50,000,000
• Comprehensive University Excellence Trust Fund (CUETF)	5,000,000	5,000,000	10,000,000
<b>Program Totals</b>	<b>\$30,000,000</b>	<b>\$30,000,000</b>	<b>\$60,000,000</b>

CPE staff recommends that the \$50.0 million requested for the research universities be allocated one-third to the University of Louisville (i.e., \$16,667,000) and two-thirds to the University of Kentucky (i.e., \$33,333,000), in accordance with statutory provisions of the RCTF (KRS 164.7917). Staff further recommends that the requested \$10.0 million for the comprehensive universities be allocated based on each institution’s share of sector total 2021-22 adjusted net General Fund appropriations, in keeping with statutory provisions of the CUETF (KRS 164.7919). The resulting allocation among Kentucky’s public comprehensive universities is shown in Table 3 below.

**Table 3: Allocation of Requested 2022-24 CUETF Funds**

Comprehensive Institutions	Fiscal 2021-22 Adjusted Net General Fund	Percent of Total	CUETF Allocation
Eastern Kentucky University	\$60,962,500	22.0%	\$2,196,600
Kentucky State University	18,235,500	6.6%	657,100
Morehead State University	34,931,500	12.6%	1,258,700
Murray State University	40,553,800	14.6%	1,461,300
Northern Kentucky University	53,826,300	19.4%	1,939,500
Western Kentucky University	69,017,800	24.9%	2,486,800
<b>Category Totals</b>	<b>\$277,527,400</b>	<b>100.0%</b>	<b>\$10,000,000</b>

For more detailed information regarding the allocation of proposed Bucks for Brains Program funding see Attachment A. In coming months, a work group comprised of Council staff and campus officials will review Bucks for Brains Program guidelines and reporting procedures that were in place during the 2008-10 biennium. It is anticipated

that staff will bring updated guidelines and revised reporting procedures for the Bucks for Brains Program for review and action at the June 17, 2022, Council meeting.

### **Competitive Workforce Initiative**

On September 10, 2021, KCTCS submitted a proposal to Council staff, requesting \$17.8 million in recurring operating funds to help Kentucky reestablish a competitive workforce through expanded educational and training opportunities (credit and noncredit) at KCTCS institutions. The new trust fund program, named the Competitive Workforce Initiative, is designed to address workforce shortages in targeted industry sectors, facilitate recruitment and retention of business and industry, bolster regional and state economies, and help KCTCS and CPE maintain affordability for Kentucky students and families.

Using 10-year occupational outlook projections (i.e., for 2018-2028) produced by the Kentucky Center for Statistics (KYSTATS) and KCTCS 2020-21 graduate data, campus officials identified supply gaps in five industry sectors. As can be seen in Table 4, this past year, estimated annual job demand exceeded the number of KCTCS graduates in five fields, including healthcare, advanced manufacturing, transportation and logistics, business services and information technology, and construction and trades.

**Table 4: KCTCS Graduates and Job Demand in Targeted Industry Sectors**

Industry Sector	2020-21 Graduates	Est. Annual Job Demand	Supply Gap
• Healthcare	6,722	14,042	7,320
• Advanced Manufacturing	2,657	6,604	3,947
• Transportation and Logistics	1,113	7,001	5,888
• Business Services and Information Technology	2,985	6,816	3,831
• Construction and Trades	1,658	2,816	1,158
<b>Totals</b>	<b>15,135</b>	<b>37,279</b>	<b>22,144</b>

Sources: KCTCS Official Data Reported to CPE; Kentucky Center for Statistics, 2018-2028 KY Occupational Outlook.

If authorized, these funds would be used to increase degree and credential production capacity at all levels (i.e., certificate, diploma, and associate degree) at every KCTCS institution and to address worker skills and supply gaps in targeted industry sectors.

Specifically, campus officials project that the annual number of graduates could be increased by 719 in healthcare, 284 in advanced manufacturing, 119 in transportation and logistics, 319 in business services and information technology, and 177 in construction and trades.

In sum, KCTCS officials contend that funding this request will increase Kentucky's educational attainment, strengthen its workforce, and promote its attractiveness for new businesses and industries, while at the same time, bettering communities in every region of the Commonwealth. For more detailed information regarding the Competitive Workforce Initiative proposed by KCTCS see Attachment B.

The Council's *2016-21 Strategic Agenda* challenges Kentucky colleges and universities to expand regional partnerships, outreach and public service that improve the health and quality of life of Kentucky communities (Objective 11, page 18). Strengthening communication and planning between higher education and regional and community leaders to identify priorities and challenges and aligning resources to address those challenges are identified as ways to accomplish that objective (Strategy 11.2, page 18).

KCTCS estimates that targeted workforce program expansion will cost \$17.8 million. CPE staff anticipates that three-fourths of that cost will be covered by added tuition and fee revenue, operating efficiencies, or other fund sources. Toward that end, for the 2022-24 biennium, CPE staff recommends \$2.2 million in the first year and \$4.5 million in the second year for a KCTCS Competitive Workforce Initiative.

- *Council staff recommends appropriations of \$2,225,000 in 2022-23 and \$4,450,000 in 2023-24, recurring at the latter amount in subsequent years, to support expanded education and training opportunities and increased student completion at KCTCS institutions that address worker skills and supply gaps in targeted industry sectors.*

It is also recommended that any funds authorized and distributed under this program be treated as a mandated program and deducted from the allocable resources of receiving institutions during application of the two-year college funding model. This will ensure that disbursed funds will be retained for targeted program expansion at the original institutions that received the funds, rather than being redistributed to other institutions over subsequent iterations of the performance funding model.

- *Staff recommends that any authorized and distributed funding in support of the Competitive Workforce Initiative be treated as a mandated program within the two-year sector funding model, so the funds can be retained by the initial KCTCS institutions that receive the funds.*

If the requested funds are authorized, staff recommends that they be appropriated to the Postsecondary Education Workforce Development Trust Fund for distribution to

KCTCS upon submission and approval of a spending plan that meets guideline requirements for the newly created program. It is anticipated that staff will work with campus officials to develop a set of guidelines and related reporting procedures for the Competitive Workforce Initiative and will bring those guidelines for review and action at the June 17, 2022 Council meeting.

Council on Postsecondary Education  
 2022-24 Biennial Budget Recommendation  
 Bucks for Brains Allocation by Institution

Attachment A

Research Institutions	RCTF Allocation <sup>1</sup>
University of Kentucky	\$33,333,300
University of Louisville	16,666,700
Category Total	\$50,000,000 <b>A</b>

Comprehensive Institutions	Fiscal 2021-22 Adjusted Net General Fund <sup>2</sup>	Percent of Total	CUETF Allocation <sup>3</sup>
Eastern Kentucky University	\$60,962,500	22.0%	\$2,196,600
Kentucky State University	18,235,500	6.6%	657,100
Morehead State University	34,931,500	12.6%	1,258,700
Murray State University	40,553,800	14.6%	1,461,300
Northern Kentucky University	53,826,300	19.4%	1,939,500
Western Kentucky University	69,017,800	24.9%	2,486,800
Category Total	\$277,527,400	100.0%	\$10,000,000 <b>B</b>

Postsecondary Sectors	Sector Allocation <sup>4</sup>
Research Institutions	\$50,000,000
Comprehensive Institutions	10,000,000
Request Total	\$60,000,000 <b>(A + B)</b>

RCTF = Research Challenge Trust Fund

CUETF = Comprehensive University Excellence Trust Fund

<sup>1</sup> Appropriations to the RCTF are required by statute to be distributed one-third to the University of Louisville and two-thirds to the University of Kentucky.

<sup>2</sup> Each institution's regular General Fund appropriation, minus debt service and mandated programs, plus applicable distributions from the Postsecondary Education Performance Fund.

<sup>3</sup> Appropriations to the CUETF are required by statute to be distributed based on each institution's share of total comprehensive university General Fund appropriations, excluding debt service and specialized, noninstructional appropriations.

<sup>4</sup> The sector allocation reflects historical precedent on the part of the Kentucky General Assembly, whereby \$20 million of a total \$120 million match program appropriation was allocated to the comprehensive universities in 2000-02 and 2002-04, and \$10 million of a total \$60 million appropriation was allocated to the comprehensive universities in 2008-10.



THE  
COMPETITIVE  
WORKFORCE  
INITIATIVE

EXECUTIVE SUMMARY  
2022-24



## **Request for Funding**

### **FY 2022-23: \$17.8 million**

### **FY 2023-24: \$17.8 million**

KCTCS is requesting recurring funding to help Kentucky reestablish a competitive workforce through additional educational and training opportunities (credit and noncredit). These investments address the unemployed, underemployed, unskilled, and under-skilled adult. According to the Kentucky Chamber of Commerce, Kentucky has the third lowest workforce participation rate in the nation. This means that many Kentuckians who lost their jobs during the pandemic are not looking for work as compared to others in the U.S. Many of those who are working, are underemployed. Through training or learning new skills, the unemployed and the underemployed could improve their education and skill level resulting in additional earnings for an improved quality of life for themselves and their families. In February 2021, Wallet Hub ranked Kentucky 45<sup>th</sup> in the nation in educational attainment.

KCTCS is the one institution with the demonstrated track record of delivering the relevant short term educational and workforce programs with the skill sets designed for and required by today's businesses and industries. The colleges of KCTCS offer the speed, agility, and the flexibility in educational programming at the lowest cost while providing the greatest return on investment of Kentucky's tax dollar. The 16 KCTCS colleges awarded 39,458 credentials for the 2020-21 academic year, which included degrees, diplomas, and certificates. KCTCS saw a nearly 5 percent year-over-year increase in Associate in Applied Science degrees, designed to prepare graduates to directly enter the workforce. KCTCS awards 98% of the short-term certificates in Kentucky, trains 82% of Kentucky's skilled trades workers, and awards 66% of Kentucky's nursing and allied health credentials. (Source: Kentucky Council on Postsecondary Education Press Release June 10, 2021 - [Short-term credentials have surged 110% in Kentucky](#))

Over 72% of KCTCS graduates work in Kentucky, which is 30% higher than university graduates. On September 14, 2021, the CPE issued a report that shows higher education pays for college completers from the Kentucky High School Class of 2011, documenting that certificate and diploma holders earned \$37,369 (or 26.8%) higher than high school graduates in the cohort after 8 years in the workforce and associate degree holders earned \$38,268 (or 29.8%) higher. These differences grow even more pronounced over time. (Source: Kentucky Council on Postsecondary Education Press Release September 14, 2021 - [CPE report shows that higher education pays for college completers from Kentucky high school Class of 2011](#))

KCTCS has colleges in communities across the Commonwealth, regularly partners with local businesses and industries, utilizes industry advisory boards to ensure relevancy and rigor of programming and required skill sets, and is uniquely positioned to address Kentucky's skilled workers shortage like no other institution.



## The Strategic Priority

This funding will be used to increase the capacity at all credential levels (certificate, diploma, and associate degree) at each of the sixteen KCTCS Colleges. This funding request not only benefits the more than 80,000 KCTCS students statewide, but Kentucky's businesses, industries, and communities across the state.

Recurring funding to raise the KCTCS Colleges to the SREB median of net state appropriations for KCTCS's two-year colleges will:

- 1) Address Kentucky's shortage of skilled workers in Health Care, Advanced Manufacturing, Transportation/Logistics, Business Services/Information Technology, and Construction/Trades.
- 2) Create a catalyst for business and industries located and seeking to locate in Kentucky via access to a highly skilled and trained workforce.
- 3) Support the economic viability of Kentucky through the communities and service regions of KCTCS's 16 Colleges.
- 4) Help minimize tuition increases going forward.
- 5) Align KCTCS Colleges with Kentucky's 4-year sector of public postsecondary education net general fund appropriation levels.

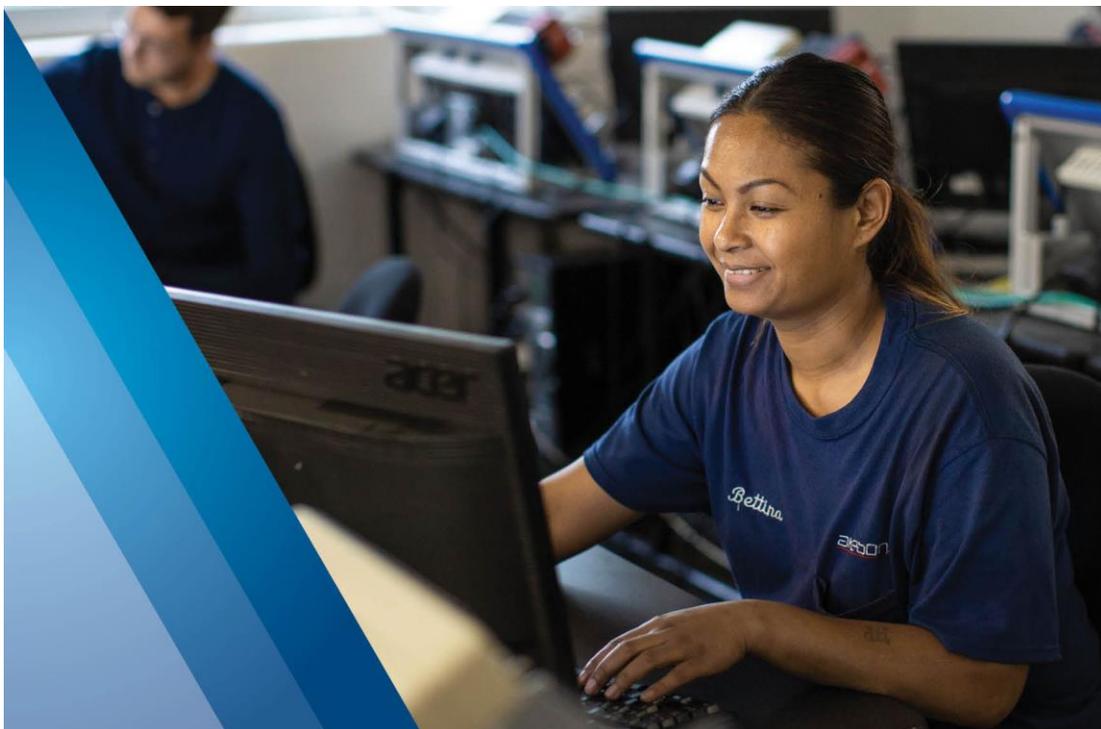
In 2020-21, KCTCS produced 15,135 graduates in targeted industry sector programs, which corresponds to about 40% of the total job demand that requires an associate degree or below. Skills gaps in these key areas would be greatly reduced with additional investment in KCTCS's targeted industry sector training and education programs.

<b>KCTCS Graduates and Job Demand for Kentucky's Targeted Industry Sectors</b>			
<b>Industry Sector</b>	<b>2020-21 Graduates</b>	<b>Estimated Annual Job Demand (Growth + Exits)</b>	<b>Supply Gap</b>
Healthcare	6,722	14,042	7,320
Advanced Manufacturing	2,657	6,604	3,947
Transportation/Logistics	1,113	7,001	5,888
Business Services/ Information Technology	2,985	6,816	3,831
Construction/Trades	1,658	2,816	1,158
<b>TOTAL</b>	<b>15,135</b>	<b>37,279</b>	<b>22,144</b>

**Notes:** Estimated Annual Job Demand includes positions that need to be filled due to growth and exits (workers transferring between occupations are excluded). KCTCS graduates are unduplicated based on the highest credential earned. If students earned the same level of credential in two or more sectors, they are counted once per sector (total duplication in graduates is less than 3%). Supply Gap was determined by subtracting graduates from estimated job demand.

**Sources:** KCTCS official data as reported to CPE; Kentucky Center for Statistics, 2018-2028 KY Occupational Outlook, Retrieved 9/8/2021 from: [https://kystats.ky.gov/Reports/Tableau/2021\\_OCC](https://kystats.ky.gov/Reports/Tableau/2021_OCC)

To address this supply gap, KCTCS projects, (based on the current number of graduates and credentials produced annually) with this additional funding the number of annual graduates and credentials could be increased as noted in the table on the next page.



<b>Projected Growth of KCTCS Graduates and Credentials Awarded with Additional Funding by Targeted Industry Sector (TIS) and Credential Level</b>		
<b>TIS/Credential Level</b>	<b>Projected Annual Increase in Graduates</b>	<b>Projected Annual Increase in Credentials</b>
<b>Healthcare</b>	<b>719</b>	<b>920</b>
Associate of Applied Science	203	203
Diploma	53	84
Certification	464	633
<b>Advanced Manufacturing</b>	<b>284</b>	<b>811</b>
Associate of Applied Science	77	79
Diploma	11	66
Certification	196	667
<b>Transportation/Logistics</b>	<b>119</b>	<b>331</b>
Associate of Applied Science	12	12
Diploma	6	10
Certification	101	309
<b>Business Services/Information Technology</b>	<b>319</b>	<b>758</b>
Associate of Applied Science	90	90
Diploma	1	6
Certification	228	662
<b>Construction/Trades</b>	<b>177</b>	<b>482</b>
Associate of Applied Science	25	25
Diploma	15	28
Certification	138	429
<b>TOTAL</b>	<b>1,619</b>	<b>3,302</b>

**Notes:** KCTCS graduate projections are unduplicated based on the highest anticipated credential earned. KCTCS credentials are duplicated counts of credentials earned within each credential level and industry sector.

**Source:** KCTCS official data as reported to CPE.

This request was formulated based on the growing need for skilled workers in these industries and the insufficient number of trained graduates currently being produced.

Career and technical education costs significantly more than general education offerings. Skilled instructional personnel require competitive salaries and modern technology to train the advanced skills desired by today's businesses and industries. Adult students also need wrap-around support services like tutoring, counseling, transportation, and child support offered at alternative times and meeting the student at his or her level and on his or her schedule.

While career and technical education programming and training is costly, the economic, social, and demographic returns to Kentucky's communities in terms of solid middle-class jobs, lower crime, less social welfare, and community involvement are immeasurable.



### **Basis for Additional Funding**

Historically, KCTCS has had to offset diminishing state appropriations with higher tuition. The limited increases in KCTCS's tuition had to be used to meet ever increasing fixed and unavoidable costs. This remained true even after internal reallocation and elimination of almost 800 positions in recent years. As a result, no new funding has been available help address the skills gap and reinvest in high wage/high demand career and technical educational programming. (**Note:** to help remain affordable for all Kentuckians, KCTCS did not increase tuition in FY 2015-16, nor FY 2021-22.)

This request will provide funding to target career and technical programing and the needed wrap-around services for the areas of Health Care, Advanced Manufacturing, Transportation/Logistics, Business Services/Information Technology, and Construction/ Trades. This request was formulated based on identified service area needs by each of KCTCS's Colleges to serve current unmet business and industry demands.

## SREB Benchmark for Comparison Purposes

As an independent informative source for comparison, KCTCS Colleges' state appropriation is significantly below the median state appropriation funding for two-year colleges in the Southern Regional Education Board (SREB - the SREB works to improve public education at every level with informed information by policy makers per independent, accurate data, and proven practices to accomplish greater outcome).

This request highlights the most recent year SREB data that is available, 2019-20, and that KCTCS Colleges currently rank 12<sup>th</sup> in state appropriation funding per full-time equivalent (FTE) student (at \$3,174) among the 16 SREB states (the SREB average is \$3,629). This difference is \$455 per FTE student and equates to \$17.8 million annually. When compared to the median state appropriations per FTE for SREB states, KCTCS Colleges fall even further behind at \$747 per FTE student. This difference in funding equates \$29.2 million annually.

In relative comparison, Kentucky's other public postsecondary education institutions enjoy a much higher net general fund state appropriation. This has led to KCTCS having one of the highest net tuition and fee revenues among the SREB states – the third highest in 2019-20. Even with the heavier reliance on tuition and fee revenue, KCTCS Colleges rank 13<sup>th</sup> in total revenues for educational and general operations per full-time equivalent student among all SREB states.

## Summary

Despite this disproportionate funding, KCTCS Colleges ranked 2<sup>nd</sup> in credentials awarded per capita and 8<sup>th</sup> in the number of credentials awarded in the nation (FY 2019-20). Funding this request will increase Kentucky's educational attainment, strengthen its workforce, and promote its attractiveness for new businesses and industries all the while bettering communities in every region of the Commonwealth.





THE  
COMPETITIVE WORKFORCE  
INITIATIVE

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EXECUTIVE SUMMARY  
2022-24

**TITLE:** 2022-24 Postsecondary Education Budget Recommendation  
CPE Agency Budget Request

**DESCRIPTION:** The Finance Committee recommends that the Council approve the proposed 2022-24 CPE Agency Budget Request.

**PRESENTER:** Lucas Mentzer, Chair of the Finance Committee

**COMMITTEE REVIEW & APPROVAL**

The Finance Committee reviewed and approved the proposed staff recommendation at its October 28, 2021 meeting.

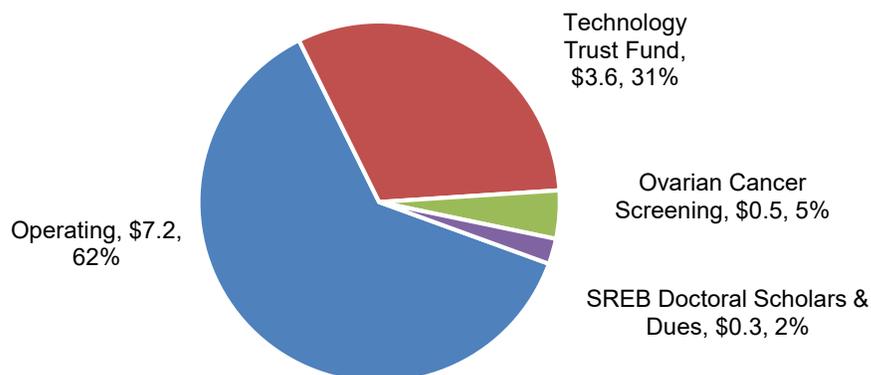
**BUDGET OVERVIEW**

The Council’s General Fund agency budget can be broken down into five main categories: (1) Operating; (2) Technology Trust Fund; (3) Ovarian Cancer Screening; and (4) SREB Doctoral Scholars Program and Dues. Each of these components is described briefly below.

General Fund appropriations for agency operations support expenditures associated with the Council’s higher education coordinating board role, including resources for policy leadership, strategic planning, regulation of the state’s postsecondary education system, financial policy analysis and development (biennial budget recommendation, performance funding, and tuition setting), administrative services, communications, academic affairs and program review, and information, research, and data analysis.

Chart 1.

**CPE Agency Budget**  
General Fund Baseline = \$11.6 M



The Council's Operating funds include agency operations and special initiatives, which in the past was often referred to as Senate Bill 1 funds. These funds support staff, operating funds, and grants to the public postsecondary institutions to advance the Council's *2016-2021 Strategic Agenda for Postsecondary Education*.

Three program areas use Technology Trust Fund General Fund dollars: technology support, the Kentucky Virtual Library (KYVL), and the Kentucky Postsecondary Education Network (KPEN). About 31 percent of the CPE's total General Fund budget is allocated to the Technology Trust Fund.

In prior biennia, a portion of the Council's Tobacco Funds were directed by the General Assembly to support ovarian cancer screenings. Beginning in 2018-20, the General Assembly made General Fund appropriations of \$500,000 for each year, or about 5% of CPE's 2021-22 General Fund budget, for ovarian cancer research and screening.

CPE pays the Commonwealth's dues to be a part of the Southern Region Education Board (SREB). This organization provides the state with education research and professional development opportunities for staff and elected leaders. It also plays a key role in maintaining licensure reciprocity for postsecondary institutions and in administering the Academic Common Market, which allows students to pursue programs in other states at in-state rates. During the 2020-22 biennium, the General Assembly provided CPE with \$50,000 each year to sponsor two underrepresented minority (URM) doctoral candidates in SREB's Doctoral Scholars program. That level of funding provides scholarships and networking opportunities and professional development for two doctoral candidates (one at UK, one at UofL); however, UK and UofL match that funding, so the program provides sponsorships to a total of four candidates each year. In the current fiscal year, 5 percent of the agency's General Fund budget is allocated to SREB dues and the doctoral scholars program.

### **2022-24 Agency Budget Request**

CPE staff has identified several high priority agency budget requests for the upcoming 2022-24 biennium. Staff recommends additional General Fund appropriations for personnel and operating cost increases (consistent with the state's budget instructions, or defined calculations), for supporting expanded duties and responsibilities, for the SREB doctoral scholars program, and new funding for two initiatives: the Commonwealth Education Continuum and a Healthcare Initiative.

### Defined Calculations

Every biennium, Office of State Budget Director staff instruct CPE staff to request cost increases associated with pension, healthcare, and other fixed and unavoidable cost increases. This figure also includes a 1% employee salary cost-of-living adjustment, in accordance with budget instructions. Funding requested for the current year will allow the June 30 payroll in fiscal year 2022 to be paid on time, and not at the start of fiscal year 2023.

- *Council staff recommends increases in General Fund appropriations of \$222,900 in 2021-22, \$214,900 in 2022-23 and \$323,900 in 2023-24 to fund the Council's defined calculations.*

### SREB Doctoral Scholars Program

For 2022-24, CPE is proposing additional funding to build upon the current SREB Doctoral Scholars Program, which provides support to underrepresented minority doctoral candidates. The funding identified by staff (\$50,000 in 2022-23 and \$100,000 in 2023-24) will allow the program to grow from the current four students to eight in 2022-23 and 12 in 2023-24. As the SREB Doctoral Scholars program is a three-year program, this funding will provide funding for three "classes" of students (four each year). While the program cost is \$25,000 per student, UK and UofL have traditionally matched the state's funding.

Kentucky's participation in the SREB program began in 1994, the second year of SREB's existence. Kentucky did not participate in the program in the 2018-20 biennium due to budgetary constraints. The program is intended to help underrepresented minority doctoral candidates complete a doctorate more quickly and to encourage them to join the ranks of the professoriate. The program provides opportunities for professional development, as well as, encouragement and support for students to matriculate from their doctoral programs and achieve their scholarly goals.

- *CPE staff recommends additional appropriations of \$50,000 in fiscal 2022-23 to support two additional SREB doctoral scholar's students at the University of Kentucky and two additional students at the University of Louisville in the first year of the upcoming biennium, and recommends \$100,000 in fiscal year 2023-24 to support two additional doctoral scholar's students at each institution in the second year of the biennium.*

## Expanded Duties and Responsibilities

Staff has identified the need for funds to hire seven additional staff in fiscal year 2022-23 to effectively respond to the challenges confronting the Commonwealth: namely, to build stronger connections between postsecondary institutions and economic development and workforce leaders and employers, to better align academic programs with the needs of the Commonwealth, and provide greater financial oversight of Kentucky's postsecondary institutions. This funding, if approved, will fund an associate vice president, executive director, director, and four senior associate positions, all to begin work in fiscal 2022-23.

In addition, in February 2020, the James Graham Brown Foundation (JGBF) Board of Trustees reviewed a proposed initiative that would lead to the creation of a Kentucky Student Success Collaborative (KYSSC). The board understood the potential impact of the initiative and requested additional details needed for a decision on whether to commit time and resources toward the KYSSC. JGBF staff engaged Sova Solutions, a national consulting firm with Kentucky ties, to help flesh out the business case for the initiative and make specific recommendations for its design and structure.

Building on the business case developed by Sova and after extensive consultation with JGB staff and members of the Sova team, the Kentucky Council on Postsecondary Education (CPE) proposed a partnership with JGBF to implement the KYSSC vision. CPE's expertise in developing student success policies and programs as well as the existing infrastructure and relationships within the state helped CPE secure a three-year, \$2.1 million grant for the Student Success Collaborative. The Collaborative has a staff of three, who are supported by funding from the time-limited grant.

This additional funding in fiscal 2023-24 (\$350,900) will allow the individuals hired, an executive director and two assistants, to continue the work of the Collaborative in the second year of the biennium.

- *CPE staff recommends an appropriation of \$1,032,500 in fiscal year 2022-23 and \$1,383,400 in 2023-24 to support the Council's expanded duties and responsibilities in the areas of workforce and economic development, academic program evaluation, financial oversight, and the Student Success Collaborative.*

## Education Continuum – Transitions and Early Postsecondary Opportunities

The Commonwealth Education Continuum (CEC) is a multi-agency effort that seeks to retain students at every level to help the state achieve greater economic success and works to close achievement gaps and diversify the education workforce. The CEC is a

partnership of the Council on Postsecondary Education (CPE), the Kentucky Education and Workforce Development Cabinet, and the Kentucky Department of Education. Its governing committee is co-chaired by Lt. Gov. Jacqueline Coleman, CPE President Aaron Thompson and Commissioner of Education Jason E. Glass. The committee has 28 members from all levels of the education community.

The CEC has three priorities:

- Providing more and better information on planning and paying for college;
- Improving access to dual-credit and other college preparatory programs for all students; and
- Diversifying the teaching force by attracting more men and people of color.

The General Fund budget request identified by the CEC for 2022-24 for CPE is comprised of three main components: successful transition to postsecondary, early postsecondary opportunities (EPOs), and staffing.

The successful transition to postsecondary component aims to strengthen postsecondary transition advising practices through the creation of local communities of practice, and state and national networks in order to aid school counselors, college and career coaches, and Family Resource and Youth Service Center Coordinators in better understanding the ever-changing postsecondary landscape and opportunities across the state. CPE requests \$4.0 million over the biennium to provide sufficient funding to provide the training and networks needed to improve advising-related practices and implement early postsecondary opportunities component.

The EPO component will accomplish three primary objectives over the upcoming biennium: development of a toolkit to identify and share best practices, development of an online interactive advising tool, and the re-establishment of the Dual Credit Advisory board.

Two additional staff members, an advising program manager and an EPO program manager will be needed to oversee these initiatives, estimated at \$280,500 per year.

- *CPE staff recommends appropriations of \$1,280,500 in fiscal 2022-23 and \$3,280,500 in fiscal year 2023-24 to support the work of the Commonwealth Education Continuum in the areas of Transition and Early Postsecondary Opportunities.*

Healthcare Workforce Initiative

Over the past two years Kentucky and the rest of the nation and world have witnessed the selflessness of doctors, nurses and other healthcare professionals who have put themselves at risk to help others and bring an end to the COVID-19 pandemic. Their challenges have often been exacerbated by staff shortages at all levels. While Kentucky has struggled with a healthcare workforce shortage for some time, particularly rural and other underserved regions, the pandemic has highlighted the gaps in Kentucky's healthcare workforce, and the importance of strengthening and expanding this talent pipeline. The Healthcare Workforce Initiative (HWI) would strengthen and expand the pipeline of nursing professionals and other healthcare providers in the Commonwealth, and it would provide a mechanism to help rapidly respond to the state's immediate healthcare workforce needs.

The Kentucky Healthcare Workforce Initiative would provide a dedicated pool of funding that would be administered by the Council on Postsecondary Education and directed to Kentucky's public universities and community and technical colleges to support and grow programs dedicated to training healthcare providers in disciplines leading to professional certification and/or licensure.

While guidelines for the use of these funds have not been finalized, staff expects that funds would be able to be used for the following purposes:

- Increasing faculty salaries to attract and retain top talent, to include increasing the number of year-round faculty to allow for the education and training of more students.
- Developing and expanding more flexible programming (including virtual and competency-based options) to meet the needs of changing student demographics.
- Expanding apprenticeships, additional clinical experiences and other work-based learning opportunities.
- Development and delivery of professional development opportunities so that faculty can learn new and innovative teaching technologies.
- Purchase of simulators and other healthcare training equipment and supplies.
- Increased student advising, tutoring, and support services to help retain students in these demanding programs and encourage program completion.

Funds will be designated to the institutions as follows: 50% to KCTCS, with the universities receiving base funding of \$50,000 with the remaining funds distributed according to each institution's share of Net General Fund appropriations.

- *CPE staff recommends General Fund appropriations of \$20,000,000 in fiscal 2022-23 and \$20,000,000 in 2023-24 to support the Healthcare Workforce Initiative.*

If the requested funding is authorized and added to the agency’s current General Fund base (i.e., \$11,598,800 in 2021-22), these increases will result in total General Fund appropriations of \$34,176,100 in fiscal year 2022-23 and \$36,686,600 in fiscal year 2023-24. Funding components and request amounts of the CPE agency budget request are shown in Table 1.

Funding Component	Fiscal 2021-22	Fiscal 2022-23	Fiscal 2023-24
Beginning Base	\$11,598,800	\$11,598,800	\$11,598,800
Defined Calculations	\$222,900	\$214,900	\$323,900
SREB Doctoral Scholars		\$50,000	\$100,000
Expanded Duties and Responsibilities		\$1,032,500	\$1,383,400
Education Continuum*		\$1,280,500	\$3,280,500
Healthcare Initiative		\$20,000,000	\$20,000,000
General Fund Total	\$11,821,700	\$34,176,700	\$36,686,600

\*Transitions and Early Postsecondary Opportunities

### Other Fund Sources

Several programs administered by CPE receive funding from sources other than the state General Fund, including cancer research funded with tobacco settlement funds, the Cancer Research Match program and the licensure program funded with restricted funds, and the GEARUP program, which is made possible through federal funds. As part of the biennial budget process, the Council will request spending authority to use these funds. For each of these fund sources, with the exception of federal funds, CPE staff is requesting the current year (i.e., fiscal 2021-22) level of expenditure authority for each year of the upcoming biennium. The level of federal expenditure authority needed has not been fully determined as of this date.

### Tobacco Settlement Funds

The 2000 General Assembly created the Lung Cancer Research Fund to support research at the University of Kentucky's Markey Cancer Center and the University of Louisville's Brown Cancer Center. Research conducted by these centers explore the causes, detection, and treatment of lung cancer. The program benefits Kentuckians through discovery of new cancer therapies, clinical trials, and an early detection program. In the *2018-20 Budget of the Commonwealth*, the General Assembly specified that these funds should support cancer research more generally and be allocated 50:50 between the University of Kentucky and the University of Louisville.

- *Council staff recommends Tobacco Settlement Fund appropriations of \$7,693,800 in 2022-23 and \$7,693,800 in 2023-24 for cancer research at the University of Kentucky and the University of Louisville.*

### Restricted Funds

Every biennium, a request for Restricted Funds spending authority must be included in the Council's budget request. The Cancer Research Matching Fund is the largest program in CPE's agency budget that is financed with Restricted Funds. Funding for that program is obtained through a one-cent-per-pack cigarette tax, and the proceeds are allocated and disbursed to UK and UofL to conduct lung cancer research.

The Council also receives restricted funds from the federal government through indirect cost recovery on federal grants and from licensure of non-public bachelor's and above degree granting institutions doing business in Kentucky.

- *Council staff recommends a Restricted Funds appropriations request of \$4,923,900 in fiscal year 2022-23 and \$4,923,900 in fiscal year 2023-24.*

### Federal Funds

Federal Fund spending authority will be requested for GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) at the fiscal year 2019-20 level: \$4,000,000 in both 2022-23 and 2023-24. Federal funds are received and disbursed in accordance with the terms and conditions of the federal grants. CPE will also be requesting the authority to expend federal grant funds for the upcoming biennium.

- *Council staff recommends appropriations of \$4,000,000 in fiscal year 2022-23 and \$4,000,000 in fiscal year 2023-24 to enable federal fund expenditures related to the GEAR UP program.*

- *Staff will be seeking expenditure authority for other federal funds, in particular for Governor's Emergency Education Relief and American Rescue Plan funds, however, the funding amounts have not been finalized at this time.*

Council on Postsecondary Education  
 2022-24 Biennial Budget Recommendation  
 Table 2 - CPE Agency Budget Request

November 5, 2021

Operating Funds	Fiscal 2021-22	Fiscal 2022-23	Fiscal 2023-24
Defined Calculations	\$222,900	\$214,900	\$323,900
SREB Doctoral Scholars		50,000	100,000
Expanded Duties and Responsibilities		1,032,500	1,383,400
Education Continuum			
Transitions and Early Postsecondary Opportunities		1,280,500	3,280,500
Healthcare Initiative		\$20,000,000	\$20,000,000
<hr/>			
Capital Investment		Fiscal 2022-23	Fiscal 2023-24
Student Portal		\$2,000,000	
Upgrade Regional Optical Network		\$1,000,000	

*Operating Funds*

- **Defined Calculations** - Additional operating funds, as identified by the Office of State Budget Director, needed to cover fixed and unavoidable cost increases (e.g., worker's compensation increase, facilities rental increase, etc.), a 1.0% cost of living adjustment, and paying the June 30 payroll in the current year, instead of next year.
- **SREB Doctoral Scholars** - This funding is in addition to the \$50,000 appropriated for the current year, which funds scholarships and networking opportunities for two underrepresented minority doctoral candidates, one at UK and one at UofL. These institutions match the CPE funding, for a total of four students. This additional funding would allow the program to build to three cohorts of four doctoral candidates each by the end of the 2022-24 biennium.
- **Expanded Duties and Responsibilities** - This funding will support seven additional positions at CPE (one associate vice president, one executive director, one director, and four senior associates) and will allow expansion of CPE's roles related to connecting higher education and workforce and economic development, monitoring postsecondary institution finances, and evaluating academic programs. In 2023-24, the requested increase in funds will replace private grant funding for Student Success Collaborative staff. This funding is needed to effectively respond to the growth of CPE's statutory duties and responsibilities.
- **Education Continuum - Transitions and Early Postsecondary Opportunities** - The Education Continuum is led by CPE, the Kentucky Department of Education, and the Education and Workforce Development Cabinet. This funding will support additional advising for high school students and improve early postsecondary opportunities, such as dual credit, through online resources, and professional development opportunities.

- **Healthcare Workforce Initiative** - This request will provide pass-through funding and program support to help address workforce shortages in the state's healthcare industry. Half of the pass-through funding would go to KCTCS and the other half would go to public universities, allocated using a 10% base divided equally among them, with the remaining 90% of university funds allocated based on share of Net General Fund. Funding will be used to expand and improve programs in regions with the greatest amount of workforce need.

### *Capital Investment*

- **Student Portal** - Online portal that will help students understand career options, costs, and pathways. The site will facilitate course and program comparisons across institutions, transfer of credits, and credit for prior learning.
- **Upgrade Regional Optical Network** - This funding will provide equipment to connect public universities and KCTCS to Kentucky Wired (firewalls and routers).

**KY COUNCIL ON POSTSECONDARY EDUCATION**

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**TITLE:** 2022-24 Postsecondary Education Budget Recommendation  
Special Appropriation Request

**DESCRIPTION:** The Finance Committee recommends that the Council approve the proposed 2022-24 Special Appropriation Request for Kentucky State University.

**PRESENTER:** Lucas Mentzer, Chair of the Finance Committee

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**COMMITTEE REVIEW & APPROVAL**

The Finance Committee reviewed and approved the proposed staff recommendation at its October 28, 2021 meeting.

**SUPPORTING INFORMATION**

In July 2021, Kentucky State University staff members alerted the KSU Board of Regents about a number of financial concerns. The KSU Board then informed the Kentucky Council on Postsecondary Education and the Governor's Office. Those financial concerns led to a transition in leadership at the university on July 20, 2021.

That same day, Governor Andy Beshear issued Executive Order 2021-504, which directed CPE to provide an assessment of the current financial status of KSU, and provide a report to the Governor detailing its assessment prior to providing recommendations concerning appropriations for the next biennial budget.

KSU financial statements indicate that the university's cash position began to deteriorate in fiscal 2017-18. Prior to 2017-18, cash as reported in the financial statements remained stable at a level between \$18 and \$20 million before declining to \$14 million in fiscal year 2017-18. Cash then declined precipitously to between \$2 and \$3 million in fiscal years 2018-19 and 2019-20. Audited financial data are not available for fiscal year 2020-21, but a review of year-end bank balances and unpaid invoices indicate that the cash position will likely show a further decline.

During the period that cash declined, current liabilities (accounts payable, lines of credit, accrued absences, current portion of long-term debt) increased significantly as well. Current liabilities averaged approximately \$8 million per year until fiscal year 2018-19

when they increased to \$12.3 million and then to \$18.3 million in fiscal year 2019-20. For fiscal 2020-21, current liabilities will remain in the \$15 to \$19 million range, pending completion of audited financial statements.

The combination of declining cash balances and increasing current liabilities have resulted in a significant liquidity crisis for KSU, with the university increasingly relying on lines of credit, beginning in the third quarter of fiscal 2019-20. By the third week of July 2021, only \$2.8 million in cash was available for use, with no significant revenue anticipated until September. Further complicating the problem, approximately \$3 to \$4 million was owed to vendors, \$5.2 million was owed to the state, with payroll averaging \$3 million per month.

To manage this crisis, the university worked with the CPE and the Office of the State Budget Director to advance the university's fourth quarter General Fund allotment of \$5.4 million. The university also implemented a debt forgiveness plan using CARES Act funding, essentially paying \$2.5 million in outstanding student balances. This one-time action also provided much needed liquidity during this period.

KSU employed a number of measures prior to the close of fiscal year 2020-21 to meet expenses. CPE's report on the financial status of KSU will go into greater detail, but some of these measures are listed below:

- **Delaying payment to vendors.**
- **Failure to reimburse state construction accounts.** Beginning in 2019, the university stopped providing reimbursements to the state, and apparently used the cash from the drawn down federal funds for working capital.
- **Inappropriate draws from the university endowment.** The university maintains in its investment account, the university endowment, which was originally funded from various sources. The university does not have a full set of donor agreements on file or clear information about the requirements of those endowment accounts in all cases. However, beginning in 2019, the university drew down approximately \$1 million in earnings per year, ostensibly for scholarship support. However, only approximately 43% of endowment earnings can be used to support scholarships.
- **Draws from Revenue Anticipation Notes.** While revenue anticipation notes are a legitimate way to provide short term liquidity for entities that receive cash revenues sporadically throughout the year, KSU did not close and settle these

notes as required by year-end for several years. The balance on the note grew over those three years, reaching \$5 million before it is was settled in July 2021.

As a result of the liquidity situation described above, the university has very little left in reserves. Expenditures have exceeded revenues by over \$35 million over the past four years and have depleted both the unrestricted university fund balance and unrestricted asset balances.

In July and August, the university operated with approximately 13 days cash on hand. This has improved in September to approximately 24 days cash, though most experts would consider 90 days cash on hand to be the minimum level of cash reserves required for a university, with 180 days more typical. Current projections indicate that all cash reserves will be depleted by the end of March 2022.

The use of a revenue anticipation note would allow the university to operate late into April, but at that point, no remaining sources of cash other than an additional appropriation from the General Assembly, would be available. Without a special appropriation, KSU will have a cash deficit \$23.0 million by June 30, 2022. Listed below is a snapshot of KSU’s current financial status that was verified and presented to the KSU Board of Regents by CPE staff on October 19, 2021.

Deficit construction accounts with State Finance Cabinet	\$ 5.2 million
Prior year invoices paid in FY 2022	4.3 million
Asset Preservation Fee Receipts Not Reserved (2019-21)	1.2 million
July Repayment of prior year Revenue Anticipation Note	<u>5.0 million</u>
FY 2022 Cash Shortfall due to prior year deficits	\$15.7 million
Structural Imbalance in FY 2022 University Budget	<u>7.3 million</u>
<b>FY 2022 Total Projected Cash Shortfall</b>	<b>\$23.0 million</b>

- *Council staff recommends a nonrecurring General Fund appropriation of \$23,000,000 in fiscal year 2021-22 and recurring appropriations of \$1,000,000 each year of the 2022-24 biennium to provide ongoing financial stability and support targeted strategic initiatives at Kentucky State University.*
- *CPE staff further recommends that any authorized funding be placed in a newly created funding program, requiring Council approval for funds to be accessed and expended by KSU.*

As can be seen in Table 1, staff recommends that the Council’s Special Appropriation request include two components for Kentucky State University: (1) a financial

stabilization fund; and (2) strategic operating funds. The stabilization fund is necessary to address a current-year structural deficit and allow the university to pay vendors, reduce debt, and achieve financial stability. The request for strategic operating funds will support the expansion of teacher education and public administration programs at KSU, which is well aligned with state student success goals and with objectives and strategies of the Council’s *2016-2021 Strategic Agenda for Postsecondary Education*. Additional information about these request components is provided below.

**Table 1: Components of 2022-24 Special Appropriation Request**

Funding Component	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Additional Budget Requests:			
Financial Stabilization Fund (NR)	\$23,000,000	\$0	\$0
Strategic Operating Funds	0	1,000,000	1,000,000
<b>Total Additional Requests</b>	<b>\$23,000,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>

NR = Nonrecurring funds

Financial Stabilization Fund

The financial stabilization fund will be used to manage KSU through fiscal 2021-22, and will allow the institution to pay vendors promptly and reimburse the state’s construction account. CPE will ask that these funds be placed in a newly created Funding Program for KSU and be released to the university only after CPE verifies that proper financial controls are in place, as outlined in a new Management and Improvement Plan.

Strategic Operating Funds

The strategic operating funds requested will provide KSU with resources of \$1.0 million in each year of the upcoming biennium to expand and improve two of its signature programs: Education and Public Administration. As a primarily liberal arts institution and a historically black college or university (HBCU), KSU is well positioned to help the Commonwealth meet its needs for a more diverse K-12 teacher corps, which is necessary to educate students in an increasingly diverse school environment and world. KSU’s location in the state capital also makes investment in public administration programs a worthy pursuit. As will be detailed in the Management and Improvement Plan, KSU will submit annual reports to CPE detailing the uses of these funds and the results of the investment.



# CURRENT FINANCIAL STATUS OF **KENTUCKY STATE UNIVERSITY**

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An Assessment Conducted by the  
Kentucky Council on Postsecondary Education

**November 2021**

## **About the Council on Postsecondary Education**

The Council on Postsecondary Education is Kentucky's higher education coordinating agency committed to strengthening our workforce, economy and quality of life. We do this by guiding the continuous improvement and efficient operation of a high-quality, diverse, and accessible system of postsecondary education.

Key responsibilities include:

- developing and implementing a strategic agenda for postsecondary education that includes measures of progress.
- producing and submitting a biennial budget request for adequate public funding of postsecondary education.
- determining tuition rates and admission criteria at public postsecondary institutions.
- collecting and distributing data about postsecondary education performance.
- ensuring the coordination and connectivity of technology among public institutions.
- licensing non-public postsecondary institutions to operate in the Commonwealth.

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## EXECUTIVE SUMMARY

The Kentucky Council on Postsecondary Education (CPE) has an extensive set of statutory responsibilities relating to the coordination of higher education in Kentucky. In accordance with these duties and responsibilities, on July 20, 2021, following reports of financial instability at Kentucky State University (KSU) and the abrupt resignation of its president, Governor Andy Beshear issued an Executive Order directing CPE to, among other items, provide a report assessing the current financial status of KSU prior to providing recommendations for biennial appropriations.

### Methodology

In order to provide a full assessment of the current financial status of KSU, CPE conducted five areas of review and analysis, including: Cash Flow & Working Capital Analysis; Financial Health Assessment; Peer Group Comparisons; Validation of Financial Information; and Review of Controls over Financial Management and Reporting. In each area, CPE identified relevant research questions, the methodology used to answer those questions, and the resulting findings.

### Key Findings

- Cash as reported on the audited financial statements was relatively stable in 2016 and 2017, at \$19.9 and \$18.7 million, respectively, before declining to \$14.0 million in fiscal year 2018. Cash then declined to approximately \$2.0 million in fiscal years 2019 and 2020. The decline in cash reserves between 2016 and 2020 resulted from operating deficits totaling \$35 million over the same period.
- Beginning in fiscal year 2019, several inappropriate techniques were used to generate or maintain enough cash for the university to satisfy payroll obligations each month, including failure to pay amounts owed to vendors in a timely manner and failure to collect student receivables.
- Financial health assessment ratios revealed KSU was in an overall financially healthy condition from fiscal years 2015-16 to 2017-18, but beginning in 2018-19, a significant draw-down in reserves to cover a structural imbalance in the annual budget (which continued into the next fiscal year) resulted in a precipitous drop in financial health scores.
- KSU's tuition and fee, state appropriations, and government grants and contracts revenue per student are higher than peer group medians.
- KSU's net price is considerably lower than that of peer institutions and has exhibited a much larger percentage decrease in recent years than the group median.
- KSU's production of bachelor's degrees, normalized to account for differences in student enrollment, is the lowest among peer institutions; KSU's degree productivity has exhibited a precipitous decline in recent years.
- Since the issuance of the Executive Order, all information communicated by KSU staff to the Board of Regents and other key stakeholders has been accurate.
- KSU's internal audit function was non-existent for approximately three years due to a vacancy in the Internal Auditor position. Additionally, the externally managed KSU "Tip Line" was discontinued in 2017.
- KSU lacks sufficient controls to prevent, or alert, spending over board approved budgets. KSU staff, dictated by prior senior leadership, often failed to follow existing fiscal policies in recent years, resulting in significant operating deficits.
- KSU had numerous external financial audit findings in recent years and has consistently missed audited financial statement deadlines.

## Recommendations

1. Request \$23 million from the Kentucky General Assembly to cover the fiscal year 2021-22 projected cash shortfall, plus \$1 million annually in the 2022-24 biennium for strategic initiatives.
2. Cultivate a culture of accountability, transparency, and compliance.
3. Improve budgetary controls and provide a quarterly budget to actual report to the Board of Regents.
4. Improve the accounting and reporting system, as well as internal controls over financial reporting, and provide quarterly GAAP statements and other financial information to the Board of Regents.
5. Outsource or co-source the Internal Audit function and reinstate the externally managed tip line.
6. Implement a formal accounting and reporting framework for endowment distributions.
7. Improve the collection of student accounts receivable, including implementation of a comprehensive Student Financial Responsibility Agreement and utilization of external collection agencies, including Kentucky's Department of Revenue.
8. Complete a comprehensive review of expenses to ensure they are charged to the correct functional area and that costs are appropriately allocated to grants and auxiliary units.
9. Complete a review of academic programs and establish appropriate faculty productivity metrics.
10. Implement a long-range planning process to support the strategic and capital investment decision-making process.
11. Implement an enterprise risk management process to identify, evaluate, and mitigate key risks facing the institution and higher education industry, including strategic, operational, financial, and compliance risks.
12. Develop appropriate policies and procedures governing the key functions of treasury management including cash management, operating investment management, debt management, and internal loans.
13. Review and update the Endowment Investment Policy and incorporate a formal spending policy within the investment policy.
14. Implement quarterly reporting to the Board of Regents on the President's travel, entertainment, and discretionary expenses.

## Conclusion

Significant operating deficits in recent years, and in particular from 2019 forward, have resulted in the depletion of KSU's cash reserves. Its current structural budget deficit is unsustainable, and without a significant infusion of cash, KSU will be depleted of operating funds by approximately April 2022. This appears primarily to result from poor leadership over the financial management of the institution, including inadequate budgetary controls, inadequate internal and external financial reporting, and lack of an internal audit function.

A culture of accountability, transparency, and compliance set forth and modeled by the KSU Board of Regents and executive leadership is key to ensuring that these issues do not reoccur. KSU compares favorably to its peers in state appropriations, government grants and contracts, and tuition and fee revenue per student, providing evidence that a strong basis for stable, recurring funding currently exists. Moving forward, the key will be crafting a budget that optimizes the use of those funds to meet the strategic goals of the institution, and in turn, operating within that budget with regular accountability to both internal and external stakeholders.

## INTRODUCTION

The Kentucky Council on Postsecondary Education (CPE) is assigned extensive statutory responsibilities relating to the coordination of higher education in Kentucky. In addition to determining tuition at Kentucky's public colleges and universities, approving academic programs, and leading the biennial budget process for higher education, CPE is charged with a broad scope of higher education oversight duties, the core of which is outlined in KRS 164.020.

Specifically, KRS 164.020(4) charges CPE with "evaluating the performance and effectiveness of the state's postsecondary system." KRS 164.020(9) further charges CPE with the development and implementation of "policies to be used in making recommendations to the Governor for consideration in developing recommendations to the General Assembly for appropriations to the universities," as well as "policies that provide for allocation of funds among the universities."

In carrying out these duties, the General Assembly empowers CPE to:

- "[d]evelop a financial reporting procedure to be used by all state postsecondary education institutions," [KRS 164.020(26)];
- "[r]equire reports from the executive officer of each institution it deems necessary for the effectual performance of its duties," [KRS 164.020(12)]; and
- "[e]xercise any other powers, duties, and responsibilities necessary to carry out the purposes of this chapter," [KRS 164.020(38)].

In accordance with these duties and responsibilities, on July 20, 2021, following reports of financial instability at Kentucky State University (KSU) and the abrupt resignation of its president, Governor Andy Beshear issued an Executive Order containing the following directives:

1. CPE shall provide an assessment of the current financial status of KSU, and shall provide a report to the Governor detailing its assessment prior to providing recommendations concerning appropriations for the next biennial budget.

2. To assist CPE in performing its assessment, KSU shall provide CPE access to any records CPE deems necessary to preparing its assessment.
3. CPE shall assist the KSU Board of Regents in developing a management and improvement plan with goals and measurable metrics, which shall be subject to the approval of CPE. The management and improvement plan shall be designed to assist with organizational and financial stability. The management and improvement plan shall provide for continuing oversight by, and reporting to, CPE concerning the implementation of the plan.
4. CPE shall make recommendations to the KSU Board of Regents concerning the KSU administrative structure and leadership.

This report is issued in response to the directive in Item 1 of the Executive Order, the assessment of the current financial status of KSU. This assessment will serve as the basis for an appropriation recommendation for KSU in the upcoming biennial budget.

In order to provide a full assessment of the current financial status of KSU, CPE staff identified the following five areas of review and analysis:

- Cash Flow and Working Capital Analysis
- Financial Health Assessment
- Peer Group Comparisons
- Validation of Financial Information
- Review of Controls over Financial Management and Reporting

In each area, CPE staff has identified relevant research questions, the methodology used to answer those questions, and the resulting findings.

At the conclusion of the report, CPE provides a recommendation for an appropriation to cover the FY 2021-22 budget shortfall at KSU. Additionally, funding will be requested for strategic initiatives to assist KSU in moving past its current budget crisis and increasing its stability as a quality provider of higher education in Kentucky.

## CASH FLOW & WORKING CAPITAL ANALYSIS

CPE performed a cash flow and working capital analysis to evaluate the historical and projected cash position/liquidity of the institution. The following primary research questions were used to guide this work:

- What are the major cash inflows and outflows for KSU?
- When did the liquidity crisis begin?
- What cash/working capital management strategies did KSU utilize to manage the liquidity crisis?
- What is the current and projected cash position?

CPE performed various procedures and research methods to analyze the cash position/liquidity for KSU. Staff worked with the KSU Chief Financial Officer (CFO) to assess the historical and current situation. Audited financial statements and related financial institution statements and reports from the Commonwealth of Kentucky were reviewed. Additionally, KSU Finance & Administration staff members participated in a number of interviews with CPE staff.

### Cash inflows and outflows

The following major cash inflows for KSU in recent years were identified. They are:

- Tuition & fees.
- State appropriations.
- Federal/state grants and contracts.
- Housing and dining/other auxiliaries.
- Draws on a revenue anticipation note.

Conversely, major cash outflows for KSU are as follows:

- Payments to employees.
- Payments to suppliers/service providers.
- Payments to students.
- Purchases of capital assets/capital improvements.
- Payments for debt service.
- Payments on a revenue anticipation note.

These cash inflows and outflows are typical for most institutions, with the exception of the cash flows related to the revenue anticipation note, which functioned as a line of credit beginning in 2019.

### Onset of liquidity crisis

As indicated in Figure 1 on page 9, a review of KSU financial statements indicates that the cash position of the university began to deteriorate in fiscal year 2018. Cash as reported on the audited financial statements was relatively stable in 2016 and 2017, at \$19.9 and \$18.7 million, respectively. In subsequent years, cash declined to \$14.0 million in fiscal year 2018, and dropped precipitously to approximately \$2.0 million in fiscal years 2019 and 2020. The decline in cash reserves between 2016 and 2020 resulted from operating deficits totaling \$35 million over the same period.

Audited financial statements are not yet available for fiscal year 2021, but a review of year-end bank balances and unpaid invoices and claims at the end of that fiscal year indicate that the cash position has not improved. In fact, it is likely the audit will show a further decline.

During the period that cash declined, current liabilities (accounts payable, accrued liabilities, unearned revenue, line of credit, current portion of long-term debt and other current liabilities) increased significantly as well. Current liabilities averaged approximately \$7.7 million per year until fiscal year 2019, when they increased to \$12.3 million, and then to \$18.3 million in fiscal year 2020. A preliminary review indicates that current liabilities will remain in the \$15 to \$20 million range in fiscal 2021, pending audited financial statements.

The combination of declining cash balances and increasing current liabilities has resulted in a significant liquidity crisis for the university. Interviews with staff and a review of cash management activities in the latter part of 2019 show an increasing reliance on lines of credit and delayed vendor payments to ensure sufficient cash was available for bi-weekly and monthly payrolls. This cash management strategy continued through fiscal years 2020 and 2021 as the financial position of the university continued to deteriorate. By the third week of July 2021, only \$1.9 million in cash was available for use, with no

significant revenue anticipated until September. Further complicating the problem, approximately \$3 million was owed to vendors, \$5.2 million was owed to the state, and payrolls averaged approximately \$3 million per month.

### Managing the liquidity crisis

To manage this crisis, the university worked with the CPE and the Office of the State Budget Director to advance the university's fourth quarter General Fund allotment. This allowed the university to access \$5.4 million in cash to satisfy outstanding vendor accounts and to support the late July payroll. This action only provided temporary relief, as the institution will not have access to those funds in April. The university also implemented a debt forgiveness plan using CARES Act funding, paying \$2.5 million in outstanding student balances. This one-time action provided much-needed liquidity.

Beginning in fiscal year 2019, several inappropriate techniques were used to generate or maintain enough cash for the university to satisfy payroll obligations each month. These include:

- **Failure to pay vendors in a timely manner.** Several hundred thousand and sometimes millions of dollars in invoices were older than 120 days. Staff have indicated that they were told to “not answer their phones” when vendors called. They also indicated that they were threatened with termination if they disclosed that the university did not have sufficient cash for its obligations. Additionally, at various times, accounts payable staff were instructed to “inactivate” invoices that had been entered into Banner for payment.
- **Failure to reimburse state construction accounts.** The Finance and Administration Cabinet, Division of Engineering and Contract Administration, manages construction projects for the university, making payments on behalf of the institution, particularly on federally funded, land grant, construction projects. The university subsequently reimburses the state after reimbursement funds are drawn down from the USDA. Beginning in 2019, the university stopped providing those reimbursements to the state, and apparently used the cash drawn down from the USDA for working capital.
- **Draws from revenue anticipation note.** In 2019, the university opened a revenue anticipation note with Fifth Third Bank, the institution's depository. Revenue anticipation notes are typically used to provide short-term liquidity for entities that receive cash revenues sporadically throughout the fiscal year. They are a legitimate tool to manage working capital; however, they must be closed and settled within the fiscal year. The university began to draw against the note in 2019, but had failed to close the balance by the end of fiscal years 2019, 2020 and 2021, ending the fiscal years with balances of \$2,061,650, \$2,893,716, and \$5,000,000, respectively. The note was settled in early July 2021.
- **Asset preservation fee receipts used for operations.** In 2019, the university established a new mandatory student fee for “asset preservation” to support renovation of instructional facilities. These asset preservation fees cannot be used for any other purpose and should be accounted for separately in the accounting system. Students are assessed at a rate of \$150.00 for full-time students and \$10.00 per credit hour for part-time students. Assessments through the end of August 2021 totaled \$1.2 million, and the funds were used for working capital needs.
- **Failure to follow the institution's policies related to collection of student receivables.** The university has a written Accounts Receivable policy that requires internal and external collection efforts after an account is 30 days past due. However, bursar staff members were instructed not to follow the collection procedures set forth in the policy. As a result, student accounts receivable grew from \$1.7 million in June 2017 to \$2.6 million in June 2020, per audited financial statements. Additionally, a preliminary review indicates that student accounts receivable at the end of fiscal year 2021 were \$4.5 million, pending audited financial statements, representing a significant increase over 2020. Foregone collections in recent years were a detriment to cash inflows.

- Draws from the university endowment.**

The university maintains an externally managed investment account consisting of the institution’s endowment, which had a market value of \$21.9 million at the end of June 2021, based on preliminary, unaudited records. The endowment was originally funded from various sources, including the “Bucks for Brains” funds from the early 2000s. The university does not have a full set of donor agreements on file nor clear information about the requirements of the endowment accounts in all cases. Since 2019, annual spending policy withdrawals totaling \$2.8 million have been made, ostensibly for scholarship support. However, based on available records, only 43% of endowment earnings can be used to support scholarships. At this time, the accounting records are insufficient to verify that endowment withdrawals were used in accordance with donor agreements.

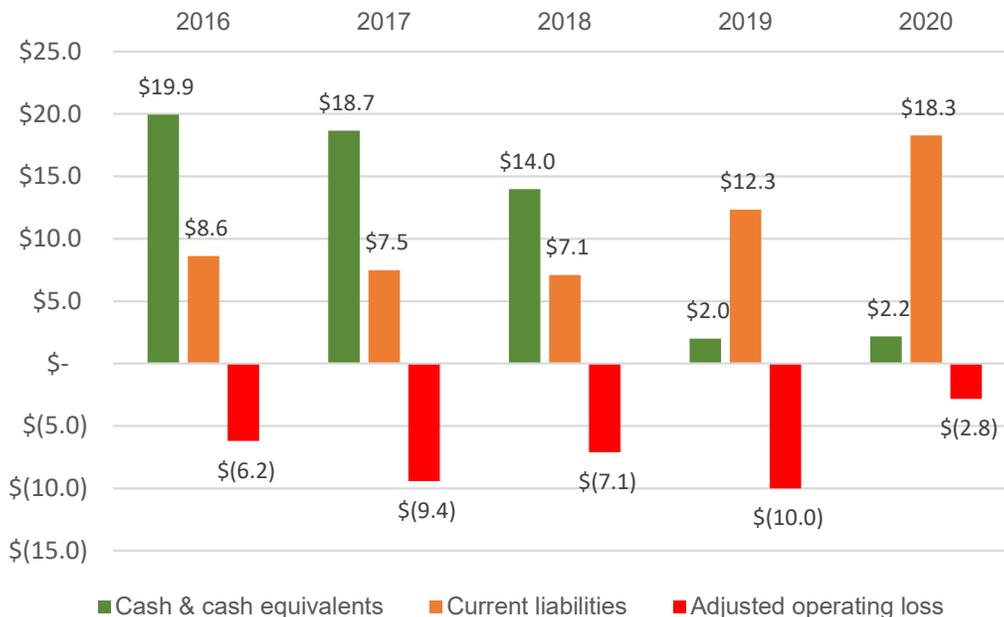
The known impact of these inappropriate cash management techniques is \$15.7 million of prior year expenses that were carried forward to fiscal year 2022. Additionally, KSU is projecting a fiscal year 2022 shortfall of up to \$7 million due to a structural imbalance of the university’s budget.

**Current and projected cash position**

At the end of September 2021, the university’s cash position was \$4.3 million, temporarily relieved by the advancement of the fourth quarter allotment from the state and the CARES Act debt forgiveness, as well as tuition/fee payments received for the fall 2021 semester.

Current projections indicate all cash reserves will be depleted by the end of March 2022, and the \$5 million revenue anticipation note will be utilized for April 2022 operations. An additional non-recurring appropriation from the General Assembly is needed for continued operations beyond April.

**Figure 1. KSU’s Liquidity Crisis Begins in 2019 (dollars in millions)**



Note: The amounts above were derived from audited financial statements from KSU. The adjusted operating losses represent the operating losses per the Statements of Revenues, Expenses and Changes in Net Position, adjusted to include state appropriations. The 2020 cash and cash equivalents amount excludes endowment cash held by ARGI Investment Services.

## FINANCIAL HEALTH ASSESSMENT

Higher education institutions operate in a unique and rapidly evolving environment. Colleges and universities must confront risks stemming from internal factors like existing or new business and operating models, as well as external factors like variations in enrollment projections, the institution’s competitive status, and governmental regulations. All of these areas of risk, and many more, can have significant impacts on the financial well-being of a college or university. As such, it is critical that institutions establish procedures for regularly identifying, measuring, and monitoring areas of financial risk.

First published in 1980 and currently in its 7th Edition, *Strategic Financial Analysis for Higher Education: Identifying, Measuring and Reporting Financial Risks* has been an invaluable resource for university trustees, management and analysts for its holistic approach to assessing the financial health and risks of both public and not-for-profit private higher education institutions. The publication identifies four primary ratios (primary reserve ratio, viability ratio, return on net assets ratio, and net operating ratio), which are weighted and combined to create a single indicator that represents an institution’s overall financial health, the Composite Financial Index (CFI). Due to the uniqueness of college and university missions, the authors recommend that their assessment framework primarily be used to track an institution’s performance over time rather than to compare its performance to other institutions.

The ultimate purpose of the assessment framework’s financial ratios is to answer a set of fundamental questions to assist in the evaluation of an institution’s financial health.<sup>1</sup> These questions are:

- Does the institution have sufficient liquidity?<sup>2</sup>
- Are resources sufficient and flexible enough to support the mission?
- Are financial resources, including debt, managed strategically to advance the mission?
- Does asset performance and management support the strategic direction?
- Do operating results indicate the institution is living within available resources?

To assess the financial health and risks of KSU, CPE set out to answer these questions using historical financial data from audited financial statements to calculate the framework’s four primary ratios (primary reserve ratio, viability ratio, return on net assets ratio, and net operating ratio), which were used to create a CFI representing KSU’s overall financial health.

Please note that audited financial statements for fiscal year 2021 have yet to be completed and are not included in this report.

### Primary Reserve Ratio

The primary reserve ratio indicates if the institution’s resources are sufficient and flexible enough to support their operating and capital needs now and in the future.<sup>3</sup> It is calculated by dividing the institution’s expendable net assets by total expenses. Because the numerator excludes net assets that are permanently restricted (e.g. endowment funds), the ratio reflects an institution’s ability to meet its expenses using available reserves while not depending on any newly generated assets from operations. The number of days of operations covered by reserves can be found by multiplying the value of this ratio by 365.<sup>4</sup>

**Figure 2. KSU’s Primary Reserve Ratio, Fiscal Years 2015-16 through 2019-20**

Industry Standard	Fiscal Year	2015-16	2016-17	2017-18	2018-19	2019-20
	$\frac{\text{Expendable Net Assets}}{\text{Total Expenses}} > 0.40$	Expendable Net Assets (Reserves)	\$32,650,988	\$30,827,476	\$33,746,076	\$18,957,252
Total Expenses		\$62,867,192	\$71,351,849	\$74,556,167	\$82,867,309	\$76,155,413
<b>Ratio</b>		<b>0.52</b>	<b>0.43</b>	<b>0.45</b>	<b>0.23</b>	<b>0.10</b>
<b>Days of Expenses Covered by Reserves</b>		<b>190</b>	<b>158</b>	<b>165</b>	<b>83</b>	<b>35</b>

As seen in Figure 2, KSU's primary reserve ratio was in a relatively financially healthy condition from fiscal year 2015-16 to fiscal year 2017-18. In 2018-19, the financial condition deteriorated towards a state of financial stress as the ratio fell below the industry standard. In 2019-20, KSU's condition declined further into a financially unhealthy position, such that only 35 days of expenses could be covered with reserves. As of June 30, 2020, the institution had very little resource flexibility, with limited resources available to reinvest in property, plant and equipment, and little margin for error in the operating budget.

The main driver of the rapid decline in KSU's primary reserve ratio is an unsustainable structural imbalance between revenue and expense streams that resulted in repeated and large operating deficits, requiring significant draw-downs of reserves. From fiscal year 2015-16 to fiscal year 2019-20, the institution's unrestricted net assets decreased by \$24,350,607, with the largest year-over-year decrease occurring in 2018-19 at \$12,376,886. Unrestricted net assets represent the most available and largest portion of KSU's reserves.

Over the assessment period, KSU's total expenses increased by \$14,179,031. In fiscal year 2018-19, total expenses peaked at \$82,867,309, which is \$20,000,117 higher than in 2015-16. Meanwhile, from 2015-16 to 2018-19, total revenues increased by \$6,960,184. In 2019-20, total revenues improved by another \$5,127,257, with \$3,396,633 (66.2%) of the increase coming in the form of federal operating grants and contracts (i.e., federal land grant funds).

### Viability Ratio

The second of the four primary ratios is called the viability ratio. This indicator reflects the capacity of an institution to cover its obligations if it were required

to settle its debts as of the date of the Statement of Net Position. Similar to the primary reserve ratio, the numerator of this ratio is the expendable net assets of the institution. The denominator is total plant-related debt. The debt included in this ratio is limited to only plant-related debt, which includes capital lease obligations.<sup>5</sup>

Four secondary ratios accompany the viability ratio and offer more detailed insights into the institution's debt management. These ratios include: Debt Burden Ratio, Debt Service Coverage Ratio, Interest Burden Ratio, and Portfolio Principal Duration Metric.

These secondary ratios provide a more comprehensive picture of an institution's debt management by determining whether debt payments are a sustainable size, if operations are sufficient to meet debt issuance requirements, and how long funding is invested in the institution.<sup>6</sup> (To see calculations for the secondary debt management ratios, see Appendix A.) When combined with the viability ratio, these indicators address the fundamental question, "Are resources, including debt, managed strategically to advance the mission?"

The industry standard for the viability ratio is a value greater than or equal to 1.0. This standard is more flexible than others, as "many public institutions can operate effectively at a ratio far less than 1:1 since the debt may be reported by a state agency and not the institution, or the institution enjoys the credit rating of the state for its borrowing purposes."<sup>7</sup> A ratio equal to or above the industry standard indicates the institution has sufficient expendable net assets (i.e., reserves) to cover existing debt.

As seen in Figure 3, for most of the analyzed time frame, KSU's viability ratio was in a very healthy condition, displaying values well above the standard for fiscal years 2015-16 to 2018-19. However, in 2019-

**Figure 3. KSU's Viability Ratio, Fiscal Years 2015-16 through 2019-20**

Industry Standard	Fiscal Year	2015-16	2016-17	2017-18	2018-19	2019-20
	Expendable Net Assets Plant-Related Debt	Expendable Net Assets (Reserves)	\$32,650,988	\$30,827,476	\$33,746,076	\$18,957,252
	Plant-Related Debt	\$5,863,231	\$5,111,791	\$4,257,692	\$3,423,306	\$16,141,582
<b>≥ 1.0</b>	<b>Ratio</b>	<b>5.57</b>	<b>6.03</b>	<b>7.93</b>	<b>5.54</b>	<b>0.45</b>

20, the ratio fell quickly into financial stress due to a significant decrease in reserves (\$11,665,149) and a large increase in plant-related debt (\$12,718,276). As with the the primary reserve ratio, KSU’s financing of day-to-day operations with reserves in 2018-19 and 2019-20 diminished resource flexibility and limited their ability to meet debt obligations in the event of adverse conditions.

In fiscal year 2019-20, KSU entered into a capital lease for a guaranteed energy savings project. This project accounts for \$13,247,087 of plant-related debt. The lease obligation related to this project is to be paid by the guaranteed energy savings it generates. While this agreement seems relatively low risk, KSU’s precedent of inadequate, internal, financial controls does not guarantee that energy savings will be reserved to pay lease obligations and, therefore, substantially increases the project’s risk.

**Return on Net Assets Ratio**

The third primary ratio, the return on net assets ratio, is focused on determining if historical investments into programs and facilities are resulting in returns that can be reinvested to increase progress towards the institution’s strategic objectives. By measuring the institution’s total return, this ratio provides insight into whether the college or university has improved its financial condition over time. In other words, was the institution in a better financial position with regard to net assets at the end of the period as compared to when it began?

The return on net assets ratio is calculated by dividing the change in net assets over a given year by the total net assets the institution had at the beginning of the year.<sup>8</sup> Four secondary ratios accompany the

return on net assets ratio and offer more detailed insights into the institution’s asset performance and management. These ratios include: Physical Asset Reinvestment Ratio, Age of Facilities Ratio, Facilities Burden Ratio, and Deferred Maintenance Ratio.

These secondary ratios provide information pertaining to the rate of reinvestment in physical assets compared to their usage, the possible need for future investment in facilities, and a more complete measurement of the costs associated with building.<sup>9</sup> For calculations for the secondary asset performance and management ratios, see Appendix A.

The industry standard for the return on net assets ratio is between a 3% to 4% real rate of return – the nominal rate of return minus an inflation index measure like the Consumer Price Index (CPI) or Higher Education Price Index (HEPI).<sup>10</sup> Additionally, it’s important to note that this value should be interpreted in conjunction with other data, including the proportion of growth that is attributable to investment returns generated by favorable, external conditions. An occasional negative value for this ratio is not always indicative of a deteriorating financial condition, as long as it represents an investment to better fulfill the university’s mission and generate a future return.

Figure 4 shows that KSU’s return on net assets ratio never meets or exceeds the industry standard from fiscal years 2015-16 to 2019-20. From 2015-16 to 2017-18, the ratios weren’t particularly troublesome given that 2016-17 shows a positive return, and the negative results aren’t unreasonably large. The repeated, large, negative results in 2018-19 and 2019-20 illustrate that KSU’s draw-downs of available net assets were not providing the returns necessary for physical assets reinvestment and enhancement of financial flexibility.

**Figure 4. KSU’s Return on Net Assets Ratio, Fiscal Years 2015-16 through 2019-20**

Industry Standard	Fiscal Year	2015-16	2016-17	2017-18	2018-19	2019-20
$\frac{\text{Change in Net Assets}}{\text{Total Net Assets}} = \text{3-4\%}$ Real rate of return	Change in Net Assets	\$(3,010,998)	\$1,739,491	\$(2,164,769)	\$(15,358,611)	\$(4,346,095)
	Total Net Assets (beginning of the year)	\$117,220,814	\$114,209,816	\$115,949,307	\$113,784,538	\$98,425,927
	<b>Ratio</b>	<b>-2.57%</b>	<b>1.52%</b>	<b>-1.87%</b>	<b>-13.5%</b>	<b>-4.42%</b>

Note that KSU’s rate of return is unadjusted for inflation

In fiscal year 2019-20, the institution received increased revenue from multiple sources that prevented the change in net assets from being substantially more negative. The largest increase was \$3,396,633 in federal operating grants and contracts (i.e., land grant funding), which is restricted as to its purpose. Additionally, tuition and fees, residence hall and dining revenues increased by a total of \$1,509,332.

### Net Operating Revenues Ratio

The final primary ratio is called the net operating revenues ratio. This ratio is intended to answer the fundamental question, “Do operating results indicate the institution is living within available resources?” An institution’s operations serve as a key source of liquidity and a means of generating resources for reinvestment in strategic initiatives. Therefore, generating a surplus over an extended period of time is essential for an institution to achieve its mission.

The net operating revenues ratio divides the institution’s surplus or deficit from operating activities into two categories - total operating and non-operating revenues - to show the degree to which operating activities are adding to or reducing net assets. As such, the results of this ratio directly inform the results of the three other primary ratios.<sup>11</sup>

Five secondary ratios accompany the net operating revenues ratio and provide a better understanding of the institution’s operating results. These ratios are: Cash Income Ratio, Contribution Ratios, Net Tuition Dependency Ratios, Net Tuition Dependency per FTE Ratio, and Demand Ratios. These secondary ratios contribute to the analysis of the institution’s operating results by determining the degree to which operations are impacting the cash position, how much of the

institution’s expenses are covered by various revenue sources, how much of the institution’s revenues are absorbed by different expense types, and how dependent the institution is on tuition and fee revenue. For calculations for these secondary ratios, see Appendix A.

In light of the important role the net operating revenues ratio plays in determining the outcomes of the other indicators of financial health, Tahey et al. recommend an industry standard of at least 4% to 6% for institutions that do not use an endowment spending rate, which includes KSU. As further guidance, the authors note that “[l]arge unplanned deficits and structural deficits are almost always a bad sign, particularly if management has not identified initiatives to reverse the shortfall.”

From fiscal year 2015-16 to fiscal year 2019-20, KSU maintained consistent operating losses, as shown in Figure 5. The smallest of these losses occurred in 2015-16 and 2016-17. Because the ratio includes depreciation, which is a significant noncash expense, the results in 2015-16 and 2016-17, while not desirable, are not as troublesome considering that backing out depreciation expense results in a positive ratio for each year (3.2% and 1.1% respectively).

Similar to the other ratios, the period from fiscal year 2017-18 to fiscal year 2019-20 contains the most significant and repeated negative results. As mentioned previously, the result in 2019-20 benefitted from an increase in federal operating grants and contracts revenue of \$3,396,633 and increased tuition and fee, residence hall and dining revenues of \$1,509,332.

KSU’s consistent and large negative results indicate that revenue and expense streams were unsustainable and needed to be restructured. From 2017-18 to 2018-19, total revenues decreased by \$1,581,269 (-2.3%), and total expenses increased by \$8,544,284 (11.6%). In 2019-20, total revenues were \$70,983,256, while total expenses were \$74,747,393.

**Figure 5. KSU’s Net Operating Revenues Ratio, Fiscal Years 2015-16 through 2019-20**

Industry Standard	Fiscal Year	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Net Operating Income</b> <small>At least</small> <b>= 4-6%</b> <b>Total Unrestricted Operating Revenues</b>	Net Operating Income	\$(2,188,457)	\$(3,273,507)	\$(5,931,127)	\$(16,367,071)	\$(4,173,409)
	Total Unrestricted Operating Revenues	\$60,888,579	\$68,078,342	\$68,618,378	\$66,500,238	\$71,982,004
	<b>Ratio</b>	<b>-3.59%</b>	<b>-4.81%</b>	<b>-8.64%</b>	<b>-24.61%</b>	<b>-5.80%</b>

### Adjusting Ratios for Pension-Related Impacts

Consistent with guidance from the National Association of College and University Business Officers (NACUBO), all ratios that used inputs impacted by pension and other post-employment benefits (OPEB) reporting requirements specified in GASB Statements 68 and 75 have been adjusted to remove these effects. While pension and OPEB items are important to include in university financial statements due to the enhanced transparency they provide, the presence of net pension and OPEB liabilities, deferred inflows and outflows, and expenses significantly masks an institution’s operating results and financial position.

This is particularly true of KSU, as the pension and OPEB liabilities are ultimately liabilities of the Commonwealth of Kentucky. While ratios have been calculated both including and excluding these effects, the results shown in this report are limited to those excluding the impacts of pension and OPEB, as these are more meaningful.

### The Composite Financial Index

The final element of the financial ratio analysis framework is the calculation of a single score for representing the institution’s overall financial health and risk. This score is called the Composite Financial

Index or CFI. This single metric provides a holistic approach to assessing the institution’s financial health and risk.

The CFI combines the values of the four primary ratios using a weighting scheme such that any relative strengths or weaknesses among the ratios will be balanced out by a score in another ratio. Additionally, by converting the primary ratio values into a common scale, a particularly strong result in any one ratio is prevented from masking a weakness in another ratio and vice versa. The normalized scores are then totaled to calculate the CFI.<sup>12</sup>

The step-by-step methodology for determining the CFI is shown in detail in Appendix B and simplified as follows:

- Compute the values of the four primary ratios.
- Create strength factors by normalizing the ratio values to fall along a common scale.
- Multiply the new strength factors by the appropriate weights.
- Total the weighted results to calculate the CFI score.

Each of the individual ratios discussed in this report evaluates the essential components of KSU’s financial condition from a variety of perspectives. The Composite Financial Index (CFI) weights and combines an institution’s values from the four primary ratios to create a

### The Composite Financial Index

The CFI combines four ratios (primary reserve, viability, return on net assets and net operating revenues) into a single score (i.e., on a scale of -4 to 10) by using designated weights for each ratio.

This holistic approach allows an institution’s weakness or strength in one ratio to be offset by outcomes of other ratios.

### CFI Score Interpretation



single score for overall financial health. For more detail on the steps used to calculate the CFI.

The strength factors and final CFI score will fall within a scale from -4 to 10. An institution scoring a 3 (i.e., the midpoint of the scale) is in a relatively financially healthy condition. A score of 10 represents a college or university in the healthiest condition that can be indicated by the CFI. Similarly, a score of 1 reflects an entity that is in a state of financial stress, while a score of -4 reflects the lowest possible score of financial health and, therefore, a high level of financial risk.<sup>13</sup>

KSU was in an overall, financially healthy condition from fiscal years 2015-16 to 2017-18. This was due in large part to strong scores for the primary reserve and viability ratios. These ratios make up 70% of the CFI score and share expendable net assets as a numerator. The combination of these reserves with reasonable levels of total expenses and low levels of plant-related debt bolstered KSU's score on these two measures.

The net operating revenues and return on net assets ratios consistently produced a negative impact on the CFI, with the exception of the return on net assets ratio in fiscal year 2016-17. However, these ratios performed substantially worse from 2017-18 to 2019-20, as the weighted scores of -0.40 and -0.80 are, respectively, the lowest possible scores for these measures. Not surprisingly, 2017-18 shows a small decrease in KSU's CFI, followed by increasingly large declines in 2018-19 and 2019-20.

The impact of the institution's significant operating deficits is first observed in fiscal year 2018-19 through a decline in the primary reserve ratio due to a large draw-down of reserves. While the draw-down affected

the viability ratio as well in this year, KSU's plant-related debt was still at such a low level that the institution had more than enough expendable net assets to cover its obligations.

In 2019-20, the impact of another round of funding operations with reserves and the addition of over \$13 million in long-term debt through a capital lease arrangement is shown through a continued decline in the primary reserve ratio and a precipitous fall in the viability ratio. As the net operating revenues ratio illustrates, consistent structural imbalances between revenue and expense streams led to a deterioration in the other three primary ratios and, ultimately, in KSU's CFI score.

In short, the results of the calculated ratios and the resulting CFI scores indicate that in 2019-20, KSU had quickly become an institution in an unhealthy financial condition. A summary of all financial health assessment ratios with pension-related and OPEB adjustments can be found in Appendix C.

**Figure 6. KSU's Composite Financial Index, Fiscal Years 2015-16 through 2019-20**

Fiscal Year	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Primary Reserve (35%)</b>	<b>1.37</b>	<b>1.14</b>	<b>1.19</b>	<b>0.60</b>	<b>0.25</b>
<b>Net Operating Revenues (10%)</b>	<b>-0.28</b>	<b>-0.37</b>	<b>-0.40</b>	<b>-0.40</b>	<b>-0.40</b>
<b>Return on Net Assets (20%)</b>	<b>-0.26</b>	<b>0.15</b>	<b>-0.19</b>	<b>-0.80</b>	<b>-0.44</b>
<b>Viability (35%)</b>	<b>3.50</b>	<b>3.50</b>	<b>3.50</b>	<b>3.50</b>	<b>0.38</b>
<b>CFI Score</b>	<b>4.33</b>	<b>4.42</b>	<b>4.10</b>	<b>2.90</b>	<b>-0.21</b>

## PEER GROUP COMPARISONS

CPE completed a benchmarking analysis of peer institutions to assess several measures related to KSU's operations including affordability, revenues and expenditures, staffing and compensation, and degree productivity and student success. The benchmarking analysis provided meaningful data to assist CPE in determining if KSU is adequately funded and deploying its capital effectively.

The identification of peer institutions by which to evaluate KSU's performance on a number of key metrics was guided by a set of research questions, listed below:

- How does KSU compare to other HBCUs on college affordability?
- To what extent does KSU differ from benchmark peers in terms of sources of core revenue and expenditures by function?
- How does KSU compare to other HBCUs in terms of staffing levels by occupational type?
- To what extent does KSU differ from benchmark peers in terms of faculty and administrator compensation?
- How does KSU compare to other HBCUs on key productivity and student success metrics?

To answer these questions, CPE staff examined trends over time for several measures of interest, including affordability metrics; sources of core revenues and expenditures by function; staffing and compensation by occupational type; degree productivity; and student success metrics. CPE then identified KSU's rank and distance from comparison group medians for those same measures for the most recent year for which data were available. The source of data for these analyses was the Integrated Postsecondary Education Data System (IPEDS) Data Feedback Report.

### KSU Peer Institutions

CPE staff worked with KSU officials to identify selection criteria for benchmark peers and used the IPEDS Data Feedback Report, Executive Peer Tool to develop a customized comparison group. The selection criteria included Historically Black Colleges and Universities (HBCUs), land-grant institutions, institutions in the continental United States, public four-year institutions, degree-granting baccalaureate

and above institutions, and enrollment between 1,000 and 3,600 students.

The resulting comparison group included the following eight institutions:

- Alcorn State University (Alcorn State, MS)
- Central State University (Wilberforce, OH)
- Fort Valley State University (Fort Valley, GA)
- Langston University (Langston, OK)
- Lincoln University (Jefferson City, MO)
- South Carolina State University (Orangeburg, SC)
- University of Arkansas at Pine Bluff (Pine Bluff, AR)
- University of Maryland Eastern Shore (Princess Anne, MD)

Data submitted by Kentucky State University (KSU) to the Integrated Postsecondary Education Data System (IPEDS) was compared to data reported by identified benchmark institutions. Where possible, the analysis examined both trends over time and snapshots in time for the most recent year of data available. See Appendix D for graphs illustrating how KSU compares to benchmark peers in the most recent year of available data. Graphs with additional years of data can be provided upon request.

### Affordability

While KSU's sticker price is the highest among its peer institutions, KSU students on average receive considerably more financial aid than students at peer institutions, making it one of, if not the most, affordable institutions in the comparison group. The following indicators were used to determine KSU's affordability in comparison to peer institutions:

- **Price.** KSU's published in-state sticker price is higher than most HBCUs in the comparison group, although its price has grown at a slower pace than the peer group median. In 2021, resident undergraduate tuition and fees at KSU ranked second highest out of nine HBCUs and were 113% of the comparison group median. However, between 2017 and 2021, published in-state prices grew more slowly at KSU (+13%) than the group median (+16%).

- **Net Price.** KSU's net price (the price most students pay after grants and scholarships are taken into account) is considerably lower than its peer institutions and has exhibited a much larger percentage decrease in recent years than the group median. In 2019, KSU had the lowest average net price (i.e., ranked ninth) of any peer institution, representing 60% of the group median. Between 2017 and 2019, KSU's net price decreased from \$9,561 to \$7,363, or by 23%, while the group median decreased by 1%.
- **Financial Aid.** A larger proportion of KSU undergraduate students received grant aid from any source than their counterparts at peer HBCUs, primarily driven by larger percentages of KSU students receiving state and local grants and institutional aid. In 2018-19, 92% of first-time, full-time degree-seeking undergraduate students at KSU were awarded grant aid from any source, ranking them third among the comparison group and four percentage points above the median. That same year, 45% of KSU undergraduates received state and local grants, and 91% received institutional aid, ranking them third and first among benchmark peers, and 17 and 43 percentage points above the group median, respectively. Additionally, undergraduate students at KSU receive considerably larger average amounts of federal grants (including Pell) than students at peer institutions.

## Revenues

KSU's budget compares favorably to its peer institutions in terms of state appropriations, tuition and fee revenue and government grants and contracts received, although it receives less revenue from other sources. Considering the number of full-time equivalent students enrolled, KSU is one of the more well-funded institutions in the comparison group, ranking second out of nine institutions on per-student revenues.

- **Revenues by Source.** Compared to peer institutions, a higher proportion of KSU's core revenue comes from tuition and fees, state appropriations and governmental grants and contracts, and a relatively lower proportion comes from other sources of revenue. In fiscal year 2019, 16% of KSU's total revenue came from tuition and fees, 42% from state

appropriations, and 39% from governmental grants and contracts. The comparison group median for those same three categories were 13%, 33%, and 35%, respectively. That same year, other revenues were 12% of total revenue at the median institution, compared to 2% at KSU. In 2020, KSU's tuition and fees as a percent of total revenue ranked second highest among peer institutions and was 3 percentage points above the group median. Additionally, KSU's state appropriations percentage ranked second highest and was 9 points above the median. Its government grants and contracts percentage ranked second highest, at 5 points above the median.

- **Revenues per FTE students.** A similar pattern can be observed in the data on core revenues per full-time equivalent (FTE) student. Revenues per student from tuition and fees, state appropriations and governmental grants and contracts are considerably higher at KSU than the peer group medians. In 2019, KSU's tuition and fee revenue per student (\$6,701) was 80% higher than the group median (\$3,728), its state appropriations per student (\$17,770) were 93% higher (\$9,195), and its governmental grants and contracts per student (\$16,478) were 70% higher (\$9,674). In 2020, KSU's tuition and fee revenue per student ranked second highest among its peer institutions and was 155% of the group median. KSU's state appropriations per student ranked second highest and were 156% of the median, and its governmental grants and contracts per student ranked highest at 144% of the median. A contributing factor to these differences is the relatively high proportion of part-time students at KSU, resulting in total FTE student enrollment that is well below the median.

## Expenditures

An examination of KSU's spending by function reveals that the university spends relatively more on research, public service, and institutional support than peer institutions and relatively less on instruction, academic support, and other expenses.

- **Expenses by Function.** In 2019, research accounted for 14% of KSU's total core expenses, compared to 11% for the peer group median. Public service expenditures were 17% of total spending at KSU versus 9% for the compari

group. Institutional support expenditures were 25% of total expenses at KSU and 16% at the median (i.e., a 9 percentage-point difference). In 2019, KSU's spending on instruction was 18% of total core expenses and 28% of the median institution's spending level (i.e., a 10 percentage point differential).

## Staffing

Compared to its benchmark peers, KSU employs fewer postsecondary teachers and instructional support staff, and more management and business and financial operations staff. In general, staffing at KSU is higher than its peer institutions in the areas of technology, engineering, science, community service, legal services, arts and media.

- **Staff by Occupational Category.** During fall 2020, the number of postsecondary teachers and staff employed by KSU ranked eight out of nine HBCUs and was 75% of the group median. The number of staff employed by KSU in instructional support occupations ranked seventh lowest and was 33% of the comparison group median. That same semester, the number of management staff employed by KSU ranked third highest and was 127% of the group median. The number of staff employed by KSU in business and financial operations ranked fourth highest and was 125% of the group median. During fall 2020, the number of computer, engineering, and science staff employed by KSU ranked first out of nine HBCUs and was 161% of the comparison group median. The number of staff employed by KSU in community service, legal, arts, and media occupations ranked third at 153% of the group median.

## Compensation

For the most part, the average salaries of faculty members employed by KSU are either at, or slightly above, the median of peer institutions. A notable exception is the average salary of full professors at KSU, which is well below the peer group median.

- **Instructional Staff Salaries.** During academic year 2020-21, the average nine-month equivalent salary of associate professors employed by KSU ranked fifth out of nine

HBCUs and was equal to the comparison group median. The average salary of assistant professors ranked fourth highest and was 103% of the group median. The average salary of Instructors ranked fifth at 102% of the group median. In 2020-21, the average salary of professors employed by KSU ranked seventh lowest and was 92% of the peer group median.

- **Administration Staff Salaries.** At the time of this writing, salaries for administrators at peer institutions were not available. CPE staff hopes to supplement the report with this information as soon as it is obtained.

## Productivity and Student Success

KSU's production of bachelor's degrees, normalized to account for differences in student enrollment, is the lowest among its peer institutions. Furthermore, KSU's degree productivity has exhibited a precipitous decline in recent years. With a six-year graduation rate of 25% for first-time, full-time students, KSU is nine points below the median of its peer institutions. The good news is that KSU has the highest student retention rate among the comparison group, and has shown the most improvement in retention over the last three years.

- **Degrees per 100 FTE Students.** In 2019-20, KSU awarded nine bachelor's degrees for every 100 full-time equivalent (FTE) undergraduate students enrolled, the lowest among the comparison group and 54% of the peer group median. That level of degree productivity represents a dramatic change from three years earlier, when KSU awarded 24 bachelor's degrees per 100 FTE undergraduates. In 2016-17, KSU ranked first among the nine peer institutions at 157% of the group median.
- **Retention Rates.** For the fall 2019 cohort, KSU's retention rate among first-time, full-time bachelor's degree-seeking students was the highest among the nine HBCUs. At 78%, KSU's retention rate was seven percentage points above the group median of 71%. Between 2017 and 2019, KSU's full-time retention rate increased from 56% to 78%, or by 22 percentage points, compared to an 8-point increase at peer institutions.

- **Graduation Rates.** KSU's graduation rate is well below the median of comparison group institutions. For the 2013 cohort, KSU's graduation rate among first-time, full-time degree seeking students within 150 percent of normal time was 9 percentage points below the comparison group median (25% at KSU, versus 34% at the median).

## Findings

In conclusion, the identification and analysis of a similar group of HCBU institutions enabled CPE to obtain a clearer understanding of how KSU compares to its competitors in terms of budget, revenue sources, expenditures, and student outcomes. This comparison not only provides more context for the current financial crisis, it suggests areas for improvement moving forward. Key findings include:

- KSU's published in-state sticker price is higher than most HBCUs in the comparison group, although its price has grown at a slower pace over time than the peer group median.
- KSU's net price is considerably lower than that of peer institutions and has exhibited a much larger percentage decrease in recent years than the group median.
- A larger proportion of KSU undergraduate students receives grant aid from any source than their counterparts at other HBCUs, primarily driven by larger percentages of KSU students being awarded state and local grants and institutional aid.
- Undergraduate students at KSU receive larger than average amounts of grant and scholarship aid from any source than students attending other HBCUs, mainly as a result of relatively large amounts of federal and Pell grants awarded to KSU students.
- A higher proportion of KSU's core revenue comes from tuition and fees, state appropriations, and governmental grants and contracts than at peer institutions.
- KSU's tuition and fee, state appropriations, and government grants and contracts revenue per student are higher than group medians.
- As a percent of total expenses, KSU spends relatively more on research, public service and institutional support than peer institutions and relatively less on instruction, academic support, and other expenses.
- Compared to its peers, KSU employs fewer postsecondary teachers and instructional support staff, and more management and business and financial operations staff.
- Compared to other HBCUS, KSU employs more computer, engineering, and science staff and more community service, legal, arts, and media staff.
- For the most part, the average salaries of faculty members employed by KSU are either at, or slightly above, the median of peer institutions. A notable exception is the average salary of full professors at KSU, which is well below the peer group median.
- KSU's production of bachelor's degrees, normalized to account for differences in student enrollment, is the lowest among peer institutions. KSU's degree productivity has exhibited a precipitous decline in recent years.
- KSU's retention rate is the highest among peer institutions and has shown the most improvement over a three-year period.
- KSU's graduation rate is well below the median of comparison group institutions.

## VALIDATION OF FINANCIAL INFORMATION

To meet the obligations of the Executive Order, it was critical that CPE independently verify that financial information presented to KSU's Board of Regents and other key stakeholders was accurate to the best of the institution's knowledge. In other words, was the financial information communicated to key KSU stakeholders accurate?

Since the Governor's Executive Order was issued, CPE has coordinated with KSU staff to validate all financial information presented by the KSU Chief Financial Officer (CFO) to KSU's Board of Regents and other key stakeholders/external parties. The financial information was verified to audited financial statements and other information, including statements from financial institutions; Commonwealth of Kentucky reports; Federal agency reports/correspondence (from the Department of Education and the U.S. Department

of Agriculture); reports run from the Banner accounting system or Argos report-writer linked to Banner; and internal accounting data.

Based on CPE's validation procedures, all information communicated to the Board of Regents and other key stakeholders/external parties since the issuance of the Executive Order has been accurate, or has been subsequently corrected by the KSU CFO as additional information was identified.

A detailed outline of the work completed to validate KSU financial information can be made available upon request.

## REVIEW OF CONTROLS OVER FINANCIAL MANAGEMENT & REPORTING

CPE performed a targeted review of key financial functions/operations and external audit findings to evaluate the control environment and identify opportunities for improvement.

The primary research questions addressed by this validation effort were:

- Are KSU's controls over financial management adequate for a high functioning and financially responsible public university?
- Does KSU's current financial reporting system and structure meet the needs of the Board of Regents to ensure sufficient financial oversight?

### Methodology

To arrive at its conclusions, CPE performed a targeted assessment consisting of the following actions:

- A review of key financial functions and related policies, procedures, and internal controls for the:
  - Accounting System and Related Reporting
  - Internal Audit.
  - Treasury/Endowment Management (encompasses cash/liquidity management, short-term/operating investment management, debt management, financial risk management, endowment management and long-range planning).
  - Student Accounts Receivable/Collections.
  - Budget Management and Interim Financial Reporting.
  - Enterprise Risk Management.
- A review of historical audited financial statements including OMB Uniform Guidance reports.
- A review of other documentation, including but not limited to prior Management and Improvement Plan Reports as required by HB 303 (2016), presidential evaluations, and relevant provisions of the KSU Gold Book.

- Meetings with KSU Finance & Administration staff members to share information or concerns related to KSU operations.

### Findings & Conclusions

#### **1. KSU's Banner accounting system and related Argos reporting tool is inadequate for internal and external reporting needs.**

A formal Banner upgrade and additional training is needed, including implementation of a financial reporting module to produce GAAP (generally accepted accounting principles) statements, as numerous manual adjustments are currently required to produce GAAP statements.

#### **2. KSU's internal audit function was non-existent for approximately three years.**

A vacancy in the Internal Auditor position meant that no one was paying adequate attention to internal budget irregularities. Additionally, the externally managed KSU "Tip Line" was discontinued in 2017.

#### **3. KSU's current internal audit function, beginning in early 2020 and comprised of a single FTE, has been ineffective.**

The internal audit failed to provide a comprehensive, risk-based audit approach with regular communication to the Board of Regents.

#### **4. KSU does not have written policies related to treasury management.**

With the exception of an endowment investment policy, which was last updated in 2012, CPE could find no written policies related to treasury management. The endowment investment policy references a separate spending policy; however, a formal spending policy has not yet been developed and approved.

#### **5. KSU does not perform any long-range financial planning.**

The industry standard for long-range financial planning is at least five years.

**6. KSU has not followed its approved policies related to the collection of student receivables.**

KSU has a formal Accounts Receivable policy that requires use of external collection agencies. However, KSU is not currently referring delinquent accounts to external collection agencies or the Department of Revenue (DOR). KSU's Bursar indicated bursar staff were instructed by senior leadership to not follow the policy some time ago.

**7. KSU lacks sufficient controls to prevent, or alert, spending over board approved budgets.**

KSU staff, dictated by prior senior leadership, often failed to follow existing fiscal policies in recent years, resulting in significant operating deficits. Additionally, based on a preliminary review of budget to actual results for the last three fiscal years, poor fiscal control was demonstrated by the President's Office, which incurred significant budget deficits for fiscal years 2019, 2020 and 2021, as well as significant travel expenses.

**8. KSU has inadequate interim financial reporting.**

GAAP financial statements, budget to actual comparisons, and summary financial dashboards are not regularly provided to the Board of Regents.

**9. KSU does not utilize an enterprise risk management framework.**

If implemented, such a framework would help identify and manage risks facing the institution.

**10. The financial health ratios and resulting CFI scores presented by KSU senior leadership were inconsistent with those calculated by CPE staff.**

In its HB 303 Management and Improvement Plan reports, KSU presented numbers that painted a more favorable financial position than those calculated by CPE staff.

**11. KSU has had numerous external financial audit findings in recent years and has consistently missed audited financial statement deadlines.**

Additional information on external audit findings, as well as the review work performed and specific findings and comments related to each item reviewed, are outlined in detail in a review summary spreadsheet that can be made available upon request.

## RECOMMENDATIONS

As a result of the financial assessment review and related research outlined in this report, CPE offers the following recommendations to address the noted findings:

**1. Request \$23 million from the General Assembly to cover the fiscal year 2021-22 projected cash shortfall plus \$1 million annually in the 2022-24 biennium for strategic initiatives.**

The verified fiscal year 2021-22 cash shortfall breakdown is as follows:

Deficit construction accounts with State Finance Cabinet	\$5.2 M
Prior year invoices paid in FY 2021-21	\$4.3 M
Asset Preservation Fee Receipts Not Reserved (2019-21)	\$1.2 M
July repayment of prior-year revenue anticipation note	<u>\$5.0 M</u>
FY 21-22 cash shortfall due to prior year deficits	\$15.7 M
Structural Imbalance in the University Budget	<u>≈\$7.0 M</u>
FY 21-22 Total Projected Cash Shortfall	\$23.0 M

Funding for strategic initiatives will be used to assist CPE and KSU in exploring programmatic initiatives that will help KSU meet the needs of the Commonwealth and create financial stability through increased oversight. Funds for the fiscal year 2021-22 cash shortfall should be placed in newly created funding program at CPE requiring CPE approval for funds to be accessed and expended by KSU. After funds are accessed and expended, CPE should continue its fiscal oversight to ensure ongoing fiscal stewardship at KSU.

**2. Cultivate a culture of accountability, transparency, and compliance.**

The culture of accountability, transparency, and compliance must be established and modeled by leadership (Board of Regents, Audit Committee, and senior management) to create a strong ethical

climate, ensure accountability/compliance, and prevent mismanagement and fraud. Training on internal controls and key policies and procedures should be developed and provided on an ongoing basis.

**3. Improve budgetary controls and provide a quarterly budget to actual report to the Board of Regents.**

Improved budgetary controls include implementation of available Banner accounting system controls, developing monitoring reports by department/area, and establishing an appropriate review and reporting framework. Quarterly budget to actual comparisons should be presented to the Board of Regents as part of a quarterly financial update package that includes the budget to actual comparison, GAAP financial statements, and a dashboard of key financial and operating data and related ratios.

**4. Improve the accounting and reporting system, as well as internal controls over financial reporting; provide quarterly GAAP statements and other financial information to the Board of Regents.**

KSU should initiate a fully integrated Banner accounting system upgrade, including a new chart of accounts and financial reporting module to enable timely and accurate completion of quarterly and annual GAAP financial statements. As part of the integration, staff should be properly trained in the system and adequate reporting tools should be developed. In addition to the quarterly financial reports described in recommendation 2, a dashboard of key financial and operating data and related ratios should be developed with ready access provided to key staff and board members. The data/ratios presented in the dashboard should be the same as those used to establish targets or measurements set forth in the long-range plan (see recommendation 9).

**5. Outsource or co-source the Internal Audit function and reinstate the externally managed tip line.**

Outsourcing or co-sourcing of the internal audit function is becoming more prevalent in the higher education industry as institutions face new regulatory and other emerging risks and increased pressure to manage costs. Outsourcing/co-sourcing benefits include true independence and direct accountability to the Board, continuity, and increased knowledge of the latest accounting and audit trends, including use of data analytics/mining to identify high risk areas

and establish the audit work plan. Outsourcing/co-sourcing also provides access to specialized services such as forensic investigations and enterprise risk management. This wealth and breadth of knowledge simply cannot be replicated in an in-house internal audit unit, particularly in a small institution like KSU. In addition to an effective internal audit function, tip lines are an essential element of an effective internal control structure, as they allow employees to disclose areas of concerns about the organization and/or management. Externally managed tip lines offer independence and anonymity for disclosing parties, as well as 24-hour access and flexible contact options (e.g., toll-free live telephone service, web, mobile, text).

**6. Implement a formal accounting and reporting framework for endowment distributions.**

KSU's current accounting records are not sufficient to link endowment withdrawals to the various endowed initiatives. A separate general fund cost center should be created for each endowed initiative to account for the endowment income distributions from the related endowment funds and the expenditures related to each initiative (i.e. scholarship awards, payroll/other expenses for professorships, etc.).

**7. Improve collection of student accounts receivable, including implementation of a comprehensive Student Financial Responsibility Agreement and utilization of external collection agencies, including Kentucky's Department of Revenue.**

KSU should initiate a review of its Accounts Receivable policy and related collection policies/procedures and resume utilizing external collection agencies, including the State's Department of Revenue. To utilize external collections, students must sign a comprehensive student financial responsibility agreement to acknowledge their responsibility to pay, and their understanding that nonpayment will result in initiation of an external collections process and assessment of collection fees. Most institutions utilize an electronic agreement within the online registration system. KSU should consult with internal and/or external legal counsel to ensure the student financial responsibility agreement includes all language required by Kentucky law, the Truth in Lending Act, the E-SIGN Act, and other applicable laws and regulations. Additionally, KSU should increase education to students and parents regarding KSU's policies related to payment of tuition/fees and collections.

**8. Complete a comprehensive review of expenses to ensure they are charged to the correct functional area and that costs are appropriately allocated to grants and auxiliary units.**

Peer group comparisons revealed KSU spends more, as percent of total expenses, on research, public service, and institutional support than peer institutions, and less on instruction, academic support, and other expenses. Current financial leadership suspects expenses may not be allocated correctly to the various functional areas, and all expenses may not be fully allocated to auxiliary units. Either way, until expenses are properly categorized, it is difficult, if not impossible, to make strategic budget decisions.

**9. Complete a review of academic programs and establish appropriate faculty productivity metrics.**

While this report only addresses finance-related issues and not larger academic and mission-related items, considering the percentage of the institution's budget expended for instruction, it is important that KSU ensure it is providing its academic programs in the most effective and efficient manner possible. In order to do that, faculty productivity should be measured each semester by not only courses and students taught, but by credit hours generated. Programs also should be measured for productivity along those lines. This will assist the administration in planning its faculty needs each semester and budgeting for instructional costs.

**10. Implement a long-range planning process to support the strategic and capital investment decision-making process.**

A long-range planning (LRP) model can be used to help implement an organization's long term strategic plan. Enterprise Performance Management (EPM) systems and cloud-based planning/budgeting software offer a turnkey solution for LRP and monitoring performance across the institutional enterprise; however, an LRP model also can be developed using Excel. The LRP model should encompass all funds (i.e. Unrestricted, Restricted, Endowment and Plant) related component units/entities and provide a five-year forecast of the GAAP statements, as well as key financial and operating data and related ratios selected by senior leadership and the Board of Regents. Additionally, the LRP should enable scenario analysis and drive the operating and capital budgeting process. KSU should engage key stakeholders in the development and refinement of the LRP model, and the model should be shared with the campus community

ensure a clear understanding of the targets established to achieve financial sustainability, as well as the framework to guide future financial decisions.

**11. Implement an enterprise risk management process to identify, evaluate and mitigate key risks facing the institution and higher education industry, including strategic, operational, financial, and compliance risks.**

Higher education is experiencing disruption at an accelerated pace due to a variety of factors (including the COVID-19 pandemic), requiring effective risk management practices. KSU should implement an enterprise risk management (ERM) process or framework to identify risk and prioritize risk management/mitigation strategies. Institutions utilizing ERM identify and typically prioritize the top 10 to 20 risks to the institution and utilize a multidisciplinary group of leaders, stakeholders, and subject matter experts to manage and report on the risks on a regular basis. The result of the “enterprise” approach is more effective risk management versus siloed and sporadic strategies, with the key benefit of regular, ongoing participation of key stakeholders in the risk management process.

**12. Develop appropriate policies and procedures governing the key functions of treasury management, including cash management, operating investment management, debt management, and internal loans.**

Effective treasury management is vital to all organizations and includes the key functions of cash/liquidity management, short-term/operating investment management, debt management, and financial risk management. Written treasury management policies and procedures should be developed to clearly define the roles/responsibilities, goals, and objectives of the different functions, as well as appropriate guidelines, limitations, protocols, and/or other guidance.

**13. Review and update the Endowment Investment Policy and incorporate a formal spending policy within the investment policy.**

KSU should formally review and update the Endowment Investment Policy and incorporate the spending policy within it, since the endowment asset allocation and spending policy are inextricably linked. The spending policy should include policies/procedures for handling underwater endowments.

**14. Implement quarterly reporting to the Board of Regents on the President's travel, entertainment, and discretionary expenses.**

Details of the reporting and related requirements should be addressed in the President's contract and should be regularly reported to the board or a board designated subcommittee. While the proportion of the budget dedicated to these expenses should be relatively small, the strategic use of these funds, and more importantly, the President's time and energy, is critical in making progress on goals set forth by the board, including but not limited to philanthropic objectives.

**Conclusion**

In conclusion, significant operating deficits in recent years, and in particular from 2019 forward, have resulted in the depletion of KSU's cash reserves. Its current structural budget deficit is unsustainable, and without a significant infusion of cash, KSU will be depleted of operating funds by approximately April 2022. This appears to be a result of poor leadership over the financial management of the institution. Inadequate budgetary controls did not prevent spending in excess of the approved budget. Internal and external financial reporting also were inadequate. Internal reporting mechanisms were insufficient to properly capture the fiscal status of the institution. External reporting to the board was either inadequate, extremely lagging (like most external annual financial audits), or simply inaccurate. Additionally, the institution's lack of an internal audit function contributed to the lax internal control environment.

However, with the requested funding for KSU and additional oversight by CPE, these issues all can be remedied. Some are already in the process of being resolved. As recommended in item 2, a culture of accountability, transparency, and compliance set forth by the KSU Board of Regents and executive leadership is key to ensuring that these issues do not reoccur.

KSU compares favorably to its peers in regard to state appropriations, government grants and contracts, and tuition and fee revenue per student, providing evidence that a strong basis for stable, recurring funding currently exists. Moving forward, the key will be crafting a budget that optimizes the use of those funds to meet the strategic goals of the institution, and in turn, operating within that budget with regular accountability to both internal and external stakeholders.

## NOTES

1. Tahey, P., Salluzzo, R., Prager, F., Mezzina, L., & Cowen, C. (2010). Strategic Financial Analysis for Higher Education: Identifying, Measuring & Reporting Financial Risks. Prager, Sealy & Co., LLC; KPMG LLP; and Attain LLC. (Tahey et al., 2010), pp. 105-107.
2. While the framework's authors include liquidity as an important ratio to assess the financial health of an institution, the ratio inputs include information outside of audited financial statements. Due to some of the accounting issues at KSU outlined in this report, the financial information needed to determine the liquidity ratio at KSU was not solidified at the time of this report; therefore, staff chose not to include it.
3. Tahey et. al., 2010, pp. 111.
4. Tahey et al., 2010, pp. 111-113.
5. Tahey et al., 2010, pp. 113-115.
6. Tahey et al., 2010, pp. 113-114.
7. Tahey et al. 2010, p. 115.
8. Tahey et al., 2010, pp. 121-122.
9. Tahey et al., 2010, pp. 123-126.
10. Tahey et al., 2010, p. 122.
11. Tahey et al., 2010, pp. 126-127.
12. Tahey et al., 2010, pp. 133-136.
13. Tahey et al., 2010, pp. 134-135.

## APPENDIX A: Financial Health Assessment Ratio Calculations

	Private Institutions	Public Institutions
<b>Liquidity</b>	<u>Sources of Liquidity</u> <u>Uses of Liquidity</u>	<u>Sources of Liquidity</u> <u>Uses of Liquidity</u>
Note: Ratio should be calculated using a short-term measure and an intermediate term measure as discussed in chapter 4.		
<b>Resource Sufficiency &amp; Flexibility</b>		
Primary Reserve Ratio	<u>Expendable Net Assets</u> <u>Total Expenses</u>	<u>Expendable Net Assets +</u> <u>Component Unit (CU) Expendable Net Assets</u> <u>Total Expenses + CU Total Expenses</u>
<b>Debt Management</b>		
Viability Ratio	<u>Expendable Net Assets</u> Long-Term Debt	<u>Expendable Net Assets +</u> <u>CU Expendable Net Assets</u> Long-Term Debt + CU Long-Term Debt
Debt Burden Ratio	<u>Debt Service</u> <u>Total Expenditures</u>	<u>Debt Service + CU Debt Service</u> <u>Total Expenditures + CU Total Expenditures</u>
Debt Service Coverage Ratio	<u>Adjusted Change in Net Assets</u> Debt Service	<u>Adjusted Change in Net Assets +</u> <u>CU Adjusted Change in Net Assets</u> Debt Service + CU Debt Service
Interest Burden Ratio	<u>Interest Expense</u> <u>Total Expenditures</u>	<u>Interest Expense + CU Interest Expense</u> <u>Total Expenditures + CU Total Expenditures</u>
Portfolio Principal Duration Metric	For each issue outstanding, the sum of (Par <u>Outstanding + Principal Duration Term</u> ) Total Par Outstanding	For each issue outstanding, the sum of (Par <u>Outstanding + Principal Duration Term</u> ) Total Par Outstanding
<b>Asset Performance &amp; Management</b>		
Return on Net Assets Ratio	<u>Change in Net Assets</u> Total Net Assets	<u>Change in Net Assets +</u> <u>CU Change in Net Assets</u> Total Net Assets + CU Total Net Assets
Physical Asset Reinvestment Ratio	<u>Capital Expenditures</u> Depreciation Expense	<u>Capital Expenditures</u> Depreciation Expense
Age of Facility Ratio	<u>Accumulated Depreciation</u> Depreciation Expense	<u>Accumulated Depreciation +</u> <u>CU Accumulated Depreciation</u> Depreciation Expense + CU Depreciation Expense
Facilities Burden Ratio	Facility Operation Expenses Property, Plant & Equipment, Net	Facility Operation Expenses + CU Facility Operation Expenses Property, Plant & Equipment, Net + CU Property, Plant & Equipment, Net
Deferred Maintenance Ratio	<u>Outstanding Maintenance Requirements</u> Expendable Net Assets	<u>Outstanding Maintenance Requirements +</u> <u>CU Outstanding Maintenance Requirements</u> Expendable Net Assets + CU Expendable Net Assets
<b>Operating Results</b>		
Net Operating Revenues Ratio	Excess (Deficiency) of Unrestricted Operating Revenues <u>Over Unrestricted Operating Expenses</u> Total Unrestricted Operating Revenues	Operating Income (Loss) + Net Non-Operating Revenues + <u>CU Change in Unrestricted Net Assets</u> Operating Revenues + Non-Operating Revenues + CU Total Unrestricted Income

	Private Institutions	Public Institutions
Cash Income Ratio	$\frac{\text{Net Cash Provided by Operating Activities}}{\text{Total Unrestricted Income, Excluding Gains \& Losses}}$	$\frac{\text{Adjusted Net Cash Provided by Operating Activities} + \text{CU Net Cash Provided by Operating Activities}}{\text{Adjusted Operating Income} + \text{CU Total Unrestricted Income, Excluding Gains}}$
<b>Net Tuition &amp; Fees Contribution Ratio</b>	$\frac{\text{Net Tuition \& Fees}}{\text{Total Expenses}}$	$\frac{\text{Net Tuition \& Fees}}{\text{Total Expenses}}$
Net Tuition Dependency Ratio	$\frac{\text{Net Tuition \& Fees}}{\text{Total Unrestricted Operating Revenues}}$	$\frac{\text{Net Tuition \& Fees}}{\text{Total Adjusted Operating Income}}$
<b>Net Tuition Per Student FTE Ratio</b>	$\frac{\text{Net Tuition \& Fees}}{\text{Full-Time Equivalent Students}}$	$\frac{\text{Net Tuition \& Fees}}{\text{Full-Time Equivalent Students}}$
Demand Ratios	$\frac{\text{Specific Types of Expenses}}{\text{Total Unrestricted Operating Revenues}}$	$\frac{\text{Specific Types of Expenses}}{\text{Total Operating Income}}$

Note: Adapted from *Strategic Financial Analysis for Higher Education: Identifying, Measuring & Reporting Financial Risks*, Tahey et al., 2010, pp. 143-44. ©2010 by Prager, Sealy & Co., LLC; KPMG LLP; and Attain LLC.

## APPENDIX B: Composite CFI Calculations

### Composite Financial Index Calculations: by Step (Excluding Pensions & OPEB)

#### Overall score based on institution's performance on core ratios

STEP	Calculating Strength Factors: To calculate the strength factor at a point other than those presented in the table below, divide the ratio value by the relevant value for "1" given in the table. "-4" is the minimum allowable "Institution Strength Factor" on any variable, and "10" is the maximum.					
<b>1</b>	<b>Scoring Scale</b>	<b>1</b>	<b>3</b>	<b>10</b>		
	Primary Reserve Ratio	0.133	0.4	1.33		
	Net Operating Revenues Ratio	1.3%	4.0%	13.0%		
	Return on Net Assets Ratio	2.0%	6.0%	20.0%		
	Viability Ratio	0.417	1.25	4.17		
<b>2</b>	<b>Institution Ratio Values</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
	Primary Reserve Ratio (Excluding Pensions)	0.52	0.43	0.45	0.23	0.10
	Net Operating Revenues Ratio (Excluding Pensions)	-3.59%	-4.81%	-8.64	-24.61%	-5.80%
	Return on Net Assets Ratio (Excluding Pensions)	-2.57%	1.52%	-1.87%	-13.50%	-4.42%
	Viability Ratio (Excluding Pensions)	5.57	6.03	7.93	5.54	0.45
<b>3</b>	<b>Institution Strength Factors</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
	Primary Reserve Ratio	3.90	3.25	3.40	1.72	0.72
	Net Operating Revenues Ratio	-2.76	-3.70	-4.00	-4.00	-4.00
	Return on Net Assets Ratio	-1.28	0.76	-0.93	-4.00	-2.21
	Viability Ratio	10.00	10.00	10.00	10.00	1.08
<b>4</b>	<b>Weighting Scheme</b>	<b>Institution with Long-Term Debt</b>	<b>Institution with No (or minimal) Long-Term Debt</b>	<b>Long-Term Debt?</b>		
	Primary Reserve Ratio	35%	55%	Yes		
	Net Operating Revenues	10%	15%			
	Return on Net Assets	20%	30%			
	Viability Ratio	35%	-			
<b>Final</b>	<b>Totaling the Calculations:</b> The last two steps in calculating the CFI are to apply the weighting factors against each ratio by multiplying the "Institution Strength Factors" by the "Weighting Scheme" based on the institution's sector and long-term debt. Then total the four results. The highest possible CFI is 10 (Healthy) and the lowest is -4 (Unhealthy).					

Composite Financial Index	2015-16	2016-17	2017-18	2018-19	2019-20
Primary Reserve Ratio (Excluding Pensions)	1.37	1.14	1.19	0.60	0.25
Net Operating Revenues Ratio (Excluding Pensions)	-0.28	-0.37	-0.40	-0.40	-0.40
Return on Net Assets Ratio (Excluding Pensions)	-0.26	0.15	-0.19	-0.80	-0.44
Viability Ratio (Excluding Pensions)	3.50	3.50	3.50	3.50	0.38
<b>CFI Total</b>	<b>4.33</b>	<b>4.42</b>	<b>4.10</b>	<b>2.90</b>	<b>-0.21</b>

CFI Score Interpretation	10 = Financially Healthy
	3 = Relatively Financially Healthy
	1 = Financially Stressed
	-4 = Financially Unhealthy

### APPENDIX C: Summary of All Financial Health Assessment: Pension- and OPEB-Adjusted Ratio Results

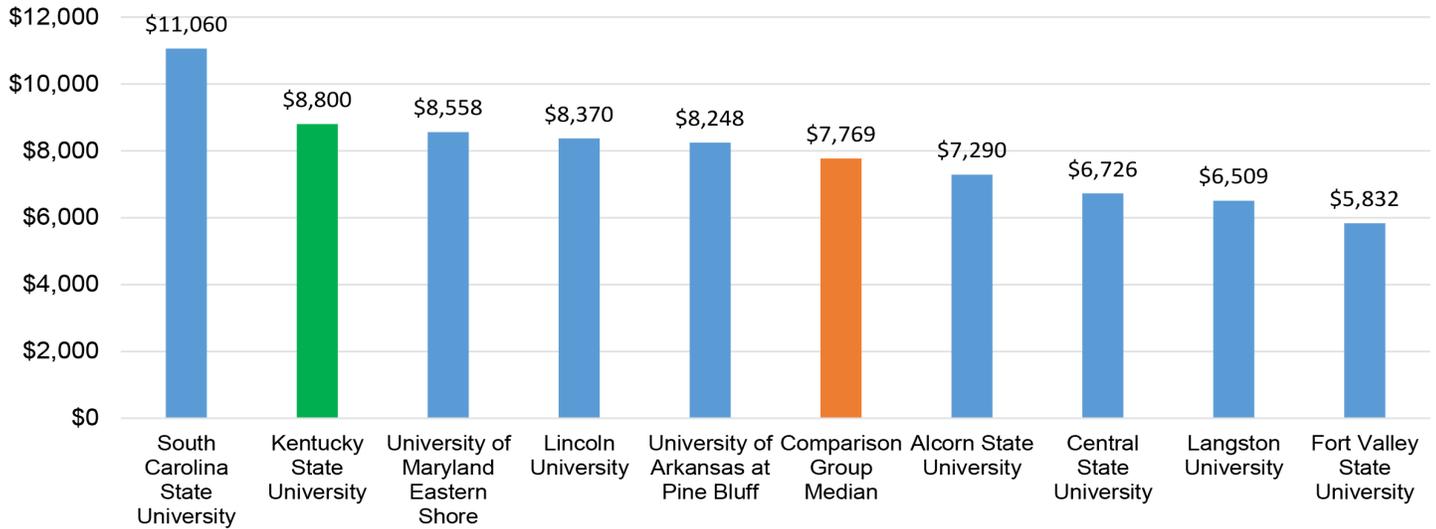
Ratio	2015-16	2016-17	2017-18	2018-19	2019-20	Industry Standard
<b>Primary Reserve</b>	0.52	0.43	0.45	0.23	0.10	> 0.40
Days of Expenses Covered by Reserves	190	158	165	83	35	> 146 days
<b>Viability</b>	5.57	6.03	7.93	5.54	0.45	> 1.0
Debt Burden	2.06%	0.70%	0.70%	1.40%	0.87%	< 7%
Debt Service Coverage	1.94	1.04	- 0.27	- 10.63	0.08	N/A
Interest Burden	0.75%	0.33%	0.28%	0.36%	0.14%	No more than 5% - 7%
Portfolio Principal Duration	6.94	6.37	5.81	5.25	4.69	N/A
<b>Return on Net Assets</b>	- 2.57%	1.52%	- 1.87%	- 13.50%	- 4.42%	3% - 4%
Physical Asset Reinvestment	0.53	1.67	0.83	0.56	2.34	> or = to 1.0
Age of Facilities	30.51	32.30	25.04	36.25	38.75	< or = 10 years
Facilities Burden	12.28%	11.44%	13.54%	12.68%	9.44%	N/A
Deferred Maintenance	296%	323%	304%	558%	1,494%	Lower is Better
<b>Net Operating Revenues</b>	- 3.59%	- 4.81%	- 8.64%	- 24.61%	- 5.80%	At least 4% - 6%
Cash Income	0.49%	2.12%	- 5.44%	- 16.74%	10.76%	N/A
Contribution Ratios:						
Net Tuition & Fees	14.95%	15.08%	15.71%	11.86%	13.77%	N/A
Gifts & Contributions	1.67%	1.37%	1.11%	0.82%	0.75%	N/A
Grant & Contracts	22.25%	33.00%	31.44%	29.16%	37.59%	N/A
Government Appropriations	51.45%	45.45%	40.91%	31.63%	34.47%	N/A
Net Auxiliary Enterprises	6.06%	5.42%	5.78%	5.41%	7.04%	N/A
Hospital Operations	0%	0%	0%	0%	0%	N/A
Endowment Payout	0%	0%	0%	1.24%	1.28%	N/A
Net Tuition Dependency	15.01%	15.42%	16.80%	14.60%	14.30%	Downward Trend; < 60%
<b>Demand Ratios:</b>						
Instruction	15.54%	16.05%	14.02%	15.53%	12.53%	N/A
Research	10.61%	13.14%	11.75%	11.20%	9.63%	N/A
Public Service	12.34%	13.35%	13.64%	15.17%	12.33%	N/A
Academic Support	4.70%	4.20%	2.07%	0.94%	0.39%	N/A
Student Services	8.73%	9.00%	9.23%	11.01%	12.01%	N/A
Institutional Support	17.65%	17.58%	17.34%	22.31%	20.15%	N/A
Plant Operations & Maintenance	7.60%	6.80%	6.91%	8.12%	6.94%	N/A
Auxiliary Enterprises	6.89%	7.94%	7.71%	6.65%	7.18%	N/A
Hospital Operations	0%	0%	0%	0%	0%	N/A
<b>Composite Financial Index</b>						CFI Score Legend
Primary Reserve (35%)	1.37	1.14	1.19	0.60	0.25	10 - Healthy
Net Operating Revenues (10%)	- 0.28	- 0.37	- 0.40	- 0.40	- 0.40	3 - Relatively Healthy
Return on Net Assets (20%)	- 0.26	0.15	- 0.19	- 0.80	- 0.44	1 - Stressed
Viability (35%)	3.50	3.50	3.50	3.50	0.38	-4 - Unhealthy
<b>CFI Score</b>	4.33	4.42	4.10	2.90	- 0.21	

Note. Results computed using inputs that are impacted by GASB Statement 68 and 75 pension and OPEB reporting requirements have been adjusted to remove these impacts as recommended by the National Association of College and University Business Officers (NACUBO).

### APPENDIX D: Peer Group Comparisons

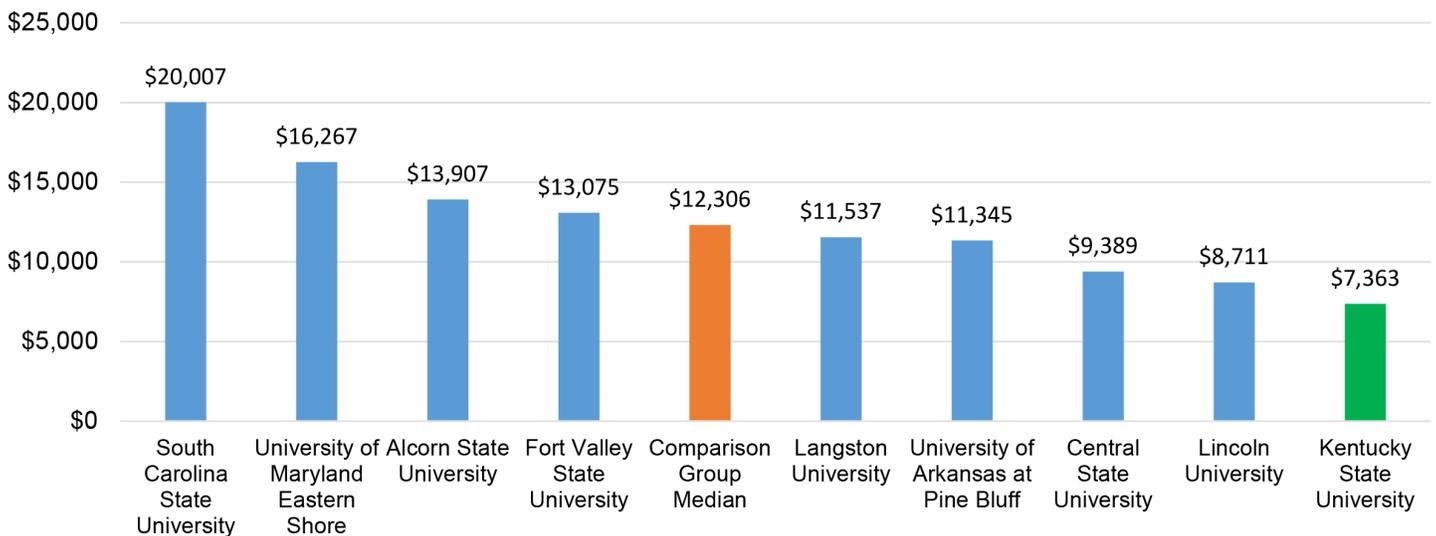
#### Affordability

**Published In-State Tuition and Fees  
Academic year 2020-21**



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Fall 2019, Institutional Characteristics component.

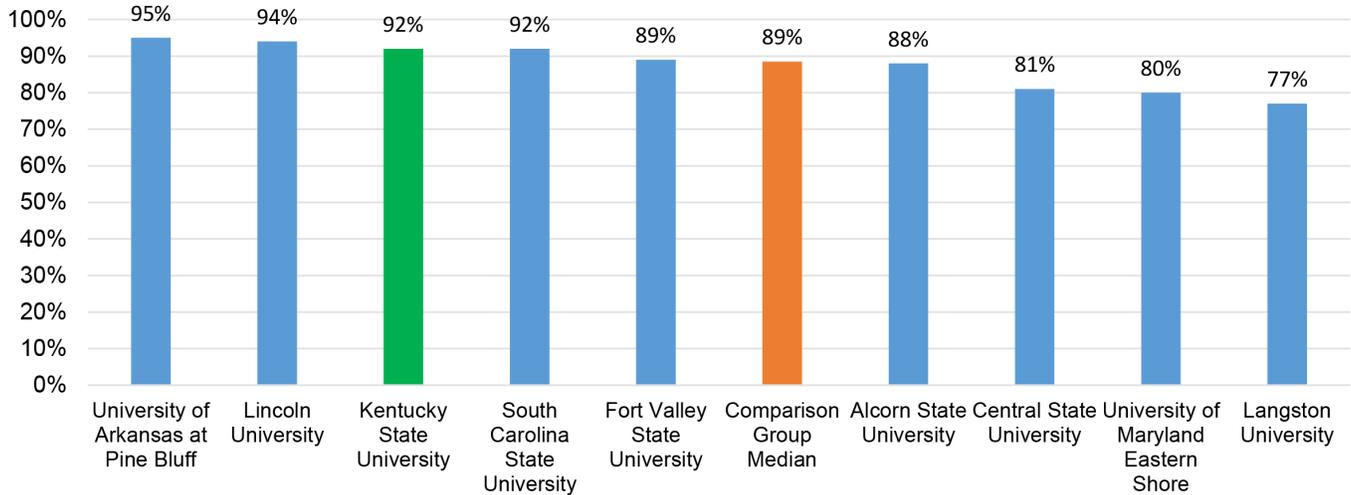
**Average net price of attendance for full-time, first-time degree/certificate-seeking undergraduate students, awarded grant or scholarship aid  
Academic year 2018-19**



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Fall 2019, Institutional Characteristics component and Winter 2019-20, Student Financial Aid component.

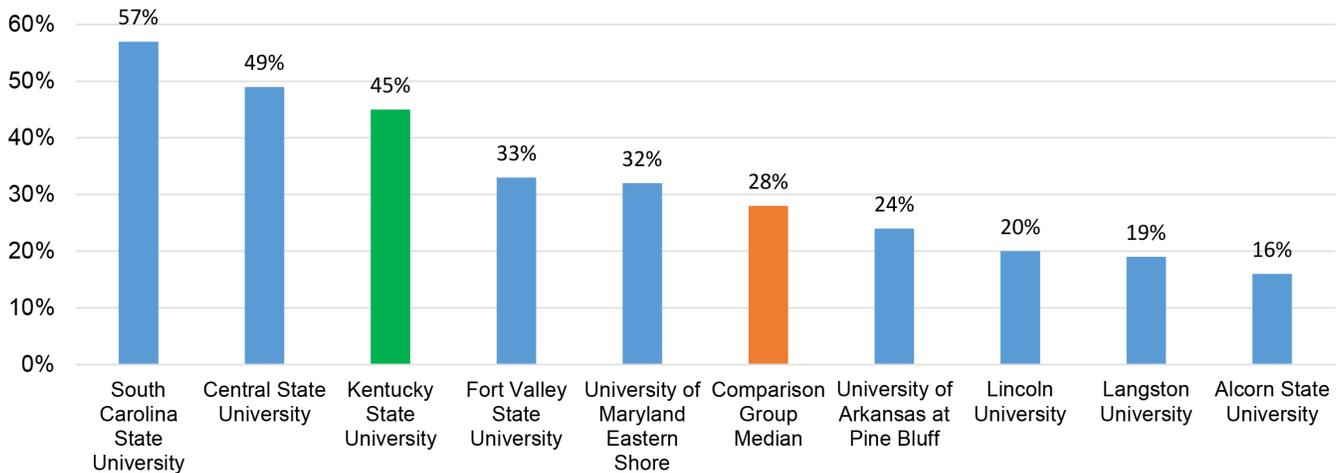
**Financial Aid**

**Percent of full-time, first-time degree/certificate-seeking undergraduate students awarded grant or scholarship aid, or loans, by type of aid  
Any Grant Aid, Academic Year 2018-19**



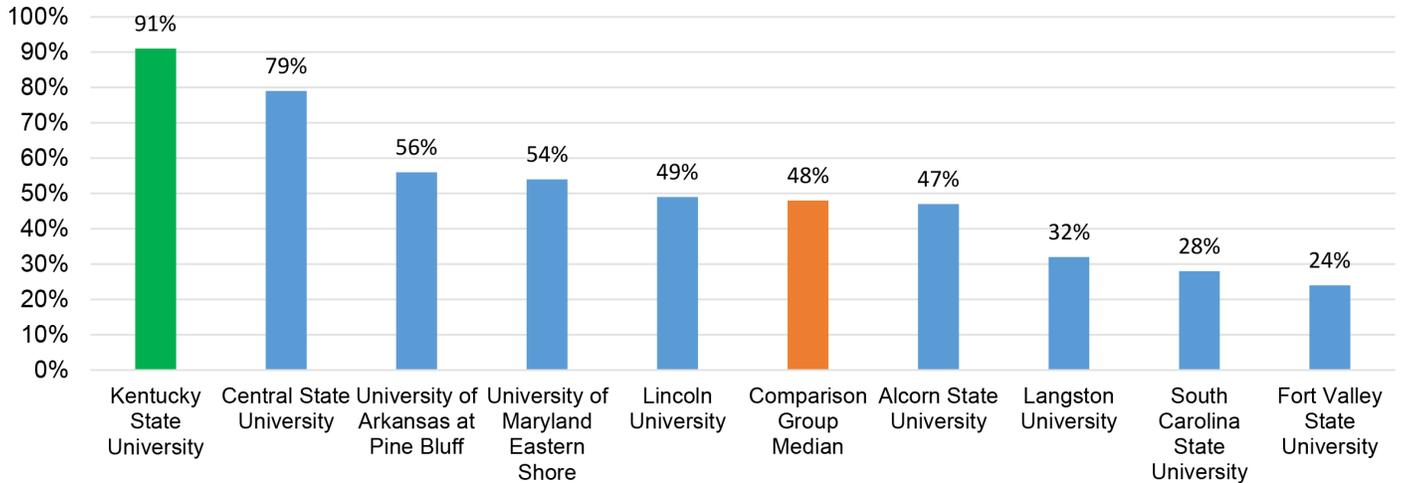
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Winter 2019-20, Student Financial Aid component.

**Percent of full-time, first-time degree/certificate-seeking undergraduate students awarded grant or scholarship aid, or loans, by type of aid  
State/Local Grants, Academic Year 2018-19**



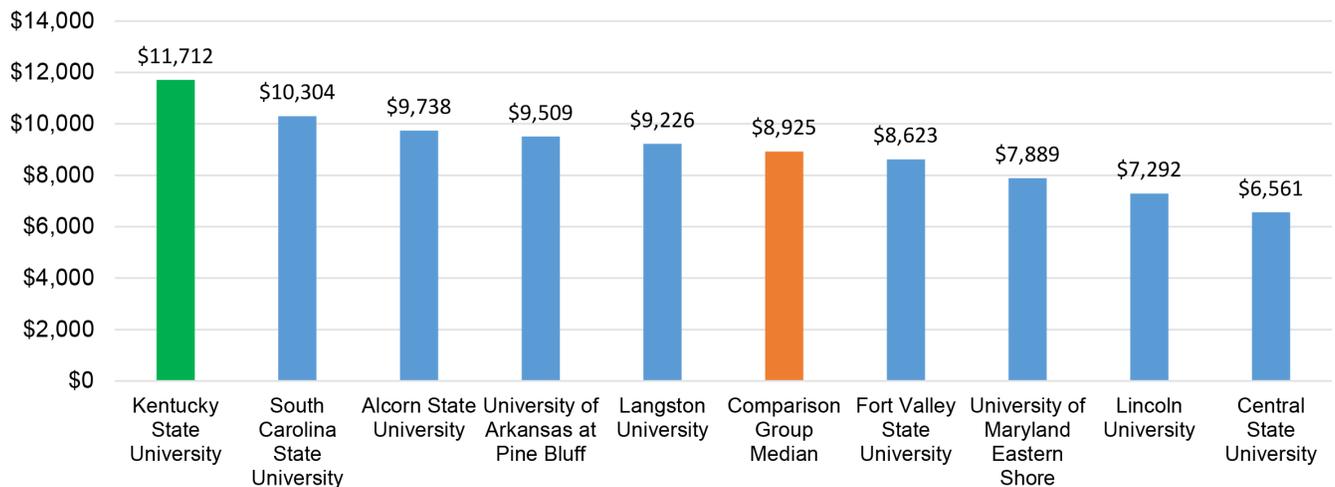
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Winter 2019-20, Student Financial Aid component.

**Percent of full-time, first-time degree/certificate-seeking undergraduate students awarded grant or scholarship aid, or loans, by type of aid  
Institutional Grants, Academic Year 2018-19**



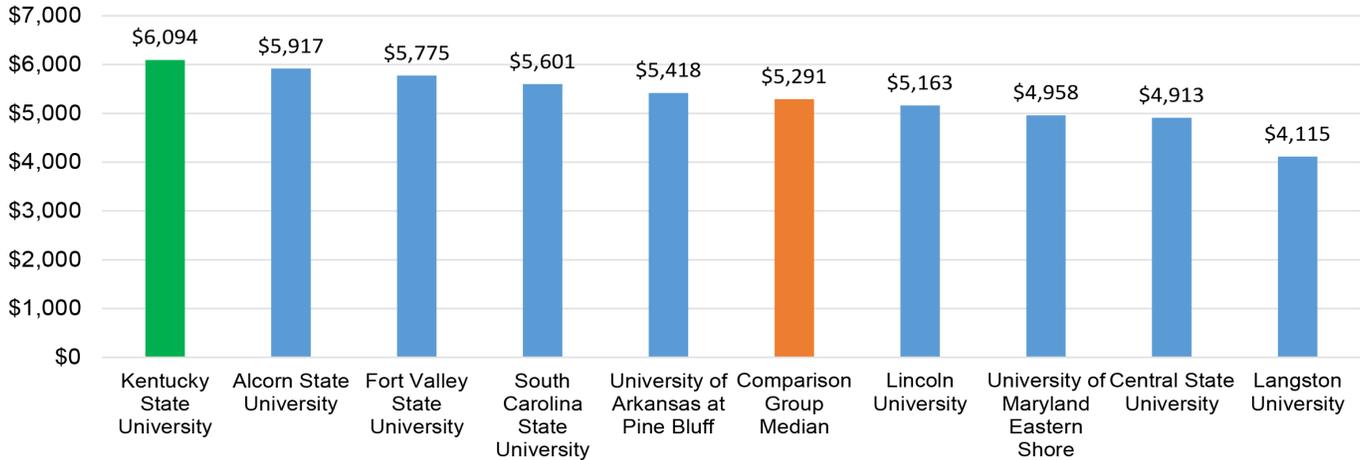
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Winter 2019-20, Student Financial Aid component.

**Average amounts of awarded grant or scholarship aid, or loans awarded to full-time, first-time degree/certificate-seeking undergraduate students, by type of aid, Any Grant Aid, Academic Year 2018-19**



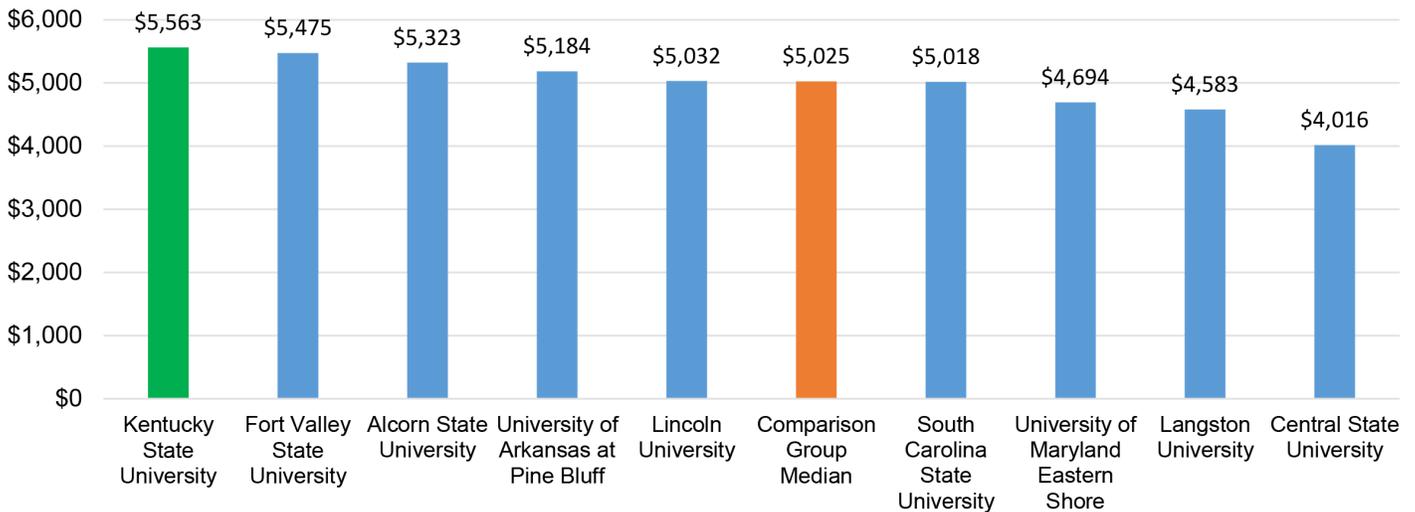
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Winter 2019-20, Student Financial Aid component.

**Average amounts of awarded grant or scholarship aid, or loans awarded to full-time, first-time degree/certificate-seeking undergraduate students, by type of aid, Federal Grants, Academic Year 2018-19**



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Winter 2019-20, Student Financial Aid component.

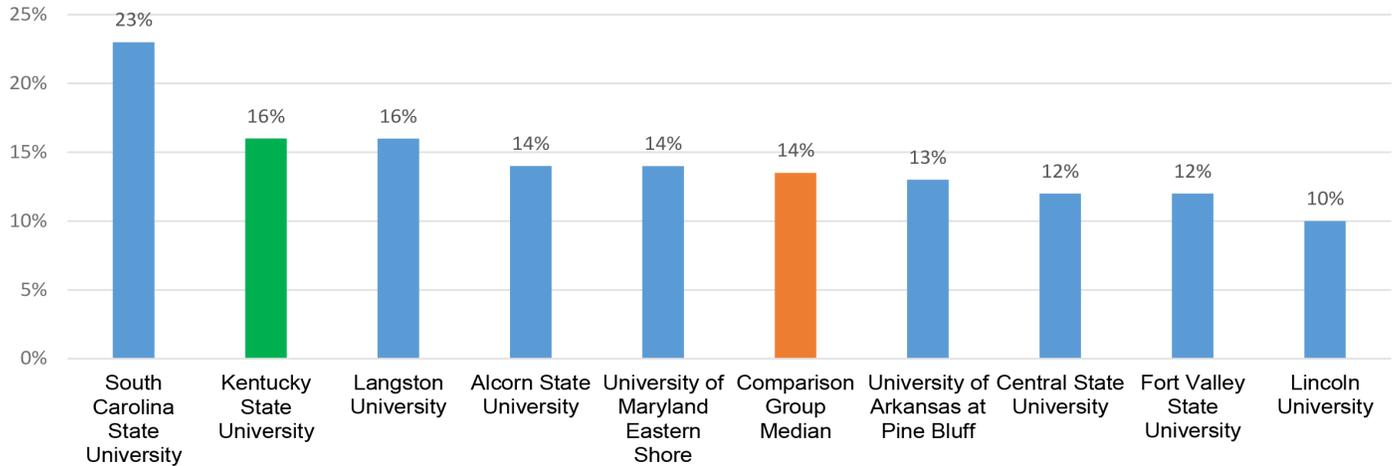
**Average amounts of awarded grant or scholarship aid, or loans awarded to full-time, first-time degree/certificate-seeking undergraduate students, by type of aid, Pell Grants, Academic Year 2018-19**



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Winter 2019-20, Student Financial Aid component.

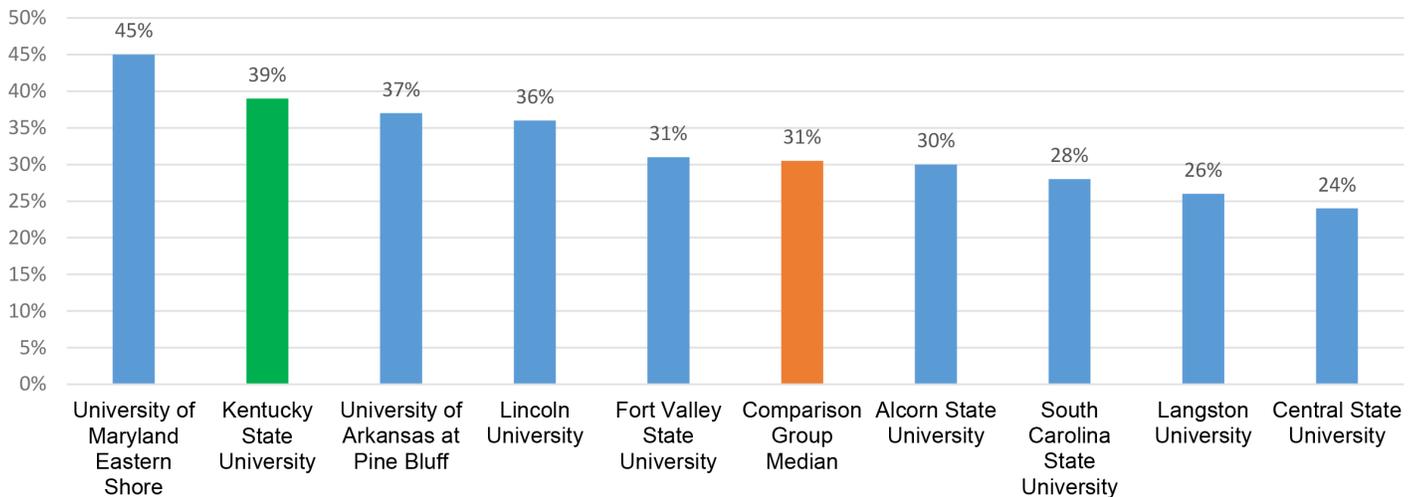
Financial Indicators

**Percent distribution of core revenues, tuition and fees  
Fiscal Year 2020 (Preliminary Data)**



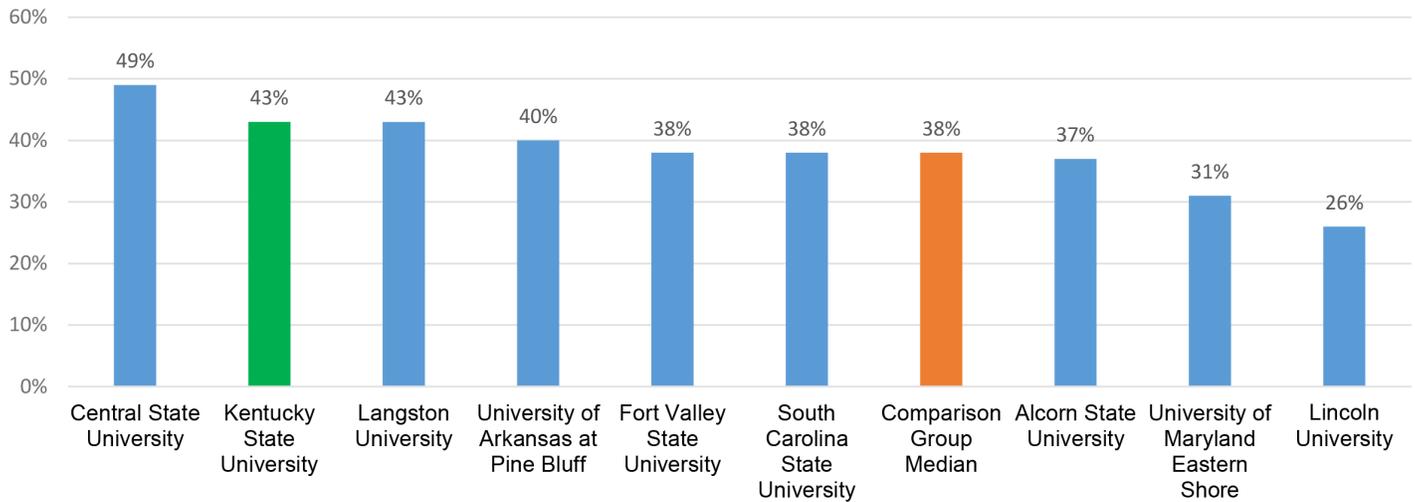
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2021, Finance component.

**Percent distribution of core revenues, state appropriations  
Fiscal Year 2020 (Preliminary Data)**



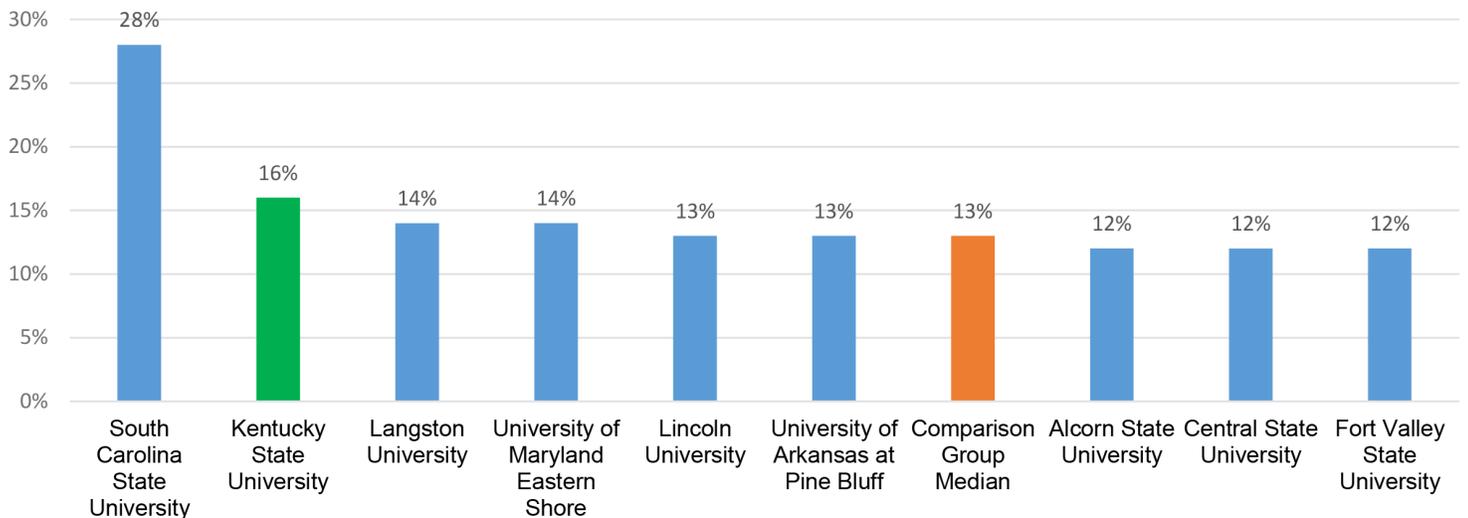
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2021, Finance component.

**Percent distribution of core revenues, government grants and contracts  
Fiscal Year 2020 (Preliminary Data)**



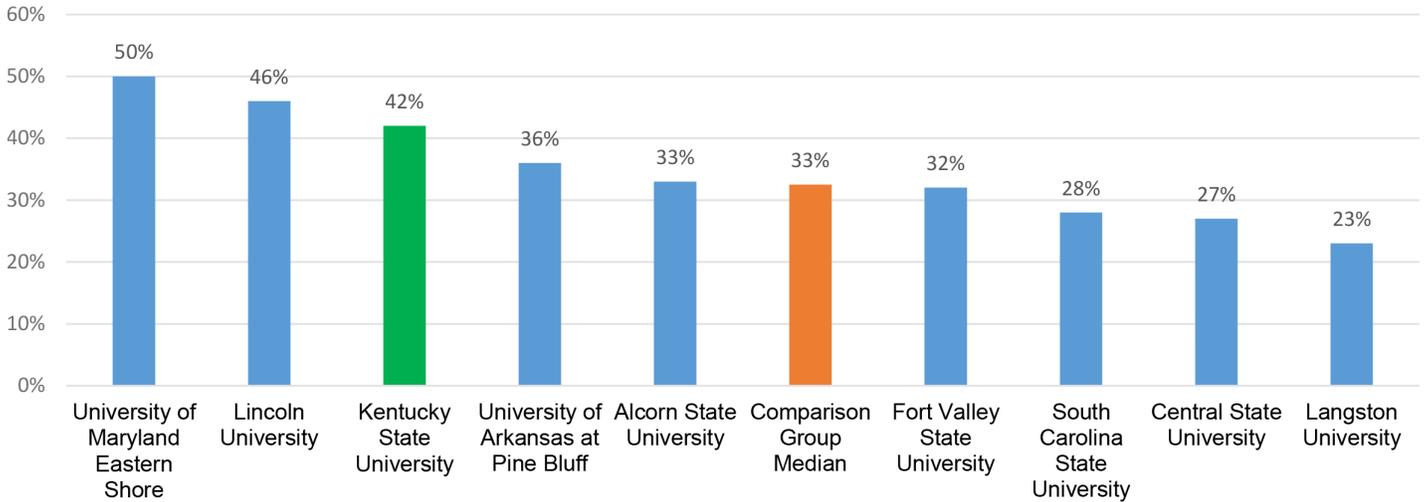
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2021, Finance component.

**Percent distribution of core revenues, tuition and fees  
Fiscal Year 2019**



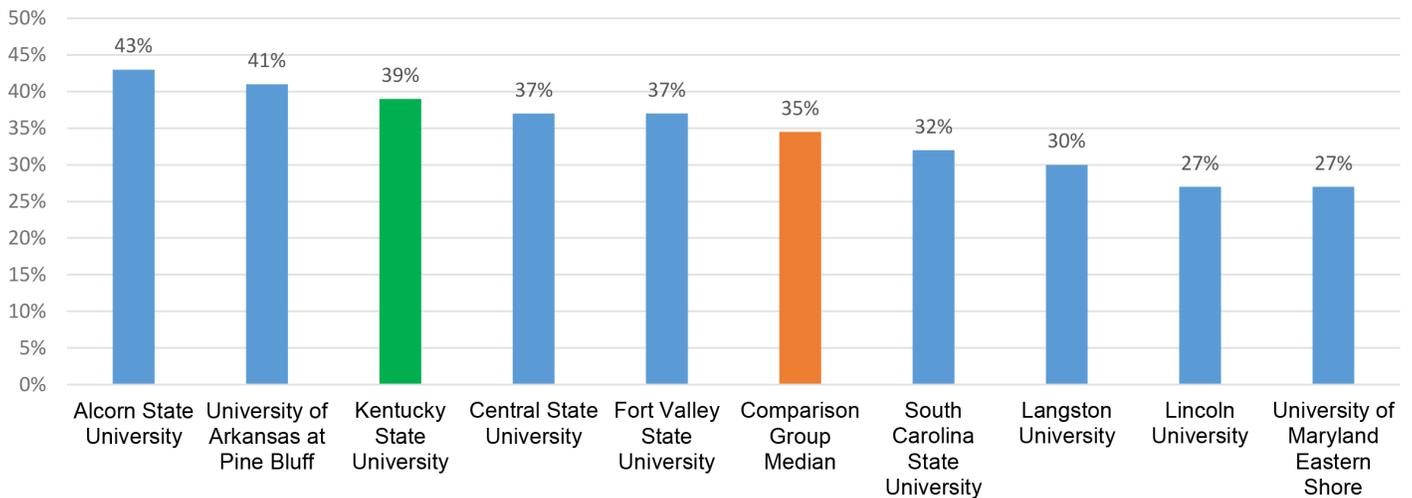
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2020, Finance component.

**Percent distribution of core revenues, state appropriations  
Fiscal Year 2019**



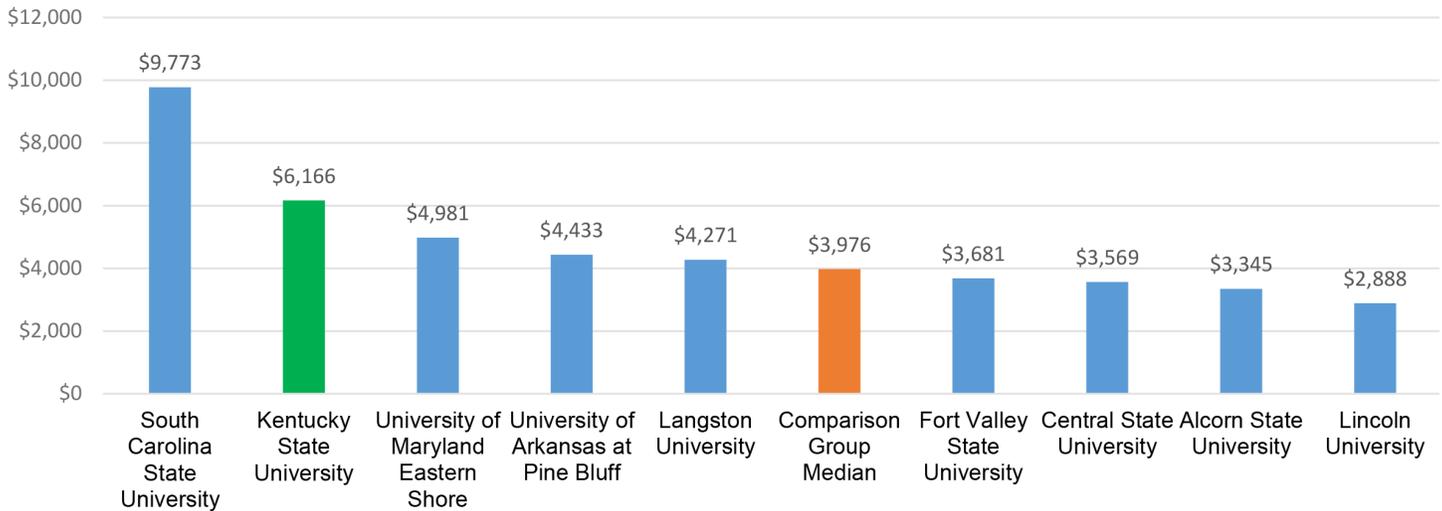
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2020, Finance component.

**Percent distribution of core revenues, government grants and contracts  
Fiscal Year 2019**



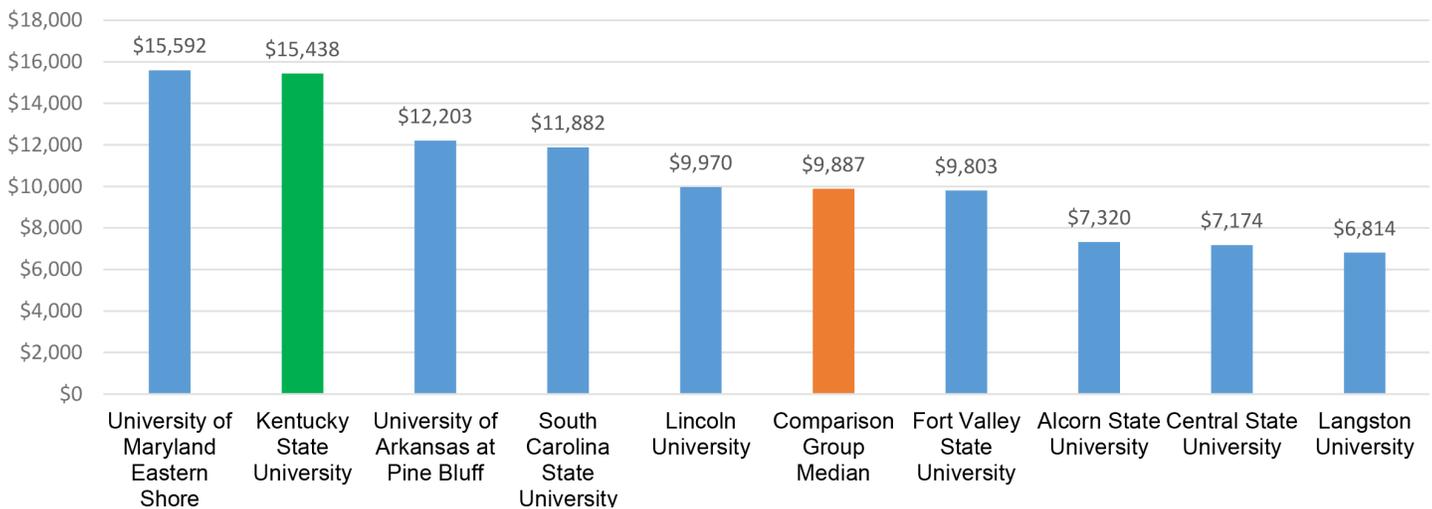
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2020, Finance component.

**Core revenues per FTE enrollment, tuition and fees  
Fiscal Year 2020 (Preliminary Data)**



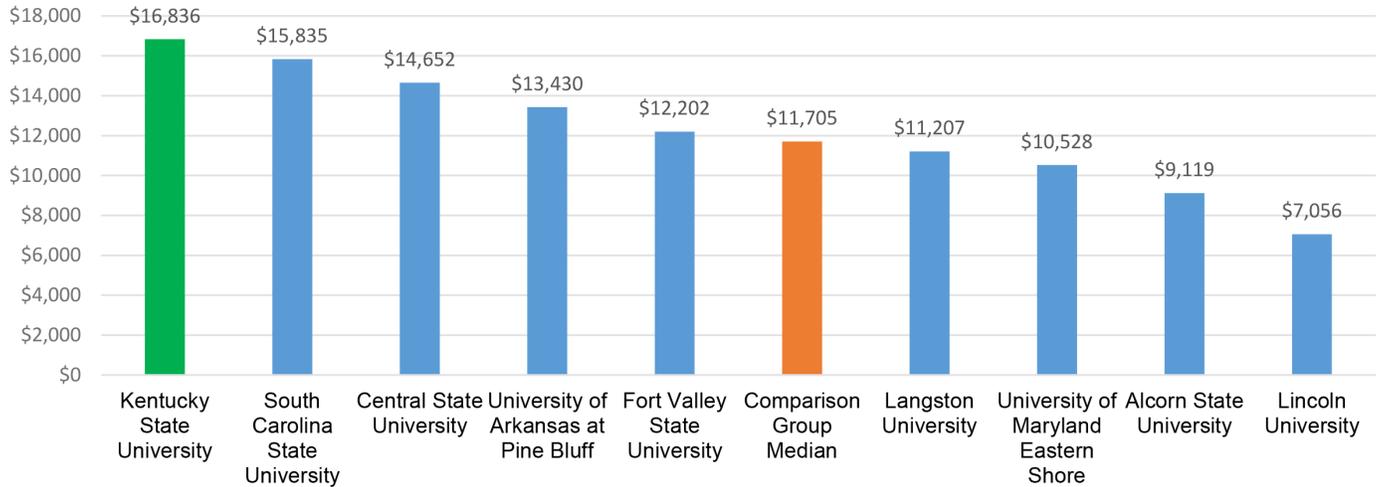
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Fall 2020, 12-month Enrollment component and Spring 2021 Finance component.

**Core revenues per FTE enrollment, state appropriations  
Fiscal Year 2020 (Preliminary Data)**



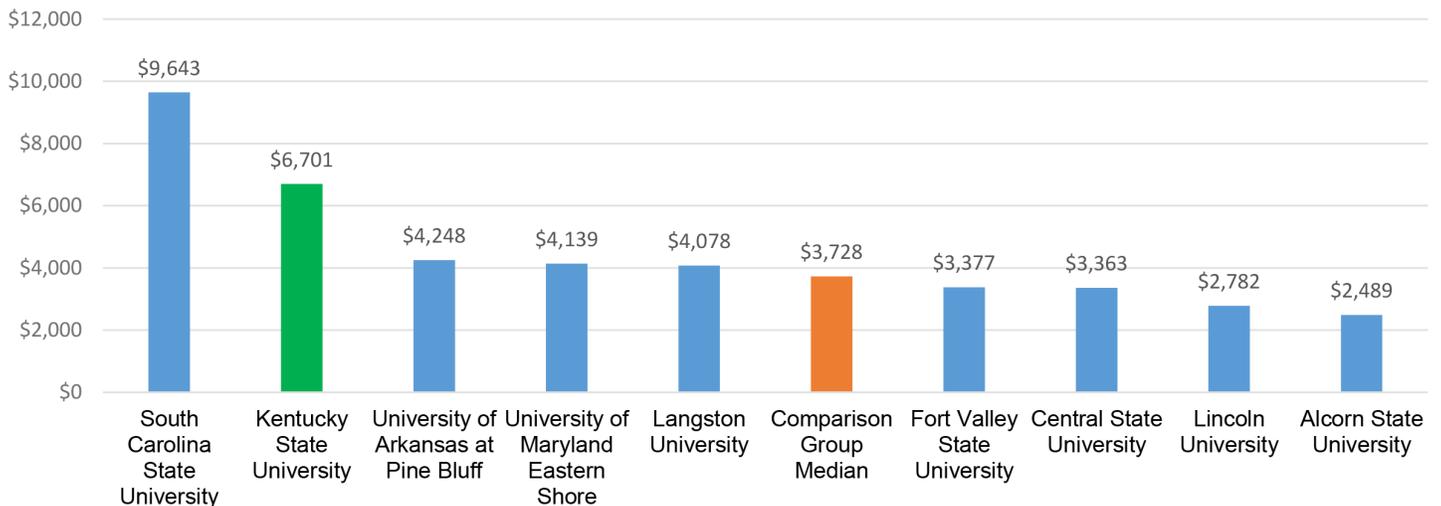
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Fall 2020, 12-month Enrollment component and Spring 2021 Finance component.

**Core revenues per FTE enrollment, government grants and contracts  
Fiscal Year 2020 (Preliminary Data)**



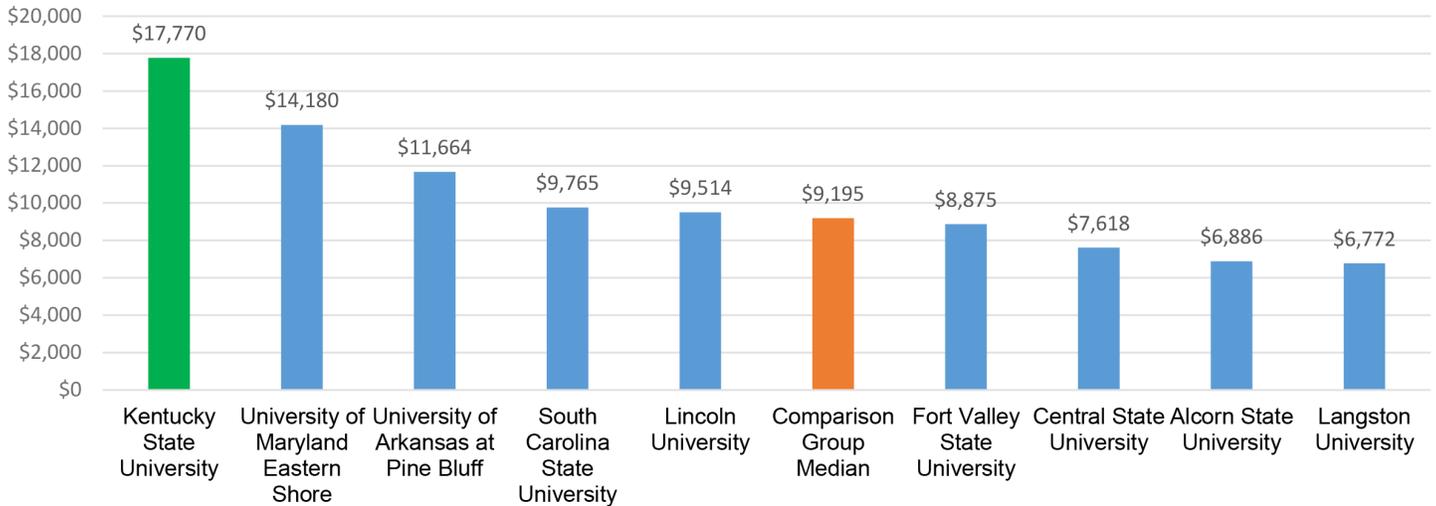
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Fall 2020, 12-month Enrollment component and Spring 2021 Finance component.

**Core revenues per FTE enrollment, tuition and fees  
Fiscal Year 2019**



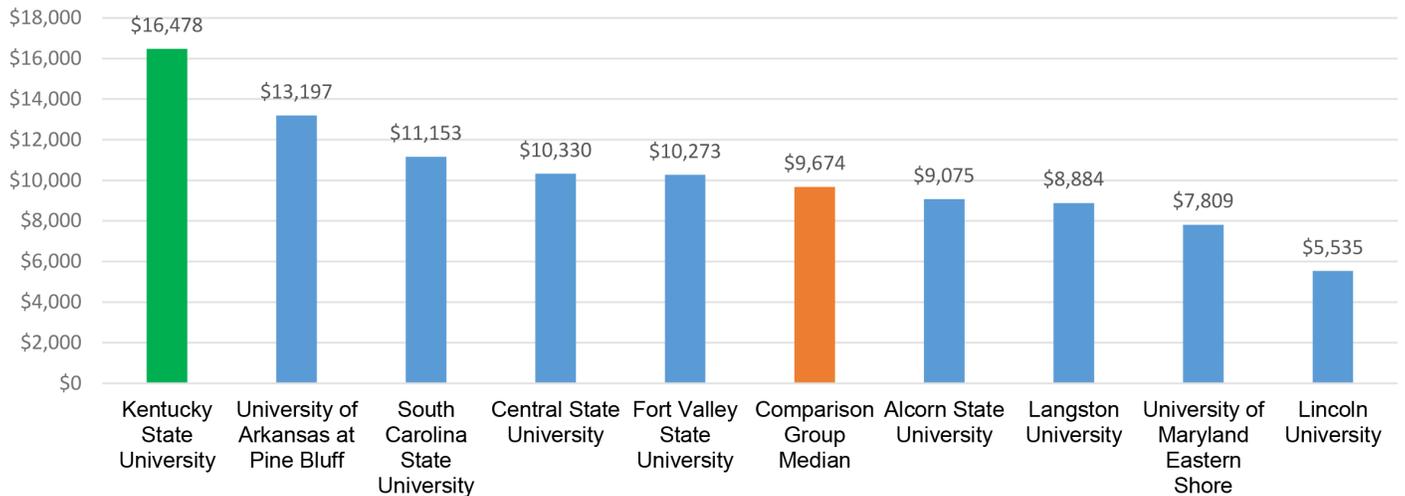
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Fall 2019, 12-month Enrollment component and Spring 2020 Finance component.

### Core revenues per FTE enrollment, state appropriations Fiscal Year 2019



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Fall 2019, 12-month Enrollment component and Spring 2020 Finance component.

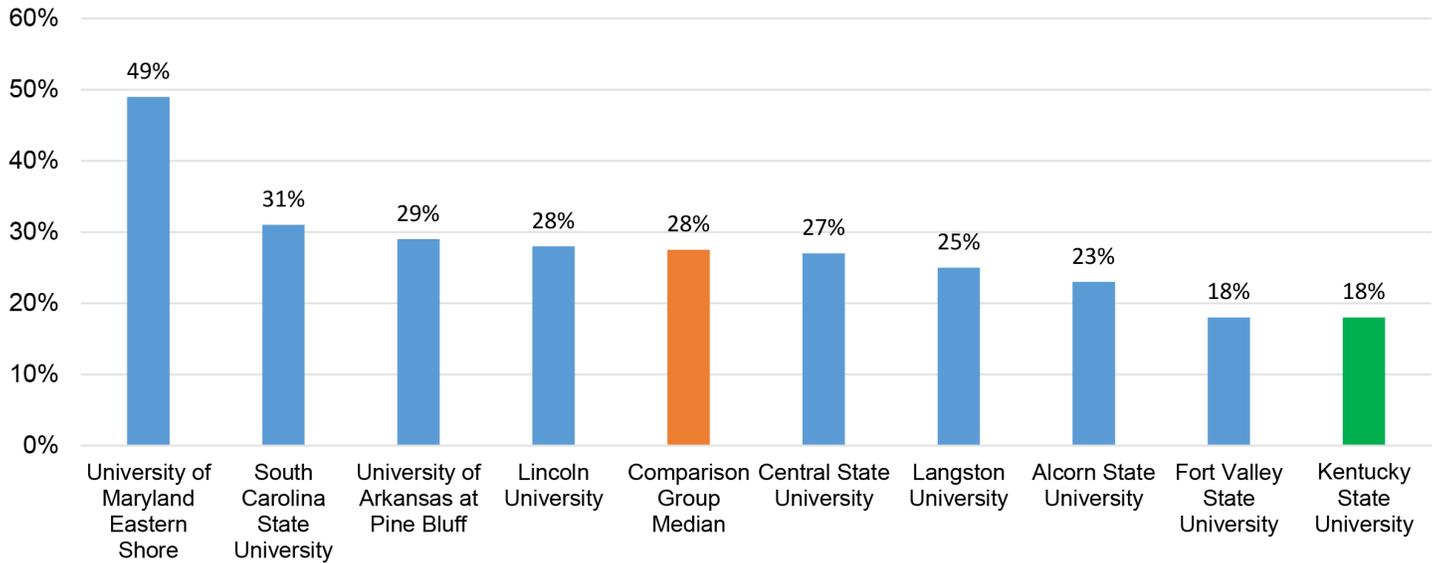
### Core revenues per FTE enrollment, government grants and contracts Fiscal Year 2019



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Fall 2019, 12-month Enrollment component and Spring 2020 Finance component.

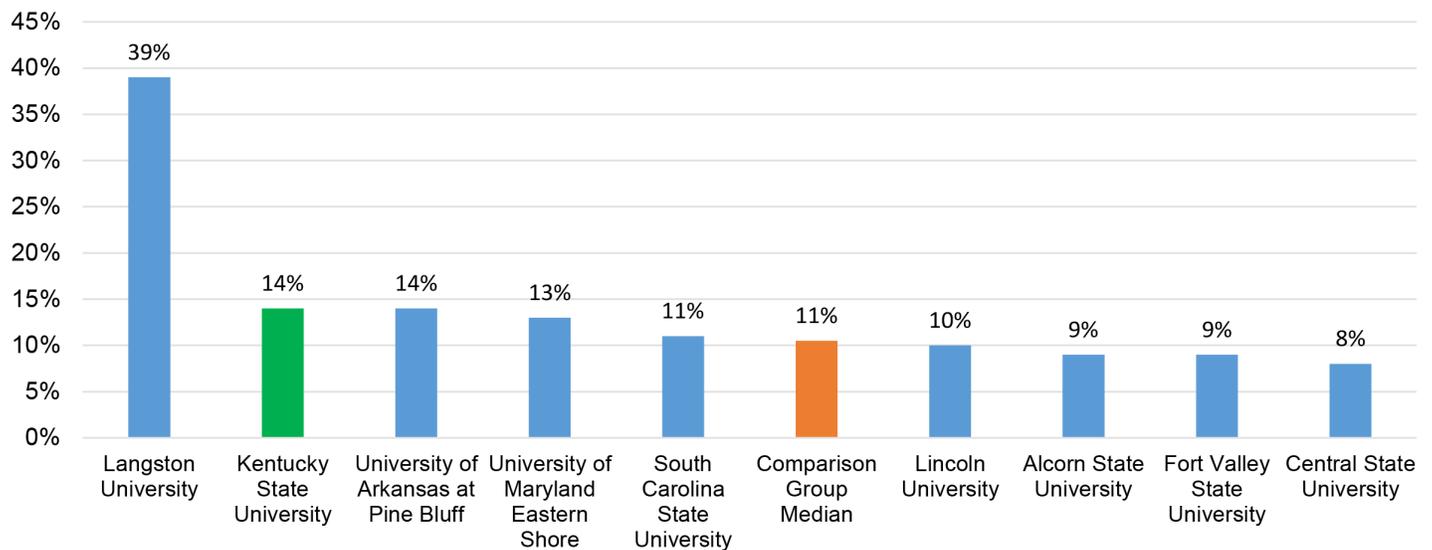
Expenses by Function

**Percent distribution of core expenses, instruction  
Fiscal Year 2019**



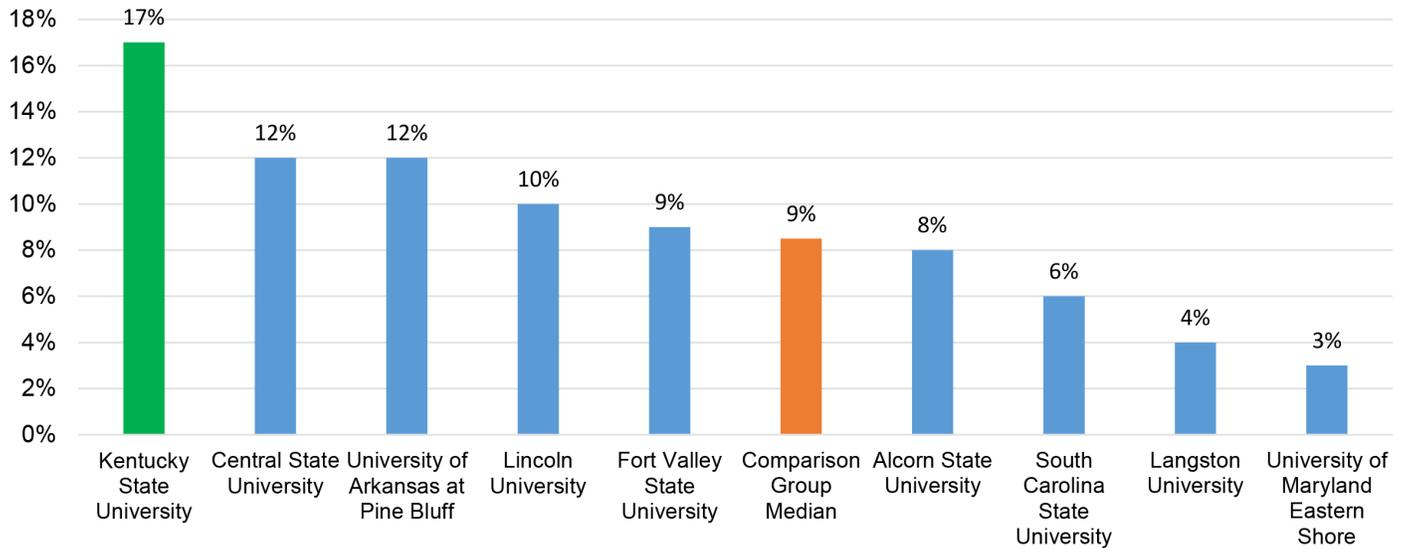
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2020, Finance component.

**Percent distribution of core expenses, research  
Fiscal Year 2019**



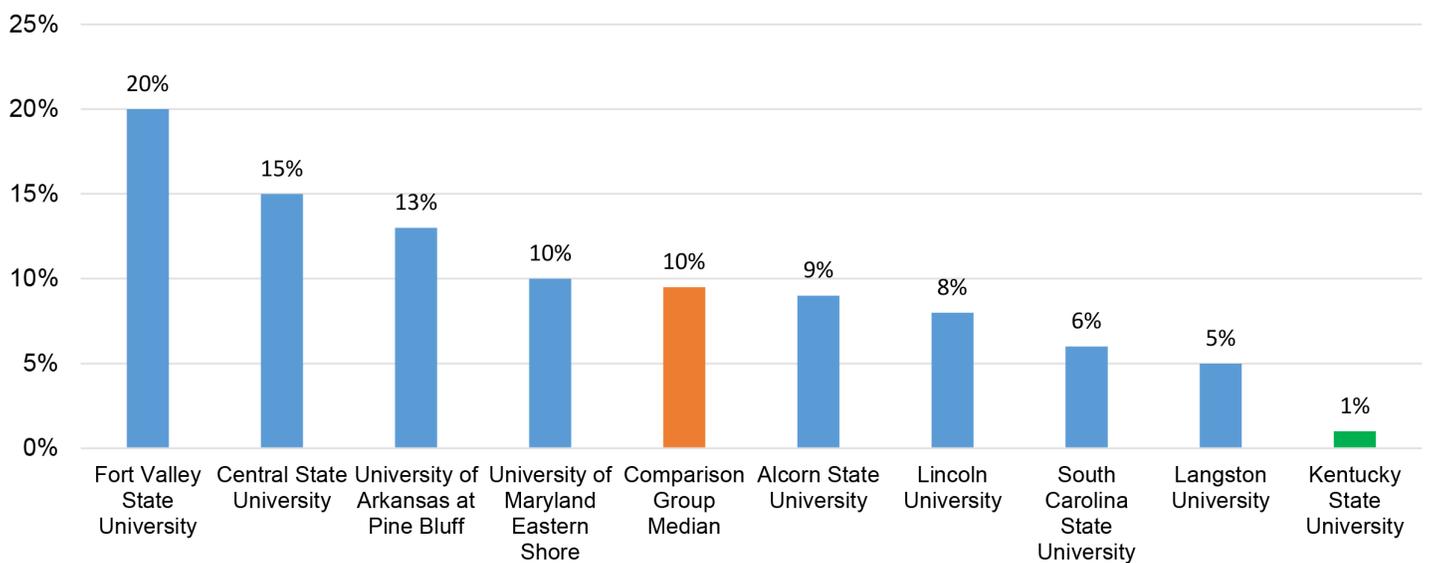
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2020, Finance component.

**Percent distribution of core expenses, public service  
Fiscal Year 2019**



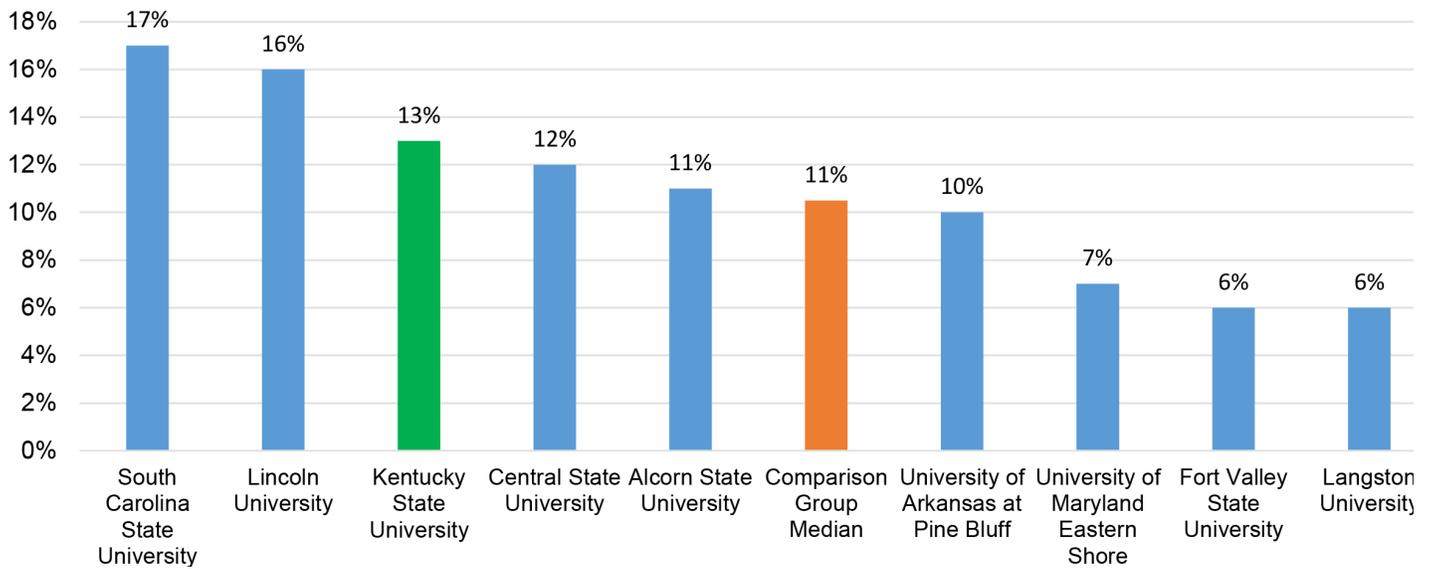
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2020, Finance component.

**Percent distribution of core expenses, academic support  
Fiscal Year 2019**



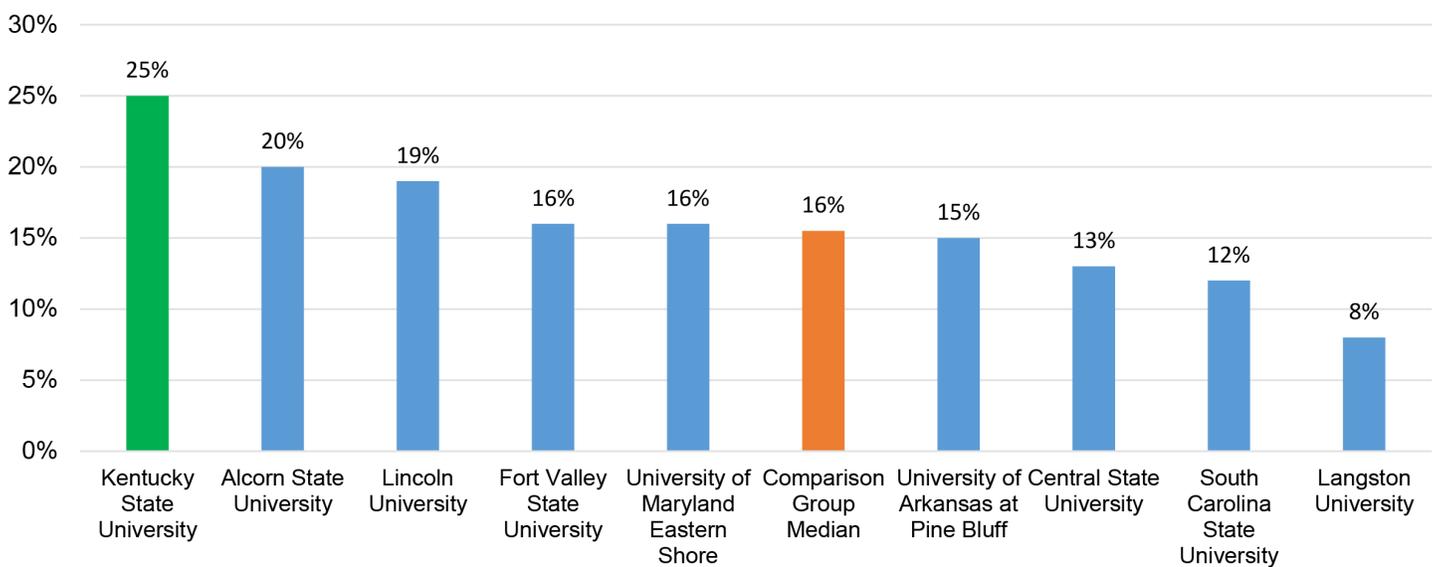
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2020, Finance component.

**Percent distribution of core expenses, student services  
Fiscal Year 2019**



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2020, Finance component.

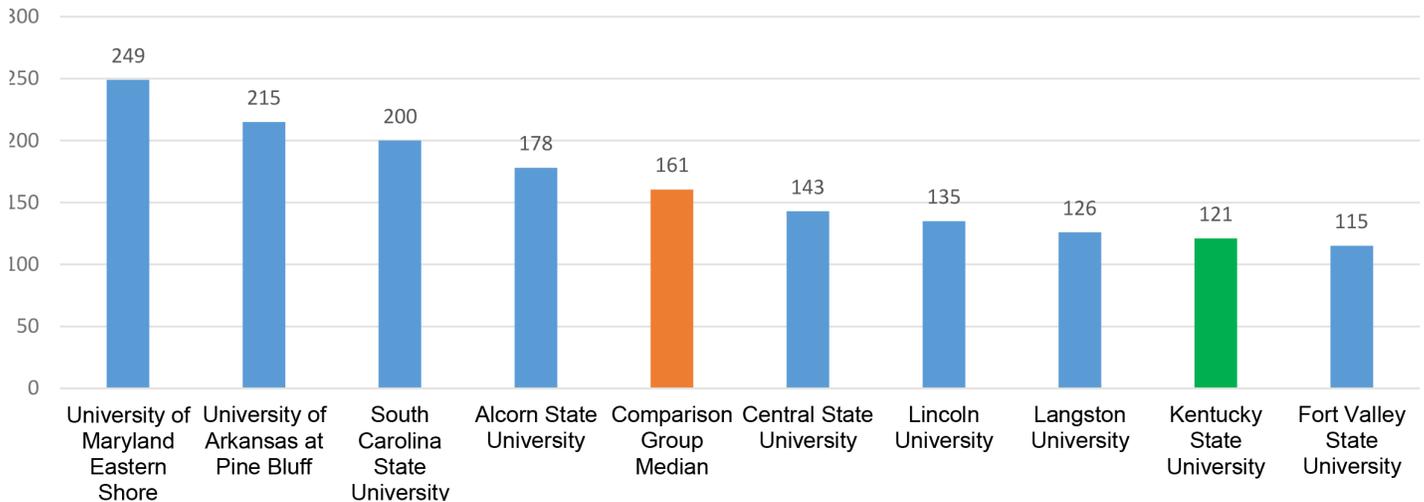
**Percent distribution of core expenses, institutional support  
Fiscal Year 2019**



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2020, Finance component.

**Staffing**

**Full-time equivalent staff, instructional research and public service  
Fall 2020 (Preliminary Data)**



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2021, Human Resources component.

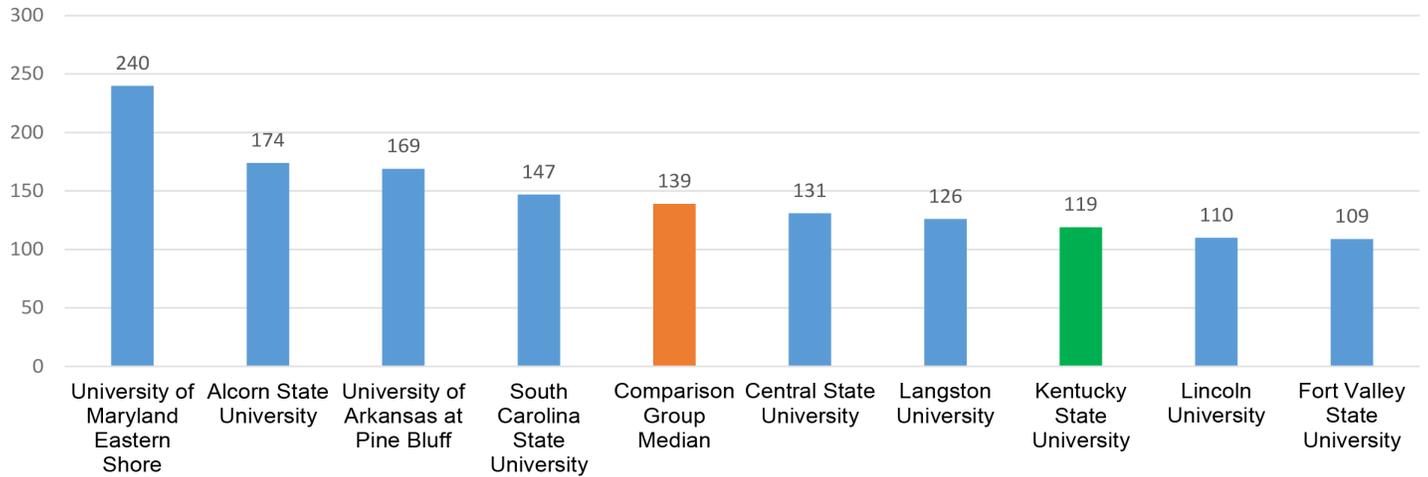
NOTE: Instructional, research and public service FTE is the sum of instructional, research, and public service FTE:

Instructional Staff- An occupational category that consists of the following two functions: 1) "Instruction" only and 2) "Instruction combined with research and/or public service.

Research - An occupational category used to classify persons whose specific assignments customarily are made for the purpose of conducting research. Regardless of title, academic rank, or tenure status, these employees formally spend the majority of their time conducting research.

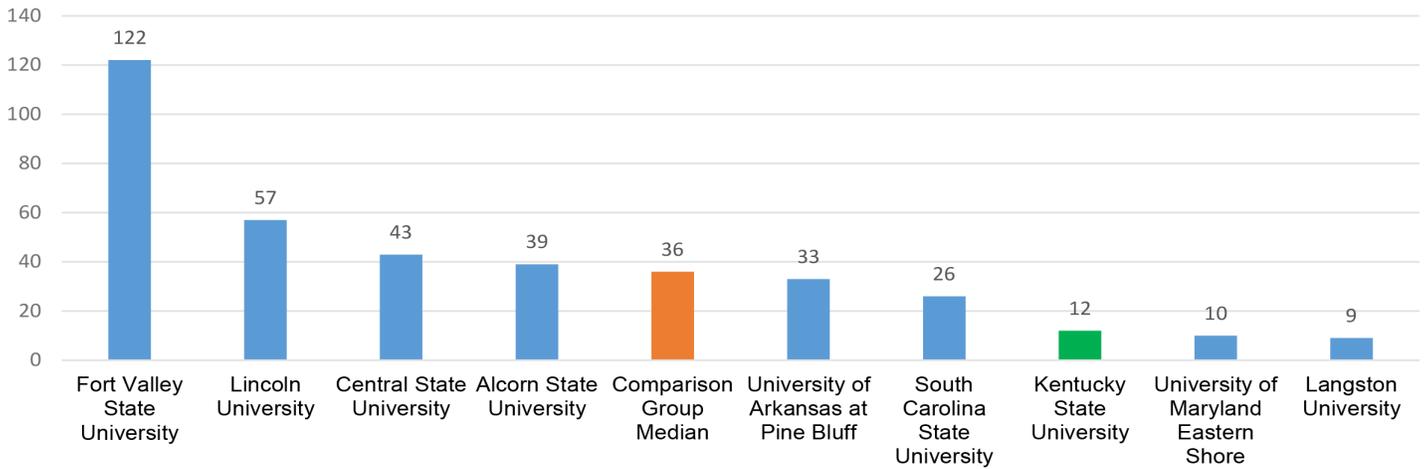
Public Service - An occupational category used to classify persons whose specific assignments customarily are made for the purpose of carrying out public service activities such as agricultural extension services, clinical services, or continuing education. Regardless of title, academic rank, or tenure status, these employees formally spend the majority of their time carrying out public service activities. (This category includes employees with a public service assignment regardless of the location of the assignment (e.g., in the field rather than on campus).

**Full-time equivalent staff, instructional  
Fall 2020 (Preliminary Data)**



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2021, Human Resources component.

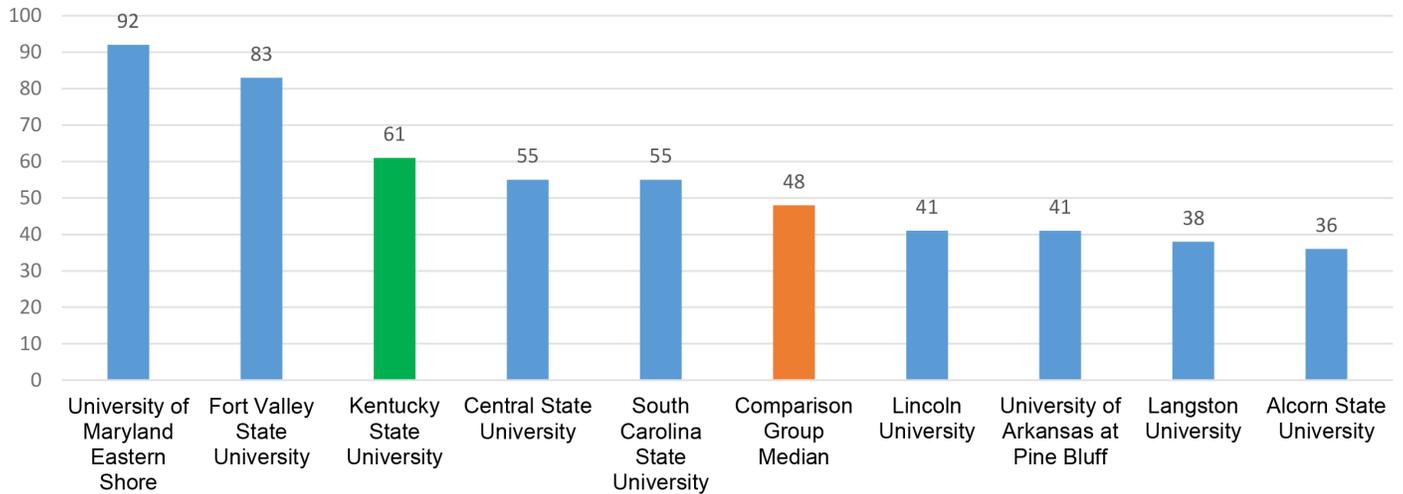
**Full-time equivalent staff, instructional support  
Fall 2020 (Preliminary Data)**



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2021, Human Resources component.

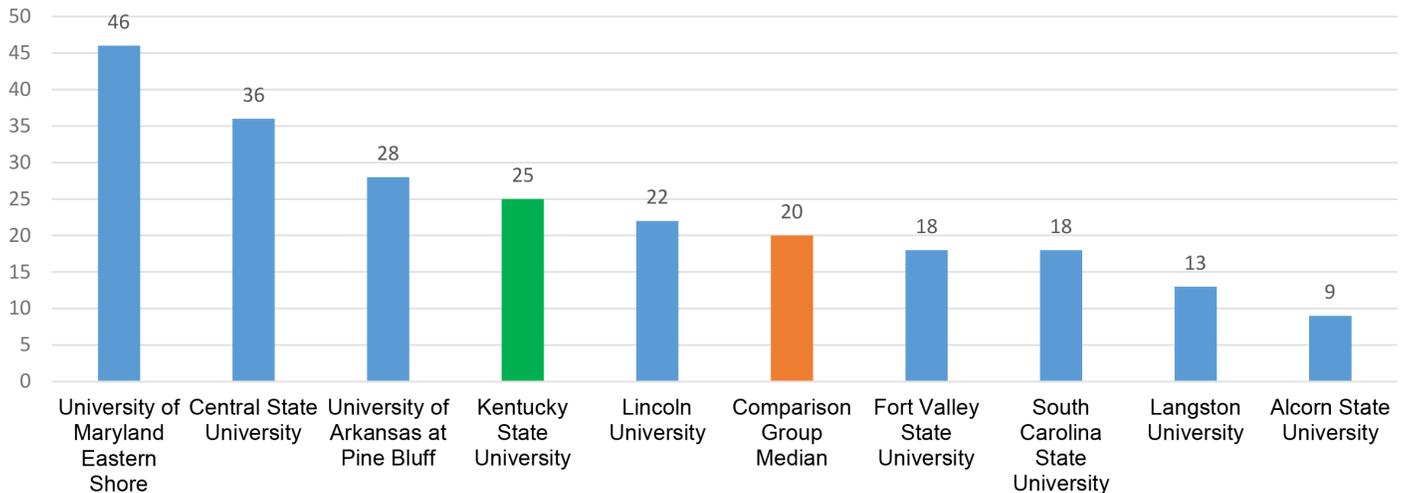
NOTE: Instructional support occupations include archivists, curators, and museum technicians; librarians and media collections specialists; librarian technicians; student and academic affairs and other education services occupations.

**Full-time equivalent staff, management  
Fall 2020 (Preliminary Data)**



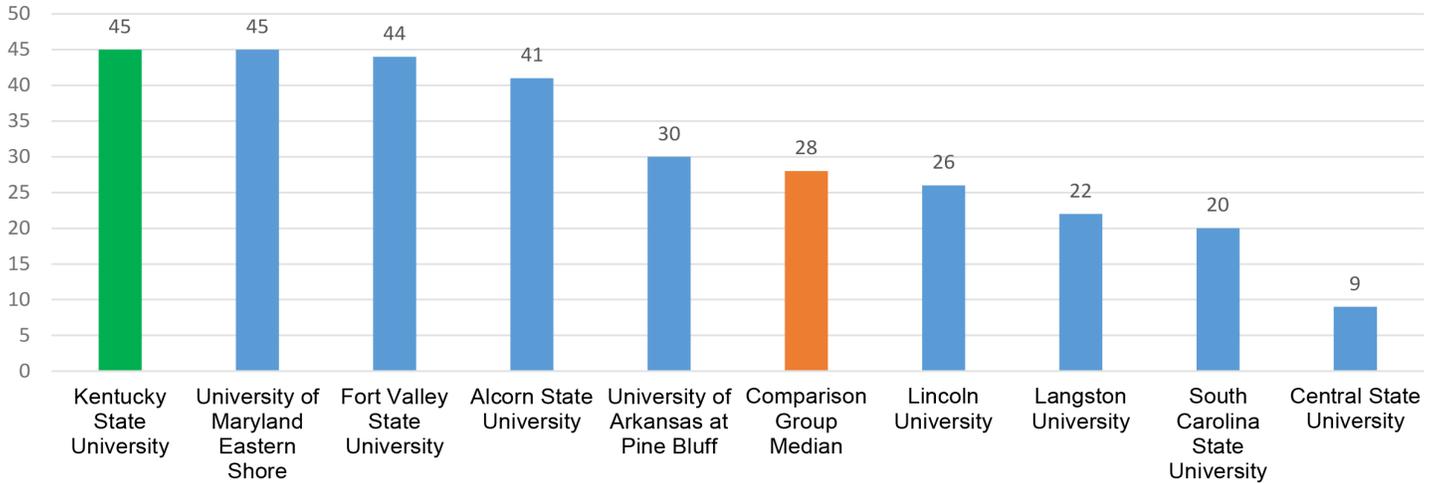
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2021, Human Resources component.

**Full-time equivalent staff, business and financial operations  
Fall 2020 (Preliminary Data)**



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2021, Human Resources component.

**Full-time equivalent staff, computer, engineering and science  
Fall 2020 (Preliminary Data)**

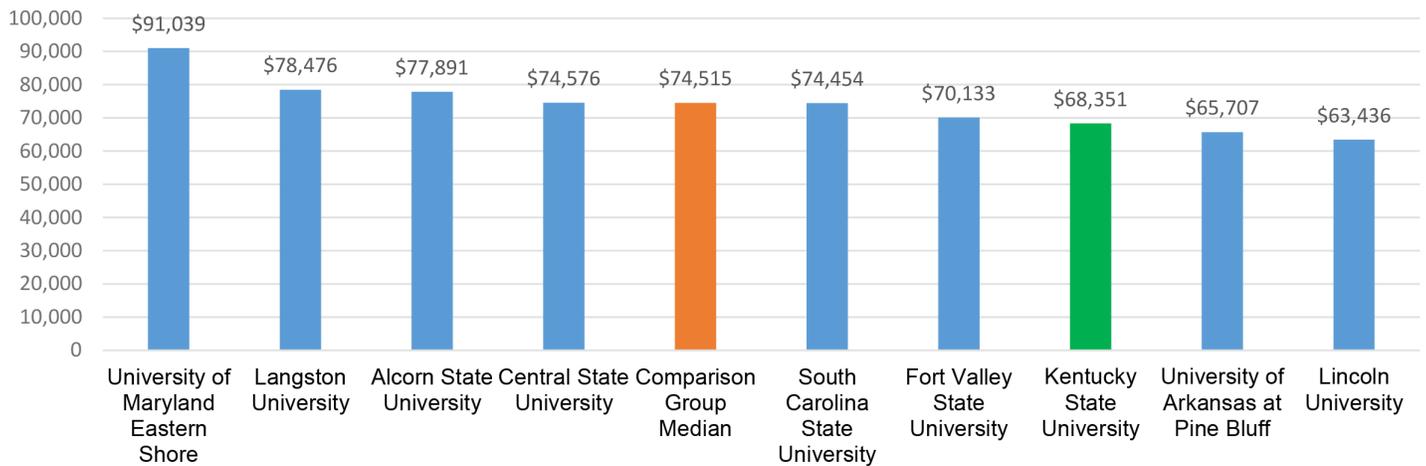


SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2021, Human Resources component.

NOTE: Instructional support occupations include archivists, curators, and museum technicians; librarians and media collections specialists; librarian technicians; student and academic affairs and other education services occupations.

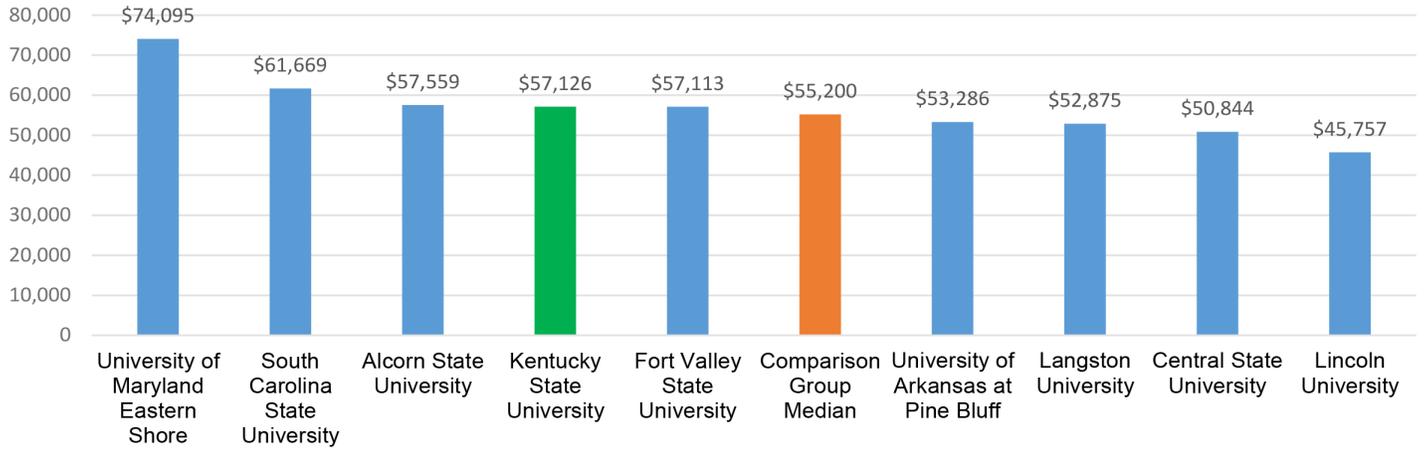
**Compensation**

**Average salaries of full-time instructional non-medical staff equated to 9-months worked, professor  
Academic year 2020-21 (Preliminary Data)**



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2021, Human Resources component.

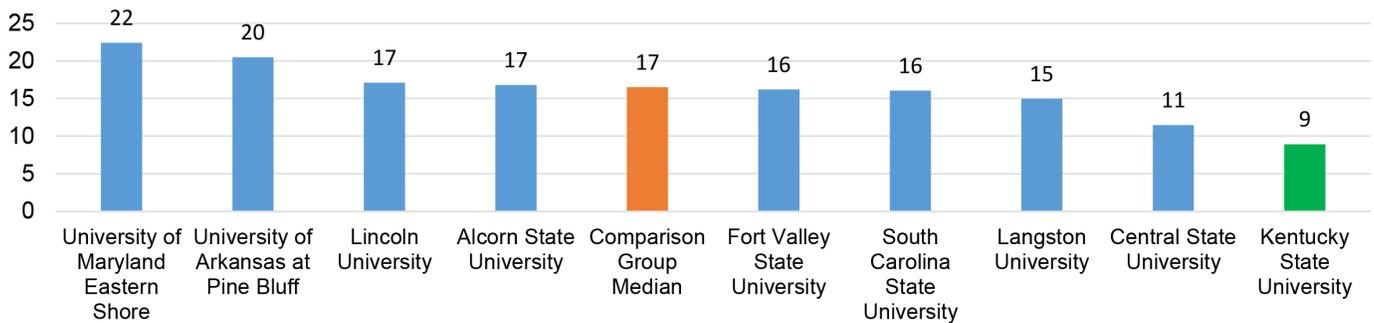
**Average salaries of full-time instructional non-medical staff equated to 9-months worked, assistant professor  
Academic year 2020-21 (Preliminary Data)**



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2021, Human Resources component.

**Productivity**

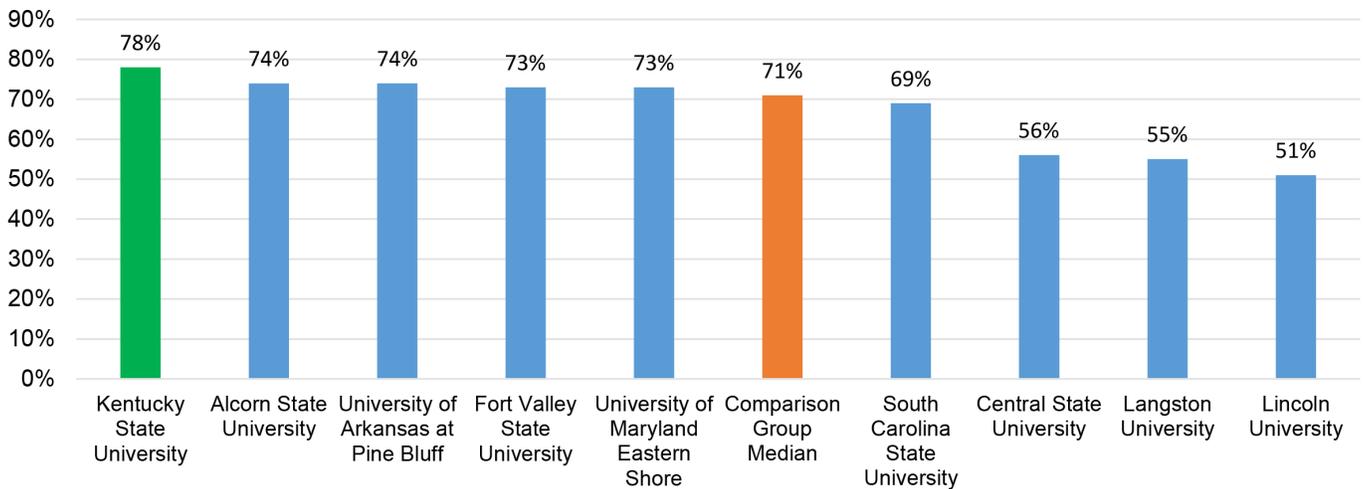
**Bachelor's degrees awarded per 100 reported FTE undergraduate enrollment  
Academic Year 2019-20**



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Fall 2020, 12-month Enrollment and Completions components.

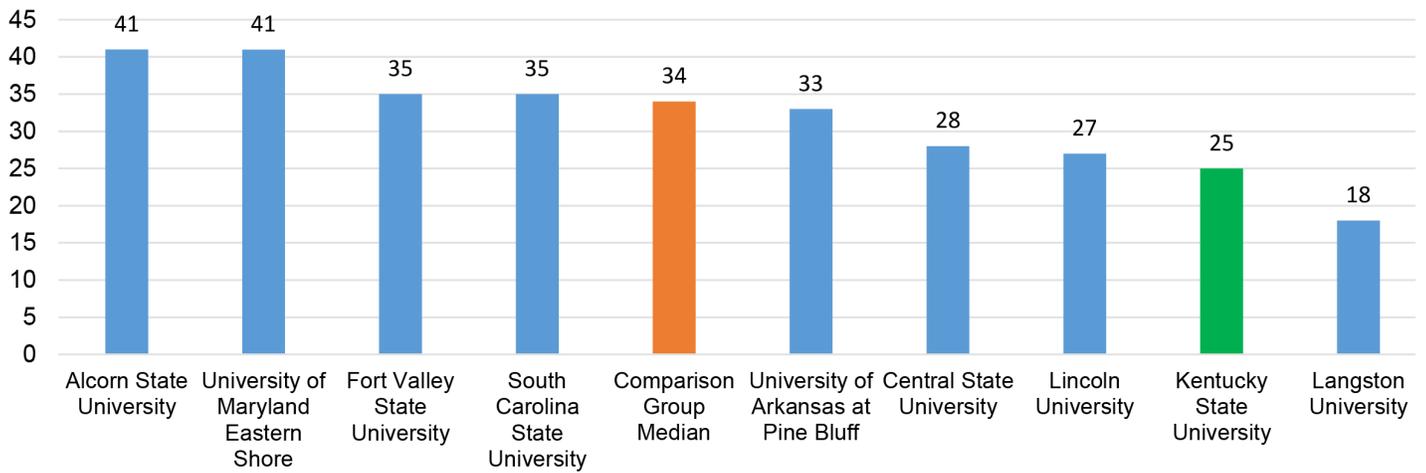
**Student Outcomes**

**Full-time Retention rates of first-time bachelor's degree seeking students, by attendance status  
Fall 2019 cohort (Preliminary Data)**



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Spring 2021, Fall Enrollment component.

**Graduation and transfer-out rates of full-time, first-time degree/certificate-seeking undergraduates within 150% of normal time to program completion**  
**Overall Graduation Rate; 2013 cohort**



SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS): Winter 2019-20, Graduation Rates component.





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November 2021

The Council does not discriminate on the basis of race, color, national origin, sex, religion, age, or disability in employment or the provision of services, and provides, upon request, reasonable accommodation, including auxiliary aids and services necessary to afford individuals with disabilities an equal opportunity to participate in all programs and activities.

**KY COUNCIL ON POSTSECONDARY EDUCATION**

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**TITLE:** Report from the Academic and Strategic Initiatives (ASI) Committee

**DESCRIPTION:** The following is a summary of the Committee's meetings in October 2021.

**PRESENTER:** Lucas Mentzer on behalf of Lori Harper, Chair of ASI Committee

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The Academic and Strategic Initiatives Committee had two scheduled meetings in October 2021. The meeting on October 5<sup>th</sup> was canceled, however the Committee did meet on October 29<sup>th</sup>. Below is a summary of their work.

- Reviewed the 2022-30 Statewide Strategic Agenda for Kentucky Postsecondary Education and recommended final approval by the Council.
- Reviewed the report detailing degrees and credentials awarded by Kentucky postsecondary campuses in 2020-21.
- Received an overview on the work of CPE's new Kentucky Student Success Collaborative (KYSSC), first statewide center in the country to link two- and four-year higher education institutions with policy and industry leaders to increase graduation rates, close equity gaps and strengthen workforce readiness.
- Received the announcement Kentucky's participation in the 2022 Education Attainment Academy. The Academy, hosted by the State Higher Education Executive Officers (SHEEO) and Education Strategies Group (ESG) will help participating states plan and develop strategies/ recommendations around key areas of need. Kentucky's focus for the Academy will be building out a more comprehensive state strategy to improve educational outcomes for adult learners, with a strong focus on equity and addressing the needs of low-income Kentuckians and people of color.
- Learned of the events occurring November 8-12 and November 17 for Go!vember, a collaborative campaign designed to inform Kentucky high school students and their key influencers about the college-going process and encourage them to complete the FAFSA and apply for and enroll in postsecondary education.

The ASI Committee's next meeting is scheduled for January 19, 2022.

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The supporting materials for Committee meetings and YouTube replay link can be found on the Council Meetings Records Archive webpage at: <http://cpe.ky.gov/aboutus/records/index.html>.

**TITLE:** Higher Education Matters: A Statewide Strategic Agenda for Kentucky Postsecondary Education, 2022-2030

**DESCRIPTION:** The Academic and Strategic Initiatives (ASI) Committee recommends the Council approve the proposed 2022-30 Statewide Strategic Agenda for Kentucky postsecondary education.

**PRESENTER:** Lucas Mentzer on behalf of Lori Harper, Chair of the ASI Committee

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### **COMMITTEE REVIEW & APPROVAL**

The Academic and Strategic Initiatives Committee reviewed the 2022-30 Statewide Strategic Agenda at its October 29, 2021 meeting, and recommends approval of the new Agenda by the board.

### **BACKGROUND INFORMATION**

The CPE is directed by KRS 164.020 to develop a statewide strategic agenda for the public postsecondary education system and revise it on a regular cycle. The agenda identifies statewide priorities and a vision for long-term economic growth by improving the education and skill levels of Kentucky’s workforce. The agenda sets performance goals for students and institutions that reflect high expectations and standards, emphasizes continuous improvement, and supports technology-based solutions and innovative practices.

### **AGENDA GOALS AND COMPONENTS**

This agenda advances a bold vision for increased economic growth and vitality in the Commonwealth through improvements in the education and skill levels of our workforce. It establishes strategic priorities to drive higher education innovation and improvement, and key performance indicators to monitor progress toward an ambitious educational attainment goal – for 60% of working-age Kentuckians to have a high-quality postsecondary credential by the year 2030.

Building on previous agendas, “Higher Education Matters” is a blueprint for accelerating change and improvement in Kentucky’s public postsecondary system. The strategic

priorities identified represent the primary issues and top concerns as Kentucky faces the demographic, economic, and technological forces reshaping higher education.

The following areas lead the directives of the agenda:

- Overarching Goal: Kentucky will increase the percentage of its adult population with a high-quality postsecondary credential to 60% by the year 2030.
- Cross-cutting Priority: Equity - Kentucky will ensure all students have equitable access to higher education and the necessary tools to complete their programs prepared for life and work.
- Statewide Priorities:
  1. Affordability - Kentucky will ensure postsecondary education is affordable for all Kentuckians.
  2. Transitions - Kentucky will ensure more students successfully transition to college prepared to succeed.
  3. Success - Kentucky will ensure more students earn high-quality degrees and credentials.
  4. Talent - Kentucky will increase talent and innovation to support our communities, employers and economy.
  5. Value - Kentucky will improve public understanding that postsecondary education is key to greater opportunity and economic growth.

## THE DEVELOPMENT PROCESS

Development of the 2022-30 began in January 2021. The ASI Committee served as the steering committee for the project and CPE consulted with the ECU Facilitation Center to guide the initial development process and qualitative data collection. CPE staff conducted the intensive quantitative and qualitative data collection, and a campus advisory committee was formed to help develop the agenda framework and performance measures. Hundreds of stakeholders, both nationally and statewide, have contributed to the development of the new agenda.

The ASI Committee approved each section of the agenda in stages which allowed staff to keep the project within its timeline.

- July 13 – Approval of the Vision, Mission, and Value Statements
- August 10 – Approval of the overarching goal, cross-cutting priority and five strategic priority areas
- August 31 – Approval of the objectives for each of the five strategic priorities

- October 29 – Review and approve the 2022-30 agenda in its entirety and recommend approval by the full Council at the November 5 business meeting.

## **NEXT STEPS**

Following the Council's approval on November 5, staff will formalize the document for public distribution. An official public launch is being planned for early 2022. Staff will work with each of the campuses during the remainder of 2021 and during the first few months of 2022 to establish state and campus-level performance targets and develop campus strategies for each of the strategic agenda objectives. State-level implementation plans for each objective will be developed at this time.



# HIGHER EDUCATION MATTERS

## 2022-2030

A Statewide Strategic Agenda for Kentucky Postsecondary Education



## From the CPE President

In accordance with Kentucky Revised Statute 164.020, we are pleased to present “Higher Education Matters: A Statewide Strategic Agenda for Kentucky Postsecondary Education, 2022-2030.”

This agenda advances a bold vision for increased economic growth and vitality in the Commonwealth through improvements in the education and skill levels of our workforce. It establishes strategic priorities to drive higher education innovation and improvement, and key performance indicators to monitor progress toward an ambitious educational attainment goal – for 60% of working-age Kentuckians to have a high-quality postsecondary credential by the year 2030.

The previous iteration of this agenda, “Stronger by Degrees,” promoted high-impact practices that enabled us to reimagine developmental education and infuse workplace essential skills into select degree programs. “Higher Education Matters” will accelerate the adoption of high-impact practices that further improve teaching and learning, ensure the quality and relevancy of postsecondary credentials, and invite non-traditional and historically excluded individuals onto our campuses in greater numbers.

A critical focus of “Higher Education Matters” is creating equitable higher education opportunities for low-income Kentuckians and underrepresented people of color. The COVID-19 pandemic reminded us how easily academic momentum can be stalled by unemployment,

poor physical or mental health, food and housing insecurity and the lack of reliable broadband access. We must ensure that at-risk students are provided access to life-changing postsecondary credentials, as well as the academic, social and emotional supports to succeed. Doing so is both an economic and moral imperative.

As Kentucky recovers from the global pandemic, we will continue to deal with its aftereffects. This strategic agenda provides a framework that is fixed enough to provide focus and stability, while flexible enough to respond to future crises.

This plan was not created in a vacuum. It relies on the contributions of countless constituencies and committees. I would be remiss if I did not thank the hundreds of individuals -- including CPE board members, higher education leaders, faculty members, students, K-12 educators, legislators, employers and partners -- that provided valuable insight and direction throughout the development process.

This agenda is not CPE’s strategic plan; it belongs to each and every one of us. Kentucky will rise or fall based on our collective, united efforts to enable all citizens to reach their highest potential. We have a lot of ground to cover, but together we can navigate the path toward a more equitable and prosperous Commonwealth.

# Kentucky's Public Postsecondary System

## Vision

Kentucky will be a national leader in building a strong, sustainable and equitable economy through increased educational attainment and affordable, high-quality postsecondary programs.

## Mission

Kentucky's postsecondary education system drives innovation, enhances public health and well-being, breaks cycles of generational poverty and improves quality of life by preparing students to be lifelong learners and excel in a diverse, knowledge-based economy.

## Values

Inclusion, equity and diversity  
Transparency and accountability  
Institutional collaboration  
Comprehensive student support

Business and community partnerships  
Quality and excellence  
Affordability and accessibility  
Innovation

## Higher Education Matters

*Higher education strengthens the economy, creates wealth, reduces inequality, breaks cycles of generational poverty, improves health and well-being and preserves democracy.*

This strategic agenda for Kentucky postsecondary education is built on a simple, enduring premise: higher education matters to our state and its people.

Higher education empowers individuals to reach their highest potential and achieve personal and professional fulfillment. It improves collective health and well-being through a steadfast commitment to public service. It advances knowledge and discovery, ignites innovation and fuels our economy.

Research studies enumerate its benefits to individuals and society. On average, college graduates earn more money, have lower rates of unemployment, enjoy better health, live longer and are more active citizens and volunteers. States with high levels of educational attainment -- like DC, Massachusetts, and Colorado -- generate higher tax revenues, create more jobs and spend fewer resources on public assistance, disease, addiction and incarceration.

Despite these findings, the value of college is now a matter of debate. Media stories portray recent college graduates as underemployed and overburdened with debt. Editorials encourage young people to forgo college and learn a trade. (Ironically, most of these trades now require some postsecondary education).

These voices have undermined the public's faith in higher education, at a time when a college credential is more important than ever. Since America's Great Recession, 99% of all new jobs created require some level of postsecondary education and training, but less than half of

Americans between the ages of 25-34 have the necessary credentials to fill these jobs.

We must restore the value proposition to higher education. Kentucky's future prosperity and quality of life depend on it.

This agenda is Kentucky's plan to create a more inclusive, innovative higher education system that serves students of all ages, backgrounds and beliefs. It reaffirms our goal for 60% of Kentucky adults to have a postsecondary credential by the year 2030, and builds on unprecedented gains in degree production over the last decade.

It responds to the suggestions and concerns of hundreds of Kentuckians -- higher education faculty and administrators, K-12 educators, board members, legislators, employers and others -- who worked with us on its development. Based on trend analysis, research and stakeholder feedback, this agenda identifies the strategic priorities that will focus our efforts over the next decade, with equity as a cross-cutting priority. They are affordability, transitions, success, talent and value.

This agenda includes common objectives that will guide system-wide progress. The statewide strategies included in this document will be led by CPE, in conjunction with its partners. Public institutions will develop campus-level strategies that respond to each objective. All strategies will be reviewed and revised every three years.

CPE and campuses will set numeric targets for Key Performance Indicators, which also will be updated on a three-year cycle. Additional contextual metrics will help us monitor progress and adjust strategies as needed, but targets will not set for these metrics.

Kentucky's higher education institutions will pursue these objectives, strategies and targets as a system, united by common challenges and enhanced by individual strengths.

## Kentucky's 60 X 30 Goal: Our North Star

*Kentucky will increase the percentage of its adult population with a high-quality postsecondary credential to 60% by the year 2030.*

In ancient times, sailors used the North Star as a navigational guide due to its fixed position in the sky. Today, the North Star has come to symbolize any guiding principle or purpose. During prosperity or adversity, it is a steadfast point on which we set our sights.

For Kentucky's postsecondary system, the 60x30 goal is our North Star. The previous strategic agenda, "Stronger by Degrees," established this statewide educational attainment goal back in 2016. With its adoption, Kentucky joined 45 other states and the Lumina Foundation in efforts to raise the education and skill levels of our workforce to meet current and future demands for talent.

Since 2009, Kentucky has made phenomenal progress toward the goal, increasing educational attainment by 18.9 percentage points, outpacing a 10-point national gain. Only two other states, Arizona and Louisiana, made more progress than Kentucky during this timeframe. At 49.4%, Kentucky's attainment rate is fast approaching the national average of 51.9%.

Much of this progress is due to increases in short-term credentials, which include certificates and industry certifications. The state's current short-term credential attainment rate is 13.3%, of which 9.2% are certificates and 4.1% are industry certifications. Since 2014-15, short-term credentials awarded by KCTCS (unduplicated count) have risen 53% (not including diplomas).

However, Kentucky is facing some strong headwinds in the decade to come, which threaten to blow us off course. These include:

- **A declining number of high school graduates.** In its report, "Knocking at the College Door," the Western Interstate Commission on Higher Education projects that the number of high school graduates in Kentucky will peak during the year 2025 at 52,120. By 2030, that number will fall to 44,508, a 14.6% decline. Combined with declines in the college-going rate of high school graduates over the last decade, this decrease almost certainly will result in lower postsecondary enrollments, unless institutions focus on enrolling more working-age adults and out-of-state students.
- **Falling adult enrollments.** Unfortunately, postsecondary enrollment among adults between the ages of 25-64 has decreased 17.6% since 2011-12. The good news is that after reaching a low of 77,456 in 2015-16, that number has been rebounding, although most of this growth is at the graduate level. Kentucky will need aggressive recruitment efforts focused on adults pursuing their first postsecondary credential in the decade ahead.
- **Unequal rates of attainment.** There are significant disparities in educational attainment linked to race and ethnicity that must be addressed, especially since the state's population is growing more diverse. The educational attainment rate is 28.6% for Black Kentuckians and 26.7 for Hispanic/Latinx Kentuckians, compared to 36.1% for White Kentuckians. These gaps must be closed.

In the decade ahead, CPE will provide more detailed projections to monitor progress toward the 60% attainment goal, including annual average increases needed in statewide degree production.

# STRATEGIC PRIORITIES

Building on previous agendas, “Higher Education Matters” is a blueprint for accelerating change and improvement in Kentucky’s public postsecondary system. The strategic priorities identified in this plan represent our primary issues and top concerns as we face head-on the demographic, economic and technological forces reshaping higher education in Kentucky.



## Focus on Equity: Cross-Cutting Priority

*Kentucky will ensure all students have equitable access to higher education and the necessary tools to complete their programs prepared for life and work.*

Since its founding, America has been known as a land of opportunity, where hard work and perseverance lead to prosperity. Yet, in reality, our nation has not provided a level playing field for all of its citizens.

Inequities in Kentucky's educational systems have exacerbated disparities in employment, income, and health. These opportunity gaps prevent all Kentuckians from reaching their full potential.

The educational attainment rates of Kentuckians historically underrepresented in postsecondary institutions trail White Kentuckians by a considerable margin. While 36.1% of White Kentuckians (ages 25-64) have a college degree, only 28.6% of Black, 26.7% of Hispanic/Latinx and 25.4% of Native Americans/Alaskan Natives do.

Demographers predict that the United States will become a minority majority nation by the year 2045. Currently, 87.5% of Kentucky residents identify as White, but by 2040, that percentage is projected to fall to 77%. Kentucky's ability to meet our 60 x 30 attainment goal hinges on our ability to enroll and graduate a more diverse student body, requiring us to create more inclusive, welcoming and supportive educational spaces.

To address this challenge, the Council on Postsecondary Education has adopted one of the most comprehensive diversity, equity and

inclusion policies in the nation. The policy requires campuses to propose actions to increase minority enrollment, retention and completion, as well as improving cultural competence among members of the campus community. Campuses set targets annually, and failure to reach quantitative and qualitative goals limits their ability to offer new academic programs.

Additionally, the state's performance funding model places a premium on degrees awarded to underrepresented minority and low-income students. Since its adoption, Kentucky has made significant headway in closing opportunity gaps, but more improvement is needed.

Kentucky will no longer accept an educational system that produces inequitable results for individuals of similar talents, aspirations and abilities. Because of the urgency of this challenge, equity has been identified as a cross-cutting priority of this agenda. There are no specific statewide objectives and strategies proposed for equity, because equity is a critical component of every other strategic priority.

As we implement the statewide strategies set forth in this agenda, each action will be examined through an equity lens. For every key performance indicator, we will disaggregate results to ensure improvement rates are equitable among targeted student populations.

Through an unwavering focus on diversity, equity and inclusion, Kentucky's postsecondary system will work to ensure that income, race, ethnicity, religion, sexual orientation or geography is never a barrier to college success.

## Affordability

### *Kentucky will ensure postsecondary education is affordable for all Kentuckians.*

Over the last two decades, federal and state disinvestment in public higher education has shifted the majority of college costs to students and their families. In 2000, Kentucky subsidized 66% of operational costs for public postsecondary institutions, with tuition and fees covering the remaining 34%. By 2020, the state's share of funding was down to 32%, with 68% borne by students.

Consequently, increases in college costs have become a serious burden for many Kentucky families. While the cost of living has steadily increased, real wages have remained flat. Declining amounts of college savings mean student borrowing is at an all-time high. Student loans now comprise the largest chunk of U.S. non-housing debt, more than credit cards or auto loans.<sup>1</sup>

At a time when postsecondary education and training is essential to long-term economic security, college is becoming financially inaccessible to our most vulnerable populations. If left unchecked, declines in college access will lead to greater income inequality, making it difficult for everyday Kentuckians to get ahead.

In a national survey conducted by the Citizens Financial Group, 70% of current college students said worries about college affordability had a moderate to high impact on their enrollment plans for the fall 2021 semester.

Responding to rising concerns from students, parents and elected officials, CPE elevated college affordability to one of six strategic priorities Kentucky's public postsecondary system will pursue over the next eight years.

To this end, the state's higher education system will build on the success achieved over the last decade to increase college access and affordability.

We will work with elected leaders to increase state funding for postsecondary education and student financial aid, so rising costs are not passed on to students.

We will work to limit increases in tuition and fees, while exploring collaborative purchasing agreements and efficiency measures to keep ancillary costs in check.

We will work in partnership with P-12 educators, advisors, counselors and other stakeholders to help incoming students understand the complexities of college pricing, and the role of grants, scholarships and responsible borrowing in managing costs. The published cost of attendance stops many students and families in their tracks. Providing greater transparency around out-of-pocket costs will ensure sticker shock does not prevent students from applying.

We also will focus on decreasing the time it takes to earn a credential, since additional semesters mean additional cost. Early postsecondary opportunities and improved advising are strategies that can help students graduate on time.

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<sup>1</sup> (<https://www.forbes.com/sites/camilomaldonado/2018/07/24/price-of-college-increasing-almost-8-times-faster-than-wages/?sh=77da242f66c1>)

# Affordability

## Objective 1: Reduce financial barriers to college enrollment and completion.

### State-level Strategies:

- 1a. Work with campuses, stakeholders and other state leaders to increase access to grants and scholarships for low- and middle-income students.
- 1b. Moderate increases in tuition and mandatory fees at Kentucky's public colleges and universities.
- 1c. Increase opportunities for institutional collaboration to reduce campus expenditures and limit increases in college costs.

## Objective 2: Improve the public's understanding of how to pay for college.

### State-level Strategies:

- 2a. Provide informational resources and advising strategies for counselors, teachers and community partners on paying for college.
- 2b. Coordinate and support efforts to increase the number of Kentuckians who complete the Free Application for Federal Student Aid (FAFSA).
- 2c. Establish state-level networks for high school counselors and other college access professionals to share effective practices, build expertise and develop common outreach and messaging for Kentucky students.

## Key Performance Indicators:

### Unmet Financial Need (State & Campus-Level)

A student's average unmet financial need by academic year. Unmet financial need is defined as the cost of attendance minus the sum of expected family contribution and all federal, state and local government, or institutionally funded scholarships or grants received by students.

### Time to Degree (State & Campus-Level)

Total number of academic years enrolled before credential completion.

### FAFSA Completion (State-Level)

Percent of recent high school graduates who matriculated to a Kentucky public postsecondary institution and completed a FAFSA application.

## Transitions

*Kentucky will ensure more students successfully transition to college prepared to succeed.*

Over the decade, the U.S. saw little movement in the percentage of high school seniors enrolling directly in postsecondary programs, which remained around 66%.<sup>2</sup> Kentucky, on the other hand, experienced a steep decline in its in-state college-going rate, falling from 55% in 2014 to 50.5% in 2019.

As we approach 2022, the COVID-19 pandemic continues to disrupt the postsecondary plans of thousands of Kentuckians. Some are delaying college to help make ends meet, or to care for parents or relatives who are ill. For many rural and low-income students, a lack of reliable broadband access made it difficult to remain engaged in remote learning. For these individuals, the financial, physical and emotional toll of COVID will linger long after the virus recedes.

While these circumstances are beyond our control, there are actions higher education can take to provide extra guidance to students. We can remove tripwires that cause individuals to stumble on the path to college, particularly if they are first-generation or historically underserved by postsecondary institutions. We can simplify complicated admission processes, for instance, and help demystify financial aid applications like the FAFSA.

The rise of early college experiences in high school show tremendous promise. Dual credit and enrollment, Advanced Placement (AP), International Baccalaureate (IB) and similar programs allow students to earn college credit while still in high school, giving them a jump-start on postsecondary education. The challenge is to expand access to students of varying socioeconomic backgrounds and ability levels, and ensure credits count toward degree requirements and not just as electives.

It is unrealistic to expect high school guidance counselors to help every student navigate the maze of college admission requirements and decisions. With its partners, Kentucky's postsecondary system will work to expand dedicated college coaches and advisors to every school district in the Commonwealth, and create resources that walk students and their parents step-by-step through the planning and application process.

Colleges and universities must do their part to enroll and retain students through those critical first months. We will work to increase the recruitment of individuals historically excluded or underrepresented in higher education, including working-age adults balancing careers and families. We will streamline and digitize admission processes and materials to the greatest extent possible. Predictive analytics can help pinpoint at-risk students and better target intervention strategies.

Such actions will go a long way toward creating smoother educational transitions, from cradle to career.

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<sup>2</sup> <https://nces.ed.gov/programs/coe/indicator/cpa>

# Transitions

## Objective 3: Increase students' readiness to enter postsecondary education.

### State-level Strategies:

- 3a. Expand access to high-quality early postsecondary opportunities.
- 3b. Develop digital resources to help students explore career interests and college options.
- 3c. Partner with public K-12 schools and postsecondary institutions to provide outreach to students to help them prepare and plan for college.

## Objective 4: Increase enrollment in postsecondary education.

### State-level Strategies:

- 4a. Enhance college recruitment strategies through partnerships with postsecondary institutions and other stakeholders, with attention to underrepresented minority, adult and low-income students.
- 4b. Work with education providers to streamline and simplify postsecondary admission processes.

## Key Performance Indicators:

### Undergraduate Enrollment (State & Campus-Level)

Total unduplicated number of students enrolled in undergraduate, postsecondary programs.

### College-Going Rate (State-Level)

Percent of recent Kentucky high school graduates who attend any in-state or out-of-state postsecondary institution in the summer, fall or spring after high school graduation.

## Success

### *Kentucky will ensure more students earn high-quality degrees and credentials.*

Kentucky's colleges and universities made impressive gains in retention and completion over the last decade. The six-year graduation rate rose from 47.6% to 56.4% at public universities, while the three-year graduation rate at KCTCS jumped 13.3 points to 33%.

However, while institutions are narrowing completion gaps at a historic pace, more progress is needed to close them. The six-year graduation rate of Black, Latinx, indigenous and mixed race students currently stands at 44%, and the three-year rate is 24.3%.

Increasing degree production for *everyone* is an overriding concern of this agenda, but we are not prioritizing quantity over quality. High-quality credentials equip students to thrive in a rapidly evolving world that demands critical thinking, ingenuity, flexibility and teamwork. From certificates to doctorates, we must ensure students master the content, skills and mindsets necessary for future success and fulfillment. The challenge is producing quality credentials at a pace commensurate with our overarching attainment goal.

In the years ahead, Kentucky higher education will double down on the widespread adoption of high-impact practices that research has proven to be effective. As we begin this agenda, CPE is launching the Kentucky Student Success Collaborative, a one-of-a-kind center dedicated to the advancement of innovative strategies and best practices. This entity will increase our

capacity to engage and unite campuses in more sustained, comprehensive improvement efforts.

We will continue to improve transfer from two-year to four-year institutions by helping students and practitioners understand how credits apply to specific degree programs across the state. We will promote credit for prior learning and accelerated programs to make our institutions friendlier for working-age adults, an underserved market that is critical to creating a more competitive workforce and reaching our 60x30 goal.

Just as technology is revolutionizing the way we work, it is transforming teaching and learning. Digital classrooms, global online collaborations, and personalized learning software are only the beginning. Combined with face-to-face instruction, technology can accelerate and deepen learning in profound ways. But we cannot harness this powerful tool if educators lack training and resources, or if broadband access is not universally accessible and affordable.

Finally, we intend to make internships, apprenticeships, service and other forms of work-based learning a mandatory curricular experience. Students should be able to connect classroom learning to the world of work, and articulate these connections to employers. More robust employer partnerships will increase the relevance and responsiveness of academic programs, and ensure students are able to secure meaningful employment in their field of study.

# Success

## Objective 5: Increase persistence in and timely completion of postsecondary programs.

### State-level Strategies:

- 5a. Share, implement and evaluate emerging, promising and proven practices supporting student success and college completion.
- 5b. Identify and promote efforts to ensure “on-time” program completion.
- 5c. Work with campuses and other state and national partners to close opportunity and success gaps for historically underserved students of color and students from low-income backgrounds.
- 5d. Work with education providers to limit barriers to enrollment and completion for adult learners and other students balancing the competing demands of work, life, family and school.

## Objective 6: Maximize transfer of academic and experiential credit.

### State-level Strategies:

- 6a. Work with campuses to reduce barriers that prevent the seamless transfer of credit.
- 6b. Promote transfer opportunities and program pathways.

## Objective 7: Ensure academic offerings are high-quality, relevant and inclusive.

### State-level Strategies:

- 7a. Work with campuses to ensure the essential competencies and outcomes outlined in the Kentucky Graduate Profile are embedded in all academic programs.
- 7b. Work with campuses to ensure academic and co-curricular offerings are equity-focused and inclusive.

## Key Performance Indicators:

### Undergraduate Degrees Conferred (State & Campus-Level)

Total number of degrees and credentials awarded by public universities and KCTCS institutions.

### Graduation Rate (State & Campus-Level)

The percent of first-time, full-time undergraduate credential-seeking students who receive a bachelor’s degree within six years at public universities, or an associate degree or credential within three years from their KCTCS institution of entry.

### **KCTCS to Four-Year Transfer (Campus-Level)**

Percent of first-time, full-time, associate or credential seeking students entering in the fall semester who transfer to any four-year public postsecondary institution in Kentucky within three years of entry.

### **Second-Year Persistence (State-Level)**

Percent of first-time, degree- or credential-seeking students enrolled in the previous summer or fall who are still enrolled the following fall at any postsecondary institution in Kentucky or, in the case of KCTCS students, have successfully completed a postsecondary credential.

### **First-Year to Second-Year Retention (Campus-Level)**

Percent of first-time, degree or credential-seeking students enrolled in the summer or fall who return to the same institution to continue their studies the following fall.

## Talent

### ***Kentucky will increase talent and innovation to support our communities, employers and economy.***

A primary purpose of postsecondary education is to produce adaptive, highly skilled workers to fuel the economy. In the recent past, a high school education was sufficient to secure gainful employment capable of supporting a family. However, automation and outsourcing are rendering these jobs obsolete. Two out of three high-wage jobs created in the U.S. since 2008 demand postsecondary experience.

A 2021 report by the Kentucky Chamber of Commerce estimates that the state has 90,000 to 100,000 job openings in any given month, and 65% to 85% of these vacancies require training, credentialing or degrees beyond high school. Data from the Chamber's Talent Pipeline Management (TPM) program show that only 30% of the state's jobs require a high school diploma or less, corroborating this finding.

At 56.3%, Kentucky currently has one of the lowest workforce participation rates in the nation. Poor health, substance use disorders and childcare shortages are partly to blame, but the lack of requisite skills and credentials is a large and growing part of the problem.

Kentucky must expand postsecondary access to undereducated, working-age adults to fill critical work shortages in healthcare, STEM fields, early childhood development and other high-demand areas. Work-based education opportunities,

tuition assistance and public-private partnerships like UPS's Metropolitan College can put adults to work while they gain valuable credentials that move them up the career ladder.

Endless debates pitting technical training against liberal arts education miss the larger point: today's graduates need both. We must ensure liberal arts graduates gain technical and vocational proficiencies, just as community and technical college graduates gain exposure to the humanities and liberal arts.

CPE's recent partnership with the Quality Assurance Commons put essential employability skills front and center. We will capitalize on this momentum by incorporating and evaluating essential employability skills throughout all postsecondary programs and credentials.

Besides talent production, higher education institutions drive economic development through basic and applied research. Innovations originating in laboratories are driven to the marketplace, spawning new companies and creating products and processes that improve our lives. This agenda will focus on strategies to ensure these efforts are aligned with the state's emerging and existing industries.

Finally, Kentucky's postsecondary system will continue its mission of regional stewardship by working with community partners to exchange knowledge and expertise for the mutual benefit of the Commonwealth.

# Talent

## Objective 8: Improve the career outcomes of postsecondary graduates.

### State-level Strategies:

- 8a. Work with campuses to include a work-based learning or other career-relevant experience in all undergraduate programs.
- 8b. Work with colleges and universities to strengthen campus-based career advising and development.
- 8c. Facilitate meaningful partnerships between employers, community partners and education providers to improve the career outcomes of postsecondary programs.

## Objective 9: Increase research and service to support strong communities and economies.

### State-level Strategies:

- 9a. Identify high-growth, high-demand and high-wage industries by region, and target postsecondary programs for increased enrollment in those areas.
- 9b. Encourage targeted research, the development of signature academic programs and expanded community engagement supporting Kentucky's high-need, priority areas.

## Key Performance Indicators:

### Graduates Working or Pursuing More Education (State-Level)

Percent of certificate, associate and bachelor's degree graduates working in Kentucky or pursuing additional education one year after graduation.

### Graduate/Professional Enrollment (State & Campus-Level)

Number and percent of bachelor's recipients enrolling in graduate/professional programs at any Kentucky postsecondary institution within one year of completion.

### Graduate/Professional Degrees State & Campus-Level)

Total number of graduate/professional degrees awarded in an academic year.

### Educational Attainment (State-Level)

Percent of Kentuckians age 25-64 with a postsecondary credential (certificate or higher).

## Value

***Kentucky will improve public understanding that postsecondary education is key to greater opportunity and economic growth.***

Even before the pandemic, Americans were questioning the value of higher education. The extent of this skepticism varies according to socioeconomic status, political party affiliation, geographic region and other factors.

A 2021 survey asked adults whether college was definitely or probably still worth it. Overall, only 27% of respondents believed college was definitely worth it; another 33% said it probably was. While only half of low-income respondents said college was worth it, three-quarters of wealthy Americans did. Democrats expressed the strongest belief in college's worth (70%), followed by Republicans (53%) and Independents (52%).

Negative beliefs about the value of college, however widespread, are based more on feeling than fact. College's return on investment in strict financial terms depends on how much you paid for your degree and the marketability of your chosen field. Some students reap greater financial rewards than others. But to promote the belief that college is no longer a wise investment is a grave disservice to parents and students everywhere. While a postsecondary credential does not guarantee economic security, the lack of a credential most certainly limits earning potential and perpetuates poverty in our communities.

In September 2021, CPE released a study showing that among Kentucky's high school class of 2011, postsecondary graduates were earning substantially more money than high school graduates by 2019, despite fewer years of full-time work. The typical community college or university graduate recouped their higher

education investment in about three to five years, depending on the credential earned. Over the course of a 30-year career, bachelor's degree graduates in Kentucky make \$1 million more than high school graduates, while those with associate degrees make nearly half a million more.

Although anecdotes about college loan debt regularly feature students owing upwards of \$100,000 or more, the average bachelor's degree graduate in Kentucky borrows between \$25,000 and \$33,000 for their degree. About half of public college and university undergraduates graduate with no student loan debt.

The Council on Postsecondary Education will launch a statewide communications and public awareness campaign to counteract negative messages about the value of college. We will educate individual students about the benefits of a college credential, and inform policy makers about how higher education increases tax revenue, decreases unemployment and entitlement program expenditures, improves health outcomes and produces a myriad of benefits that can't easily be quantified, like increased volunteerism and voting.

Part of this effort is helping Kentuckians understand that college is not only a four-year, residential undergraduate degree. While that experience may not be for everyone, there are a multitude of college options in our state, many technical in nature, that allow students to pursue careers in the skilled trades, from short-term certificates to applied associate degrees.

It is our hope that increasing higher education's value proposition will lead to greater investment from both our General Assembly and the private sector. More profoundly, it will restore our belief in higher education's ability to put Americans on a path to future prosperity and fulfillment.

## Value

### Objective 10: Increase public belief in the power of postsecondary education.

#### State-level Strategies:

- 10a. Conduct a public awareness campaign and develop communications strategies to promote college going and elevate the importance of higher education to Kentucky's residents and economy.

### Objective 11: Build support for greater investment in postsecondary education.

#### State-level Strategies:

- 11a. Communicate higher education's return on investment and the need for increased state and federal support.
- 11b. Seek funding from foundations and other external sources to support Strategic Agenda priorities.

### Key Performance Indicators:

#### State General Fund Appropriations (State-Level)

Percent change in net general fund appropriations for full-time equivalent students, excluding state financial aid or state monies for debt service.



# Kentucky's Statewide Strategic Agenda for Postsecondary Education

2022-2030

Council on Postsecondary Education Meeting  
November 5, 2021

**Building on previous agendas, Higher Education Matters a blueprint for accelerating change and improvement in Kentucky's public system of higher education. The strategic priorities identified in this plan represent our primary issues and top concerns as we face head-on the demographic, economic and technological forces reshaping higher education in Kentucky.**



# Kentucky's Public Postsecondary System

## Vision

Kentucky will be a national leader in building a strong, sustainable and equitable economy through increased educational attainment and affordable, high-quality postsecondary programs.

## Mission

Kentucky's postsecondary education system drives innovation, enhances public health and well-being, breaks cycles of generational poverty and improves quality of life by preparing students to be lifelong learners and excel in a diverse, knowledge-based economy.

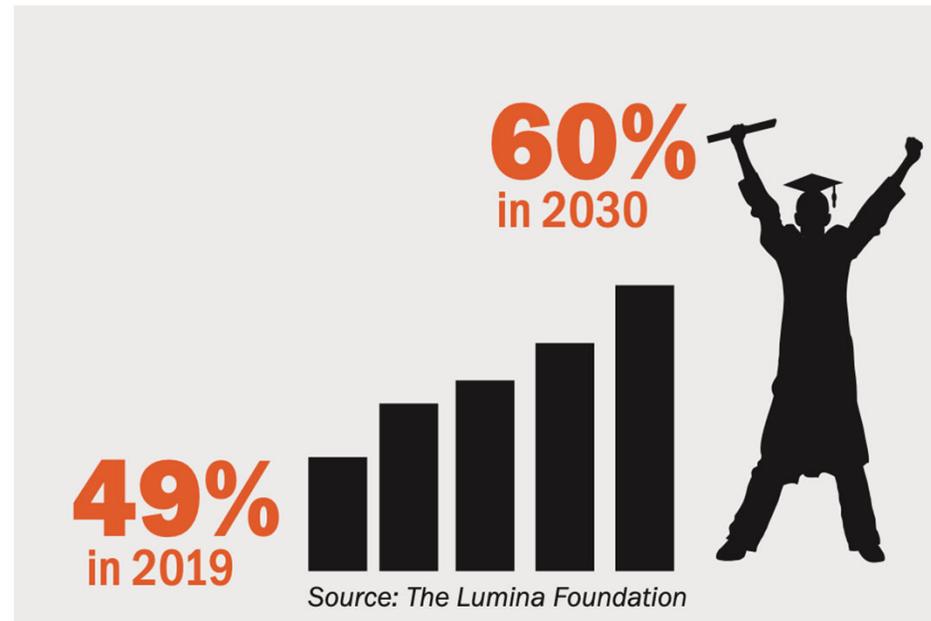
## Values

Inclusion, equity and diversity  
Transparency and accountability  
Institutional collaboration  
Comprehensive student support

Business and community partnerships  
Quality and excellence  
Affordability and accessibility  
Innovation

Increasing the percent of Kentuckians with postsecondary credential has been a foundational priority since the early 2000s. In 2016, CPE adopted Kentucky's 60x30 goal to increase attainment to 60% by the year 2030. Achieving this goal will accelerate job creation and grow the economy through the contributions of a more skilled, productive workforce. Also, higher levels of educational attainment are correlated with better health; more informed, engaged citizens; and the kind of culture that attracts vibrant, creative and entrepreneurial people to our state.

## Overarching Goal: 60x30



***Kentucky will increase the percentage of its adult population with a high-quality postsecondary credential to 60% by the year 2030***

Kentucky must close opportunity and success gaps for students who have historically been left behind. CPE's focus on equity is articulated through many of our policies focusing specifically on low income and underrepresented minority students. Because of the urgency of this challenge, equity has been identified as a cross-cutting priority within this agenda. All students must have an equal opportunity to learn and thrive and benefit from a welcoming, supportive educational experience.

## **CROSS-CUTTING PRIORITY: EQUITY**



***Ensure all students have equitable opportunity and access to higher education and the tools needed to progress in and complete their programs prepared for life and work.***



## **AFFORDABILITY**

Ensure postsecondary education is affordable for all Kentuckians.

- **Over the last two decades, federal and state disinvestment in higher education has shifted the majority of costs onto the backs of students and their families.**
- **Students and families face significant challenges understanding about how to pay for college and fill out the FAFSA.**
- **If our affordability challenges are left unchecked, more and more Kentuckians will be priced out of a college education, making it difficult for them to get ahead.**

### **Our Objectives:**

- 1. Reduce financial barriers to college enrollment and completion.**
- 2. Improve the public's understanding of how to pay for college.**



## TRANSITIONS

Ensure more students successfully transition to college prepared for life and work.

- Over the last five years, Kentucky has experienced a steep decline in its in-state college-going rate, falling from 55% to 50.5%.
- As we approach 2022, COVID-19 continues to up-end the postsecondary plans of thousands of Kentuckians.
- We must remove tripwires that cause individuals to stumble on the path to college, expand access to early postsecondary opportunities, and provide other resources.

### Our Objectives:

3. Increase students' readiness to enter postsecondary education.
4. Increase enrollment in postsecondary education.



## **SUCCESS**

Ensure more students earn high-quality degrees and credentials.

- **Increasing degree production is an overriding concern of this agenda, but we are not prioritizing quantity over quality.**
- **High-quality credentials equip students to thrive in a rapidly evolving workplace that demands critical thinking, flexibility and teamwork.**
- **The challenge is producing quality credentials at a pace commensurate with our overarching attainment goal.**

### **Our Objectives:**

5. **Increase persistence in and timely completion of postsecondary programs.**
6. **Maximize transfer of academic and experiential credit.**
7. **Ensure academic offerings are high-quality, relevant and inclusive.**



## TALENT

Increase talent and innovation to improve our communities, employers and economy.

- A primary purpose of postsecondary education is to produce adaptive, highly skilled workers to fuel our economy.
- A high school education was once sufficient to support a family and maintain a middle-class lifestyle. Now 2 out of every 3 new jobs created demand a postsecondary credential.
- Kentucky has one of the lowest workforce participation rates in the nation, and the lack of requisite skills and credentials is a large and growing part of the problem.

### Our Objectives:

8. Improve the career outcomes of postsecondary education graduates.
9. Increase research and service to support strong communities



## VALUE

Improve public understanding that higher education is key to greater opportunity and economic growth.

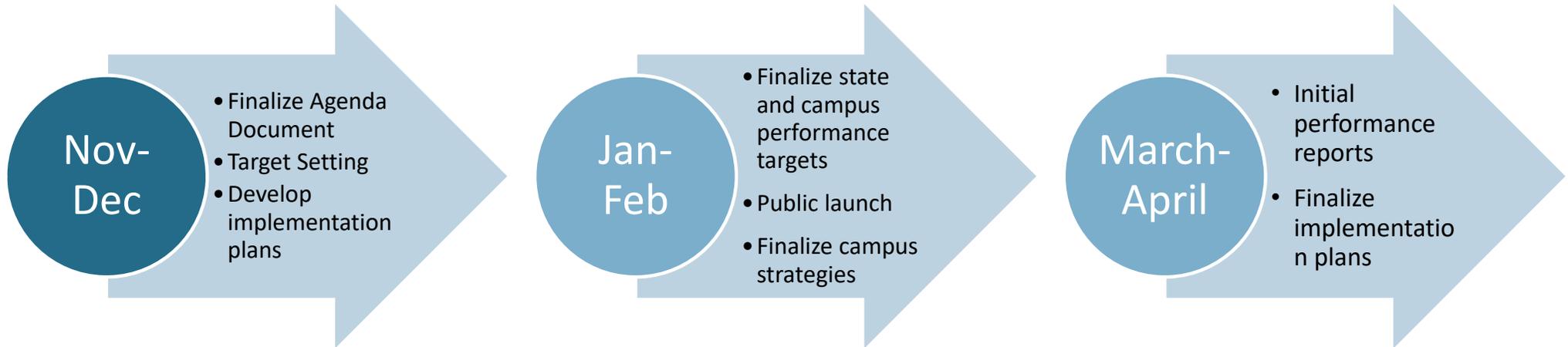
- **Negative beliefs about the value of college are more a matter of feeling than fact.**
- **A college credential does not guarantee economic security, but the lack of a credential most certainly places individuals at greater risk of poverty and limits earning potential for years to come.**
- **More needs to be done to educate individuals and decision makers about higher education's return on investment.**

### Our Objectives:

**10. Increase public belief in the power of postsecondary education.**

**11. Build support for greater investment in postsecondary education.**

# Timeline



# Proposed 2022-30 Review & Planning Cycle

2022-24

- Adopt new Agenda, Fall 2021
- Develop/implement 3-year action plan
- Regular assessments of progress
- Detailed review of objectives, strategies and metrics, Fall 2024

2025-27

- Launch revised Agenda, Spring 2025
- Develop/implement 3-year action plan
- Regular assessments of progress
- Detailed review of objectives, strategies and metrics, Fall 2027

2028-30

- Launch revised Agenda, Spring 2028
- Develop/implement 3-year action plan
- Regular assessments of progress
- Final Plan Assessment, Fall 2030

**KY COUNCIL ON POSTSECONDARY EDUCATION**

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**TITLE:** 2020-21 Postsecondary Degrees and Credentials Report

**DESCRIPTION:** Staff will present the key findings from the 2020-21 Postsecondary Degrees and Credentials Report

**PRESENTER:** Travis Muncie, CPE Executive Director of Data and Research

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**SUPPORTING INFORMATION**

Kentucky's Degree and Credential Report describes the state of postsecondary education degree and credential attainment, focusing on the 2020-21 academic year. Using data from the Kentucky Postsecondary Education Data System (KPEDS), the report details the number and types of credentials earned at Kentucky's public universities, the campuses of the Association of Independent Kentucky Colleges and Universities (AIKCU), and the Kentucky Community and Technical College System (KCTCS).

Staff will presented the key findings for this report, and the final report will release in the coming weeks. Highlighted data can also be found on the [CPE's interactive dashboard](#).



# Kentucky's Degree and Credential Production: 2015-2021

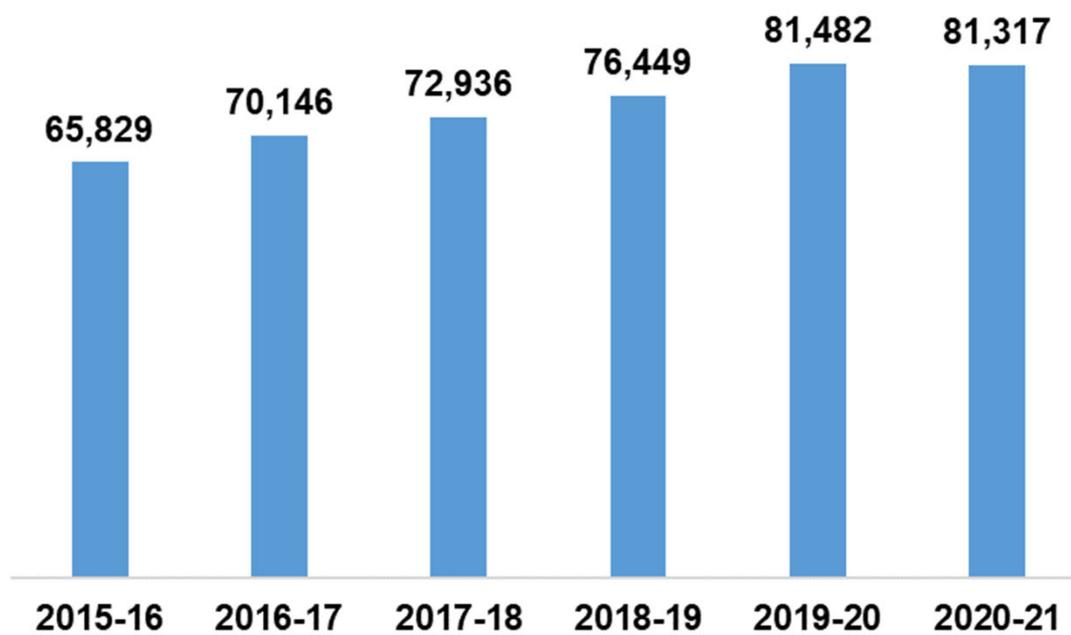
Data, Research & Advanced Analytics

# Outline

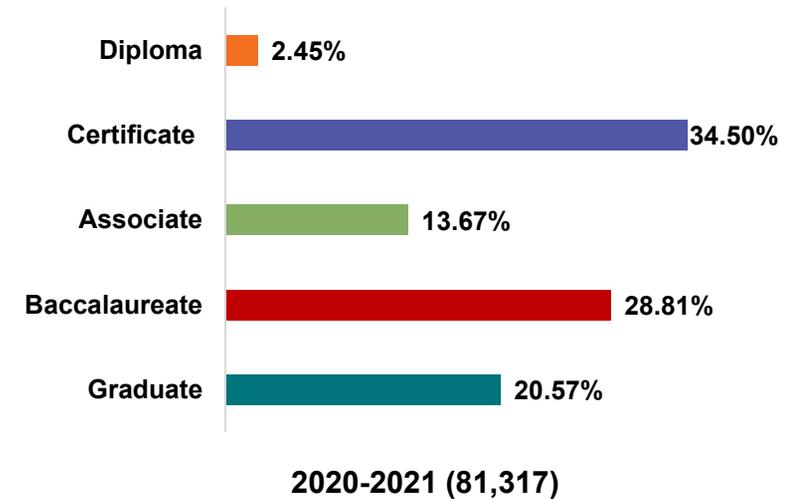


- **Total degree and credential production: 2015-2021**
- **Undergraduate degree and credential production:**
  - Four-year public and AIKCU
  - KCTCS
- **Graduate degree production:**
  - Four-year public and AIKCU
- **Degree and credential undergraduate profile:**
  - URM students
  - In-state students
  - Working-age students

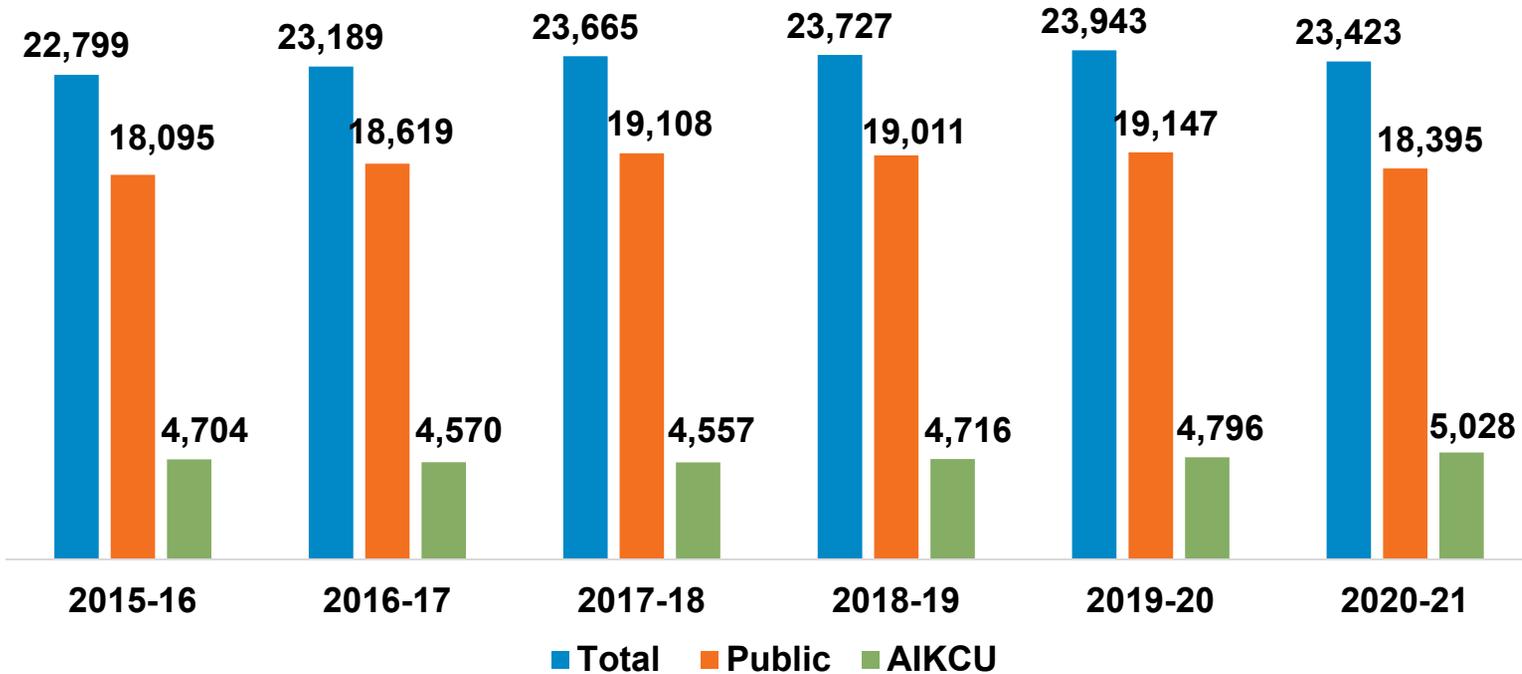
# Total Degree and Credential Production: 2015-2021



**Total Production**  
-0.20% (1 year)  
+23.53% (6 years)



# Total Baccalaureate Degree Production (Public and AIKCU)

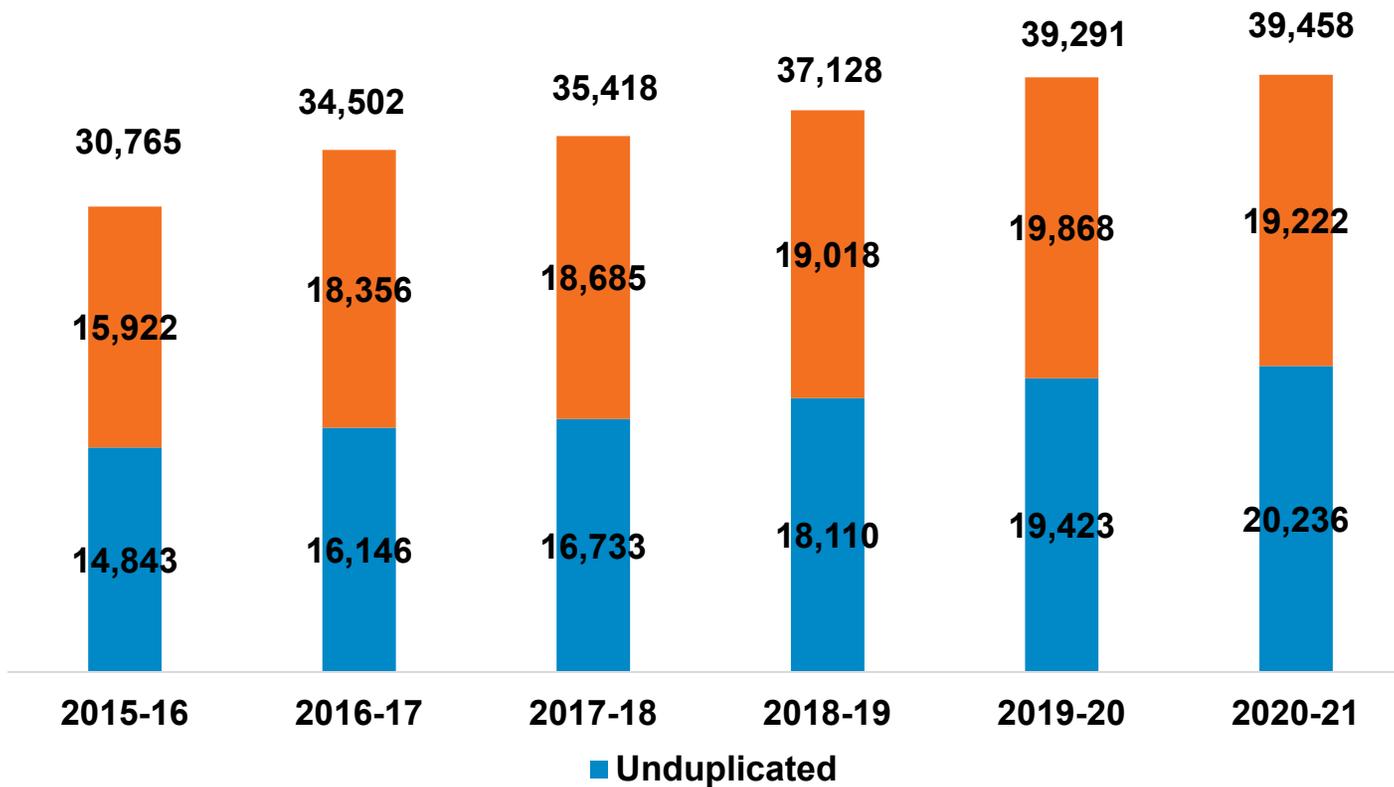


**All**  
 -2.17% (1 year)  
 +2.74% (6 years)

**4-Year Public**  
 -3.93% (1 year)  
 +1.66% (6 years)

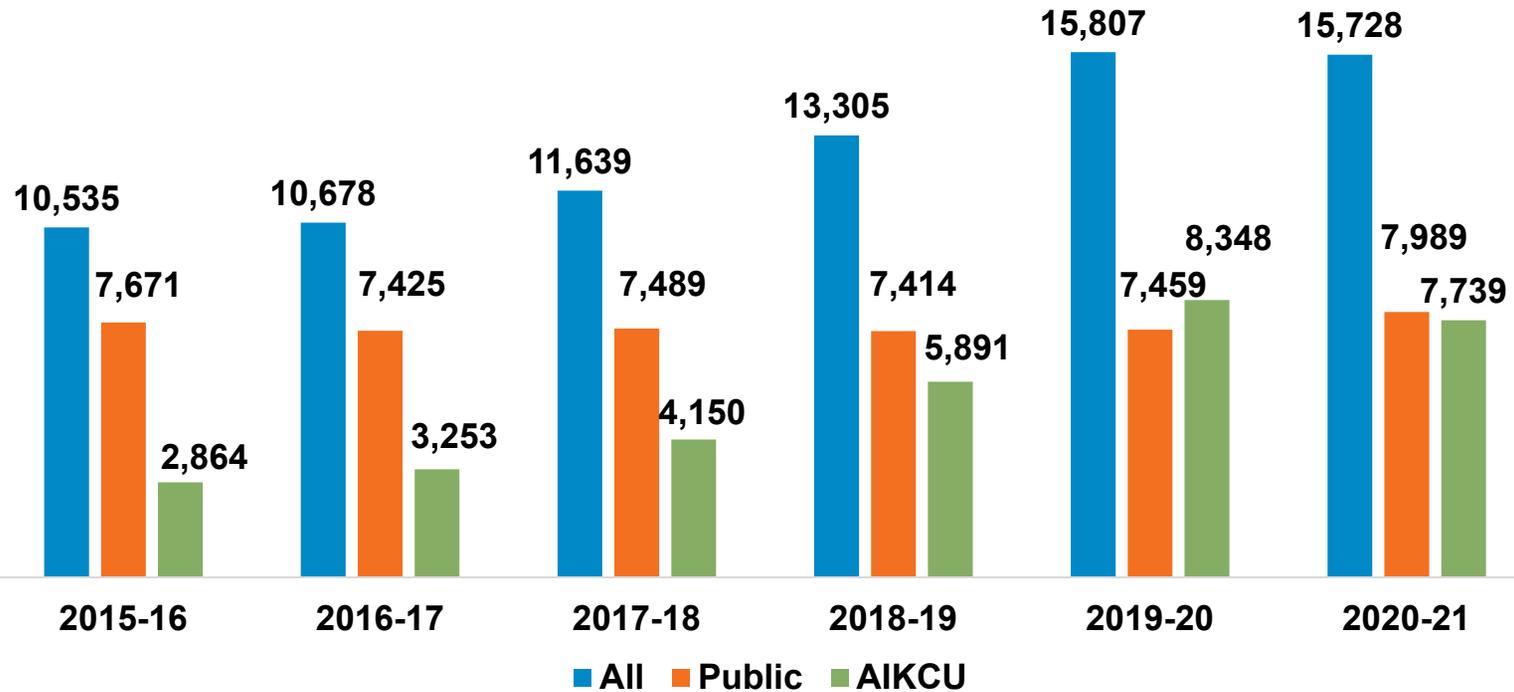
**Private (AIKCU)**  
 +4.84% (1 year)  
 +6.89% (6 years)

# KCTCS Degree and Credential Production



**KCTCS**  
+0.43% (1 year)  
+28.26% (6 years)

# Total Graduate Degree and Credential Production

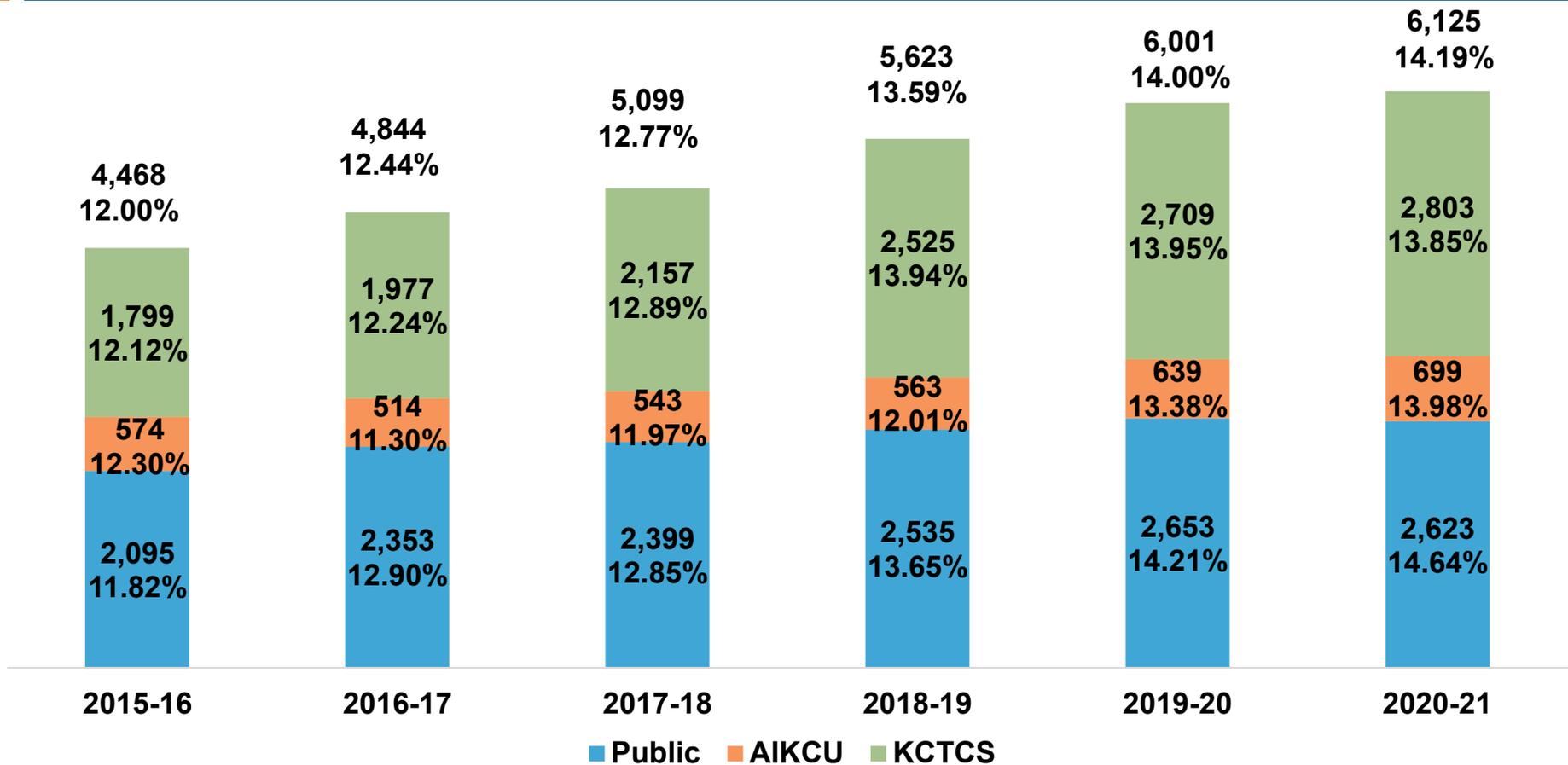


**All**  
 -0.50% (1 year)  
 +49.29% (6 years)

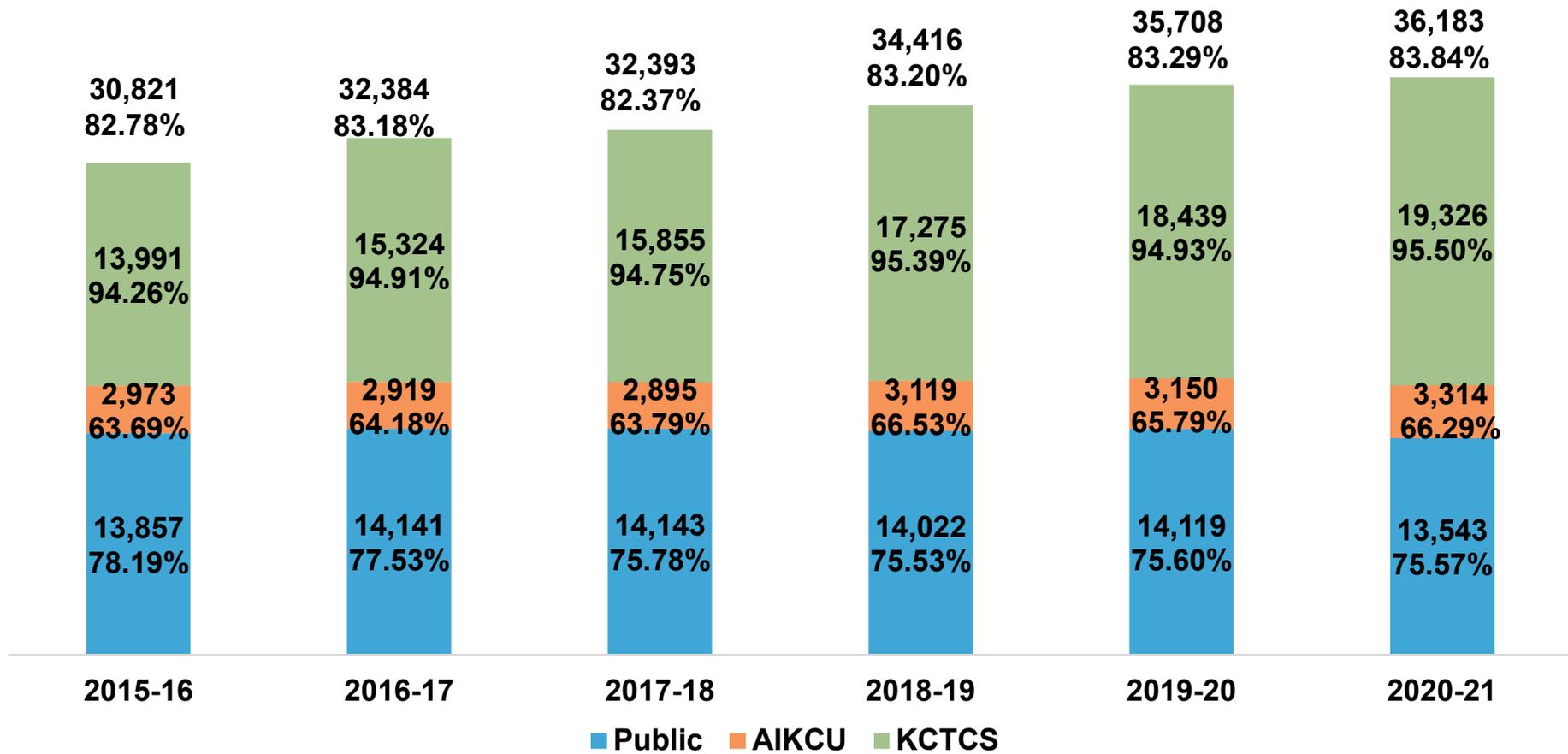
**4-Year Public**  
 +7.11% (1 year)  
 +4.15% (6 years)

**Private (AIKCU)**  
 -7.30% (1 year)  
 +170.22% (6 years)

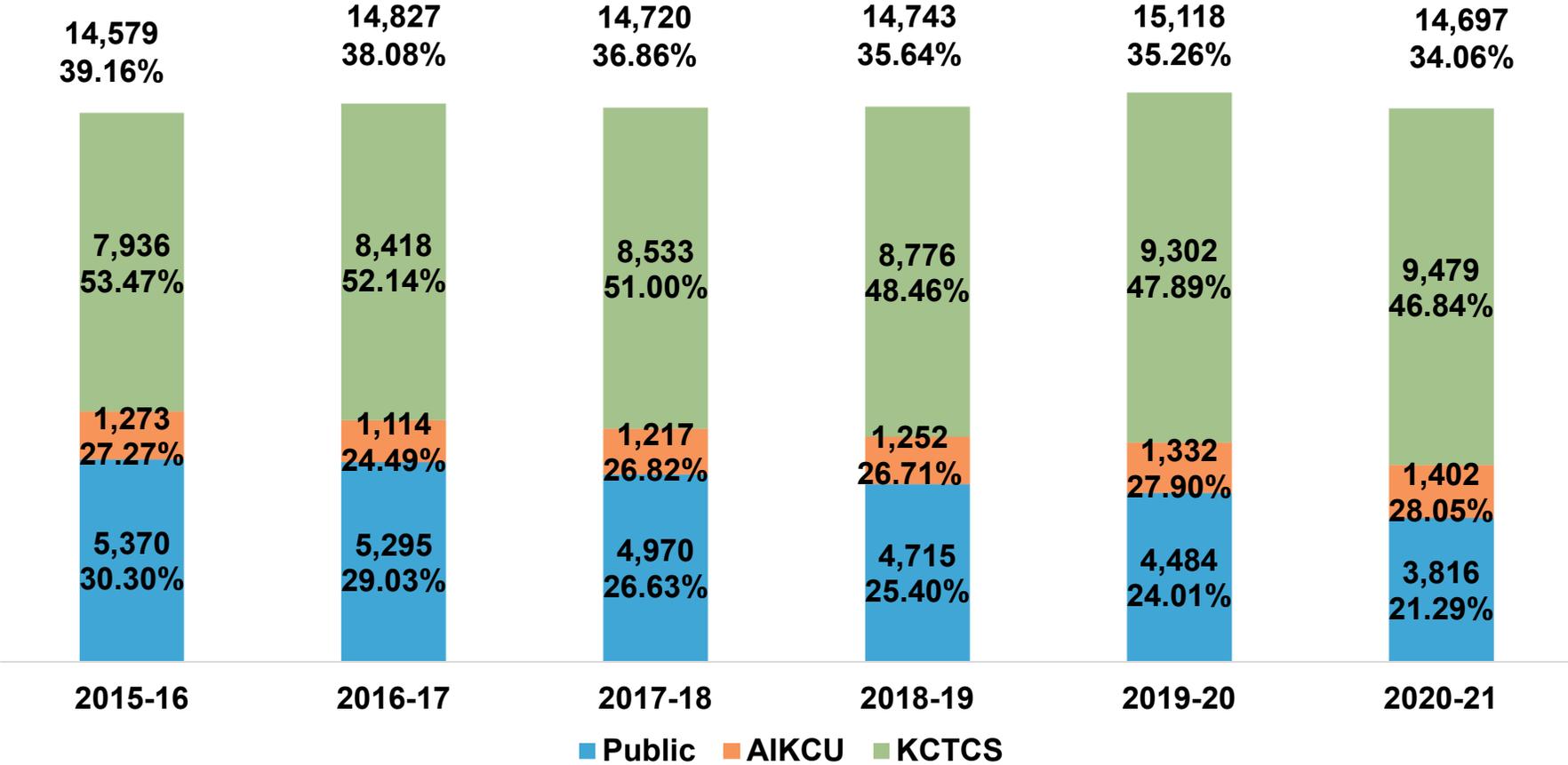
# Undergraduate Degree and Credential: URM Completers



# Undergraduate Degree and Credential: In-State Completers



# Undergraduate Degree and Credential Production: Working Age Completers



# Questions?

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Facebook: KYCPE





# CPE REPORT

Eastern Kentucky University News for the Council on Postsecondary Education



FROM LEFT: KLC Executive Director/CEO J.D. Chaney, EKU President Dr. David McFaddin and KACo Executive Director Jim Henderson.

## RECORD-BREAKING YEAR FOR DEVELOPMENT AT EKU

Nearly every city and county employee in Kentucky is now eligible to receive significantly discounted tuition, free books for undergraduates and a locked-in tuition rate for two years at Eastern Kentucky University in a recently inked agreement between EKU, the Kentucky League of Cities (KLC) and the Kentucky Association of Counties (KACo). The partnership, including a three-year memorandum of understanding, is the largest corporate or nonprofit partnership in the university's history.

"I'm incredibly proud to be part of this partnership, because it will give opportunities for KACo, KLC and city and county employees to better themselves and their communities through the power of education," said EKU President Dr. David McFaddin.

As part of the EKU Advantage, the partnership will provide thousands of employees of those organizations and member cities and counties with a 30 percent tuition discount and a flat tuition rate for two years. Employees eligible for the discounts can begin enrolling as early as the fall 2021 semester "B" term.

"EKU has always been an integral part of the region, and with this agreement, our employees, our county employees from all over the commonwealth, and most importantly our community will

benefit from this partnership to continue to enhance our local workforce and further their education," said Reagan Taylor, Madison County Judge/Executive and president of KACo.

"We are so thankful to have a trailblazer like Judge Taylor leading the way on this initiative," KACo Executive Director Jim Henderson said. "What a great opportunity for our counties."

The recent announcement comes on the heels of several other partnerships with companies like Hyster-Yale, Central Bank and others.

KLC Executive Director/CEO J.D. Chaney applauded the opportunity the new program provides city employees. "This partnership aligns perfectly with the League's commitment to education and training. We appreciate Eastern Kentucky University working with us to provide the thousands of people who serve their local community every day an avenue to further their careers. City employees will be able to more affordably obtain everything from a certificate to a master's degree at a top-notch university."

Find out more about EKU corporate partnerships at: [advantage.eku.edu/corporate-partnerships](https://advantage.eku.edu/corporate-partnerships).

## DIVINE NINE RIBBON CUTTING CEREMONY CELEBRATES HISTORICALLY BLACK SORORITIES AND FRATERNITIES

Nestled in the Carloftis Gardens in front of Martin Hall on EKU's campus, the Divine Nine Plaza features nine stone pedestals representing each fraternity and sorority in the National Pan-Hellenic Council (NPHC). Each pedestal displays the organization's crest, national founding date and motto. Newly planted trees surround the round walkway, offering a bit of color and shade to those who visit the area to reflect upon the history and achievements of historically black fraternities and sororities.

The ribbon-cutting ceremony for the Plaza was held October 2 in conjunction with EKU's Homecoming. Members and alumni from each of EKU's NPHC organizations joined in the celebration. The Divine Nine NPHC groups, eight of which are represented at Eastern, include Alpha Kappa Alpha, Delta Sigma Theta, Sigma Gamma Rho and Zeta Phi Beta, while NPHC fraternities are Alpha Phi Alpha, Kappa Alpha



Psi, Omega Psi Phi and Phi Beta Sigma Nationally, these groups have more than 1.5 million members, and work cooperatively with each other and community organizations to provide leadership, service, and brotherhood and sisterhood.

## EKU HOMECOMING RETURNS TO IN-PERSON FESTIVITIES

Eastern Kentucky University hosted past and current students, friends of the university and residents of Richmond and Madison County for 2021 Homecoming, which took place October 1-2 on the Campus Beautiful and in the City of Richmond. This year's homecoming for students, graduates and friends was a return to the

traditional in-person events we've all come to enjoy over the years.

"Homecoming is undoubtedly one of EKU's biggest celebrations each and every year. This year we celebrated all things EKU in-person for the first time since 2019 and saw the Colonels play their first ASUN/WAC opponent in conference play," said EKU President

Dr. David McFaddin.

The festivities began Thursday evening, Sept. 30 with the always popular Colonel Corn Roast and pumpkin painting in Powell Plaza. The annual Homecoming Parade was on Friday, Oct. 1, following its usual route north on Lancaster Avenue and east on Main Street.

The Homecoming football game kicked off on Saturday afternoon with the Colonels taking a win over ASUN-WAC challenge rival Tarleton State Texans. The Homecoming Court was crowned at halftime.



# KCTCS GOOD NEWS REPORT

OCTOBER 2021

## ECTC TO RUN NEW \$25 MILLION TRAINING CENTER FOR NEW BATTERY PLANT



Ford and SK Innovations recently announced the single-largest manufacturing investment in Kentucky history is coming to Hardin County. The \$5.8 billion investment includes the potential for 5,000 jobs at the new technologically advanced battery manufacturing campus. Additionally, the state legislature passed an incentive package of \$50 million for worker training programs to provide the necessary employees.

About \$25 million of those funds will be used to build a training center for Elizabethtown Community and Technical College (ECTC) at the site. The programs will be run by Bluegrass Skills Corp. and ECTC. The college and the entire KCTCS family are proud to be part of this important economic development project.



**KENTUCKY**  
COMMUNITY & TECHNICAL  
**COLLEGE SYSTEM**

## BCTC OPENS NEW ADVANCED MANUFACTURING CENTER IN DANVILLE



Gov. Andy Beshear, college leadership, state and local dignitaries joined Bluegrass Community and Technical College (BCTC) to cut the ribbon and officially open a new Advanced Manufacturing Center on the Danville Campus.

The 13,780 square foot facility expands the newly implemented Advanced Manufacturing Technician (AMT) program and the Electrical and Industrial Maintenance programs and allows the programs to double the number of graduates.

The center has a high bay, open-lab concept consistent with workplaces in the manufacturing field. Four additional classrooms surround the open lab providing space for instruction, student projects, meeting space and other instructional-related activities.

In 2016, BCTC was awarded one of 25 Kentucky Work Ready Skills Initiative grants in the amount of \$2,736,000 to build the Advanced Manufacturing Center on the Danville BCTC Campus. The entire project is valued at \$4,845,000. BCTC contributed just over \$1.1 million and \$1 million was provided by the local community.





# GOOD NEWS

OCTOBER 2021

## ***KENTUCKY STATE UNIVERSITY HIGHWAY SIGNS SIGNIFYING HBCU STATUS INSTALLED ON I-64***

Two Kentucky State University highway signs denoting the 135-year-old institution's federal designation as one of the nation's Historically Black College and Universities (HBCU) were set for installation Friday, Oct. 22. According to the Kentucky Governor Andy Beshear, the signs will be installed facing both directions of Interstate Highway 64 near Exits 53B and Exit 58, respectively. "While Kentucky State University directional signage has been present on I-64, the new signage will identify the institution as a HBCU," according to a release from Beshear's office.

The signage for Kentucky State and for Simmons College of Kentucky were celebrated by a historical event at Simmons Oct. 20. Speakers and platform guests included Beshear, Kentucky Council on Postsecondary Education President Dr. Aaron Thompson and Kentucky State University Board of Regents Chairperson Dr. Elaine Farris. "It's way past time to celebrate these universities and make sure that everybody who drives through Kentucky knows how much we value them," Beshear said. "The support for

these two institutions has not always been there and often the lack of support has been for all the wrong reasons. While we wish a wrong never happened, it does give us an opportunity to do right." Farris said the signage proudly proclaims the significance of Kentucky's HBCUs. "It boasts our value, our presence in Kentucky and it showcases the significance of Kentucky's Black colleges and all of the Black colleges across the United States," Farris said. "For 135 years, Kentucky State has been a destination for generations of African Americans, low income and first-generation students." Thompson joined in celebrating the rich history of Kentucky's HBCUs.

"These HBCUs are the colleges of choice for many students because of their unique missions and distinctive roles in creating culturally competent graduates and a more vibrant workforce," Thompson said. "This designation is well-deserved, and all of us in the higher education community look forward to their continued success."

## KENTUCKY STATE UNIVERSITY NAMED A BEST COLLEGE FOR VETERANS AMONG REGIONAL COLLEGES IN THE SOUTH BY U.S. NEWS AND WORLD REPORT

Kentucky State University was recently named as a best college for veterans among regional colleges in the South by U.S. News and World Report. Kentucky State rose to fourth in the category, up from 12th in the 2021 rankings.

According to the methodology used by U.S. News and World Report for the category, factors included in determining the ranks were that the institution is certified for the GI Bill; the institution participates in the Yellow Ribbon Program or is a public school; for the fourth consecutive year the institution must have enrolled a minimum of 20 full-time and part-time undergraduate veterans and undergraduate service members in the 2020-2021 academic year. Kentucky State ranked sixth among the top public schools among regional colleges in the South, up from seventh in the previous year.

By providing affordable access to education, Kentucky State ranked seventh as a best value among regional colleges in the South. Kentucky State ranked 35th among the best regional colleges in the South, up from 36th last year. Among Historically Black Colleges and Universities (HBCUs), Kentucky State ranked 34th. Kentucky State ranked 69th in top performers on social mobility among regional colleges in the South. U.S. News and World Report describes this category as helping economically disadvantaged students earn an education.

According to U.S. News and World Report, "Economically disadvantaged students are less likely than others to finish college, even when controlling for other characteristics. But some colleges are more successful than others at advancing social mobility by enrolling and graduating large proportions of disadvantaged students awarded with Pell Grants. The vast majority of these federal grants are awarded to students whose adjusted gross family incomes are under \$50,000."



## KENTUCKY STATE UNIVERSITY SMALL-SCALE FARM GRANT PROGRAM REAPPROVED FOR \$990,000

Kentucky State University's Small-Scale Farm Grant Program, which provides assistance to small and limited-resource farmers in Kentucky, was recently reapproved with an additional \$990,000 in funding. In partnership with the Kentucky Agricultural Development Fund and the Kentucky Agricultural Development Board, the program was founded in 2012 and has been funded an additional four times since then. This program helps farmers who want to improve their farming operations, improve the marketability of their products with value-added enterprise, or further their farming and agricultural knowledge through educational training. As of June 2021, a total of \$3,323,616 has been awarded for 899 proposals across the six categories: 49

for aquaculture and aquaponics, 123 for certified organic agriculture, 421 for value-added products, 132 for food insecure area production, 17 for agroforestry, and 157 for farmer education assistance.

The grant has given assistance to recipients such as Kenya Abraham, Kentucky State's Small Farmer of the Year 2020 and the co-owner of SlakMarket Farm, where she runs a herdshare; Warm Blessings Soup Kitchen in Elizabethtown to help purchase a new freezer; and the Russellville Urban Gardening Project, a community garden that aims to get young people involved in agriculture. The Franklin County Farmers Market has received two grants through the program. The second, awarded in 2020, funded the purchase of a bigger trailer and crates for preparing pick-up orders. Vendor and board member Connie Lemley said receiving the grant was "wonderful" and helped the market adapt to COVID-19 to keep its vendors and customers safe.

## KENTUCKY STATE UNIVERSITY MASS COMMUNICATIONS AND JOURNALISM DEPARTMENT EARNED TWO NATIONAL AWARDS

The Kentucky State University mass communications and journalism department recently earned two national awards from the Broadcast Education Association (BEA). Lyric Hill, a senior, won the award of excellence for podcasting in the student audio competition. Dr. David Shabazz, acting dean of the College of Humanities, Business and Society, also received an award of excellence in the faculty audio competition for a public service announcement during the conference creative works competition. According to its mission statement, "the Broadcast Education Association (BEA) is the premier international academic media organization, driving insights, excellence in media production, and career advancement for educators, students, and professionals."

## KENTUCKY STATE UNIVERSITY NURSING STUDENTS EARN 100 PERCENT LICENSURE PASS RATE

Students in the Kentucky State University Bachelor of Science in nursing program (BSN) recently earned a 100 percent pass rate on the National Council Licensure Examination (NCLEX). Five students in the first cohort of the BSN program passed the NCLEX and some have already been offered or accepted employment. The cohort included Afton Giles, Morgan Lentini, Olivia Steward, Kennedy Coney and Marlie Stoddart. Morgan Lentini from Orville, Kentucky accepted a position at Frankfort Regional Medical Center in the progressive care unit. Lentini said she loved the experience at Kentucky State and is so grateful to be an alumna. "It was so relieving and fulfilling to know that all my dreams had come true and I had truly become a nurse," Lentini said. "I was beyond proud of myself." Kennedy Coney accepted an offer in the emergency department at UK Chandler Hospital.

"It was literally the best feeling in the world to complete my program and pass boards," Coney said. "Words could not describe how happy I was. The hardest part was finally over with and now I am able to finally start the next chapter in my life." Marlie Stoddart is currently working at UK Medical in the pulmonary ICU. "Kentucky State was very welcoming and accepting," Stoddart said. "I was at three other schools that told me I wasn't good enough or smart enough to be a nurse. Kentucky State helped me through and helped me pass my NCLEX on the first try." The BSN cohort for fall 2021 contains 29 students.



## MSU Space Science Program, Lunar IceCube launch highlighted at SOAR Summit

Shaping Our Appalachian Region (SOAR) held its annual summit on Oct. 13 and 14 in Corbin, highlighting some of Morehead State's accomplishments in space systems engineering.

The 2021 SOAR Summit focused specifically on the issues and challenges facing the Appalachian region. Drawing more than 1,000 attendees, participants included residents and businesses, elected officials, nonprofit leaders, and other change agents across Appalachia. Morehead State partners with SOAR to support regional outreach efforts, economic development opportunities, and enhance education in the University's service region, as outlined in the institution's strategic plan.

The event highlighted MSU's connections to space exploration, including the upcoming launch of Artemis I in February 2022. The rocket, the largest ever built, will carry the Lunar IceCube satellite, designed, built and tested by MSU students and faculty, as a secondary payload. Lunar IceCube is a small, complex interplanetary spacecraft about the size of a carry-on piece of luggage.

It was designed, built and tested by a team of MSU Space Systems Engineering faculty and more than 50 students. Morehead State leads the mission in partnership with NASA Goddard Spaceflight Center, JPL, and the Busek Space Propulsion Company. The satellite will use a plasma drive propulsion system to take it on a circuitous route to the Moon. It will orbit for a year and investigate the transportation physics of water ice on the lunar surface in support of a lunar outpost that NASA plans to develop. For information, visit [www.moreheadstate.edu/ssc](http://www.moreheadstate.edu/ssc).



## **MSU Veterinary Technology students achieve 100% pass rate on credentialing exam**

Seniors in Morehead State's veterinary technology program earned a 100% pass rate on the Veterinary Technology National Exam (VTNE), a required test to obtain a veterinary technology license.

"This is exceptional because a 100 % pass rate is extremely difficult to achieve because of the difficulty of the exam," said Dr. Philip Prater, professor of veterinary science. He added this is the first time the program has achieved a 100% VTNE pass rate in several years.

The achievement is one of several for the program this year. Program alumna Leigha Wright (Class of 2014) was named Licensed Veterinary Technician of the Year by the Texas Veterinary Medical Association. Earlier this year, the program was named the top veterinary science associate degree program in the country by Intelligent.com.

## **Craft Academy student Kiera Fehr to speak at American Institute of Aeronautics and Astronautics Conference**

Kiera Fehr, a Lexington junior at the Craft Academy for Excellence in Science and Mathematics, has been selected to present at the American Institute of Aeronautics and Astronautics (AIAA) ASCEND conference next month in Las Vegas. Her conference session is Monday, Nov. 15.

Fehr will deliver a presentation and be a member of a panel discussion on her involvement in STEM through Higher Orbits. This nonprofit organization works with astronauts and space industry leaders to spark and support student-led experiments. Fehr is a student ambassador and advisory board member for the organization. She first became involved with Higher Orbits by attending a "Go For Launch!" event in 2016 and 2019. Fehr will speak with AIAA members and professionals in the aerospace and aeronautics industry about her experiences collaborating on two team experiments launched into space.

This summer, Fehr had one experiment launched on SpaceX Dragon and another on a test flight for Space Perspectives.

## **Ratliff receives Appalachian Teaching Project Grant to develop new entrepreneurship course**

Elmer and Donna Smith Endowed Chair in Entrepreneurship and Associate Professor of Management/Entrepreneurship at Morehead State University Dr. Janet Ratliff (Class of 1991, 1992) is a recipient of one of the Appalachian Regional Commission's (ARC) Appalachian Teaching Project (ATP) grants.

The grant is a partnership with Hazard High School. Ratliff's 2021 fall course BBA 350 will facilitate the engagement between MSU students and Hazard High students.

This three-credit hour business plan development course allows college students to work with high school students who want to start their own business. It serves as a how-to guide to creating a business plan and will enable students to assess needed industries within their community, garner resources to develop and grow their potential business and establish rapport as a business leader within the community at large.



## Murray State University recognized nationally by multiple publications for quality, value and student success

Multiple national accolades were received by Murray State University within the past two months.

Murray State was again recognized by *U.S. News & World Report* as one of the top schools in the country. The rankings list includes Murray State as one of the best universities, marking the institution's 31st consecutive year of top-tier rankings by the reputable college guide.

In both the "Top Public Schools - Regional Universities South" and "Best Value Schools - Regional Universities South" categories, Murray State is the highest-ranked regional public university in a multi-state region, inclusive of Kentucky and Tennessee.

*Forbes* named Murray State as one of "America's Top Colleges" in 2021. For more than 12 years, Murray State has been recognized nationally by *Forbes* and in 2021, Murray State is the highest-ranked regional public university in Kentucky.

Murray State was recognized again this year nationally by the *Wall Street Journal/Times Higher Education* annual college rankings.

Finally, the University was highlighted as a best value for students seeking a college degree by *Washington Monthly* in its "Best Bang for the Buck" rankings.

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## University awarded \$554,750 to help low-income, potential first-generation college students access higher education

The U.S. Department of Education announced that Murray State University will receive two federal Talent Search grants of \$277,375 each to help more low-income students who would be the first members of their families to earn degrees to prepare for and enroll in college. Talent Search East will serve 500 students in the Christian, Todd and Trigg County school districts; Talent Search West will serve 500 students in the Carlisle, Fulton County, Fulton Independent, Hickman, Mayfield Independent and Paducah Public school districts. Talent Search has operated successfully at Murray State since 2016.

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## Center for Autism Spectrum Disorders holds ribbon-cutting ceremony



Murray State University's Center for Autism Spectrum Disorders (CASD) launched its new service this fall, the Early Childhood program. A ribbon-cutting ceremony celebrating its opening was held in September.

The CASD was created in 2019 to help meet the unique needs of children with developmental disorders, including autism, and their families. The center is designed as a student training clinic that mentors Murray State students in human service professions with expert, interdisciplinary faculty.

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## Dr. David Eaton named dean of the Arthur J. Bauernfeind College of Business



Murray State University named Dr. David Eaton as dean of the Arthur J. Bauernfeind College of Business at the University's Board of Regents meeting on September 3. Eaton had served as the interim dean since 2019.

The college is accredited by the Association to Advance Collegiate Schools of Business (AACSB International). Founded in 1916, AACSB International is the longest-serving global accrediting body for business schools that offer undergraduate, graduate and doctoral degrees in business and accounting.

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## Murray State recognized nationally as one of Kentucky's best employers by *Forbes*



Murray State University has been recognized nationally as one of Kentucky's best employers by *Forbes* as part of the publication's "2021 Best Employers" list. Murray State is ranked 13th among the 50 state employers which were recognized on the list and was the highest-ranked four-year public regional comprehensive university in Kentucky. **212** in Kentucky.

## New “Show Us How You Lovett” fundraising campaign to benefit historic Lovett Auditorium

Murray State University, in collaboration with the College of Humanities and Fine Arts, has launched the new “Show Us How You Lovett” fundraising campaign to benefit historic Lovett Auditorium.

As part of the campaign, donors have a distinctive, once-in-a-lifetime opportunity to have their name placed on one of the new seats. A gift to the newly-established fund for Lovett Auditorium includes a commemorative nameplate to be installed on the new seats, whose location can be chosen by the donor in one of five available sections located on the main floor of the auditorium.



The auditorium is a renowned performing arts center for the campus, community and region, with many Murray State students utilizing Lovett Auditorium as part of their college experience.

Capital improvements, dating back to last fall, have been some of the most significant renovations to the auditorium since its initial construction and completion in the 1920s. The original seating has been removed to refinish the hardwood floors and new carpet has been installed. Additional improvements include a new HVAC system, painting and drapery.

For more information and to participate in the “Show Us How You Lovett” campaign, visit [murraystate.edu/lovett](http://murraystate.edu/lovett).



## University reports significant increases in giving to benefit students and community

The Office of Development at Murray State University reports that in a year like no other, donors continued to answer the call to support students and programs at record levels. With \$13.2 million in total commitments from July 1, 2020, through June 30, 2021, donors to Murray State have ensured that students could continue on their educational journeys, despite the hardships caused by the health crisis and its economic impact upon families. Out of \$6.92 million in cash gifts received in the last year, nearly \$2.4 million was designated to student scholarships.

A transformational gift of \$1.5 million from Arthur Fields, a 1967 accounting and 1968 MBA alumnus of the Arthur J. Bauernfeind College of Business at Murray State, bolstered the results for last year’s giving. One million dollars of that gift established the Arthur W. Fields Fund for Excellence in the College of Business to support scholarships and operational funding for business students and programs, and \$500,000 established the Arthur W. Fields Sigma Chi Scholarship to offer financial support for good-standing, active members of the Epsilon Tau Chapter of Sigma Chi fraternity at Murray State.

Another reason for the increase in giving is due to the success of the University’s Racers Give Campaign and other special fundraising efforts throughout the past year, including \$5.93 million in new estate gift commitments. Racer alumni, faculty, staff and friends gave over \$520,000 to support the most pressing needs of current students and support programs. More than \$3 million in gifts received will support academic programs and over \$1 million in gifts will benefit athletics.

## Chemistry professor named as Fulbright Specialist

Dr. Bommanna Loganathan, professor of chemistry, has been accepted to the Fulbright Specialist program and will be on the Fulbright Specialist roster for a tenure of four years. The highly selective Fulbright Specialist program is an initiative of the U.S. Department of State, Bureau of Educational and Cultural Affairs that sends U.S. faculty and professionals to serve as researchers and expert consultants on curriculum, faculty development, institutional planning and related subjects at overseas academic institutions.

Acceptance to the program places Loganathan among a competitive pool of candidates who are eligible to be matched with projects designed by host institutions in more than 160 countries around the world, at any time during their four-year tenure on the roster.





# GOLD RUSH

OCT. 2021

NORTHERN KENTUCKY UNIVERSITY

## GO FIGURE

### International Students at NKU

20+

Languages spoken

56

Nationalities represented

300+

Students

## COLLEGE CORNER

Northern Kentucky University has signed a partnership with Nahda University in Beni-Suef (NUB) in Egypt. The partnership allows NKU to offer an online MBA degree to eligible students enrolled in NUB and will also provide NUB undergraduates a pathway to earn a Bachelor of Science in Business Administration (BSBA) degree through NKU.

Under the agreement, students will enroll at NUB for two to three years in a pre-approved, accelerated series of courses that mirror the lower level BSBA courses offered by NKU. Once completed, students will be able to apply, transfer and enroll at NKU for the completion of the BSBA degree.

**LEARN MORE:** <https://tinyurl.com/267vkt38>



### NKU'S BOARD OF REGENTS RENEW PRESIDENT ASHISH VAIDYA'S CONTRACT

Northern Kentucky University announces the renewal of President Ashish Vaidya's contract, extending his leadership through 2027. The Board of Regents unanimously approved the new contract at a special meeting on Oct. 7, extending his service from July 1, 2022 through June 30, 2026. With a one-year extension included in the proposed contract, the Board secured President Vaidya's leadership through June 30, 2027.

"Considering all his accomplishments for the university, the Board is very pleased to retain President Vaidya, continuing his strong and unwavering leadership for NKU," said Board Chair André R. Ward. "President Vaidya has demonstrated this leadership countless times throughout his tenure as our sixth president—from securing many public-private partnerships that increase access to higher education to prioritizing the mental health of our campus community throughout the pandemic. Renewing his contract now will ensure NKU's momentum will not slow down as we approached the end of his first contract next June."

President Vaidya began his four-year contract on July 1, 2018, as the university was embroiled in a pension dilemma and as the *Fuel the Flame* strategic plan was coming to a close. In collaboration with internal and external partners, President Vaidya resolved NKU's pension crisis in a manner that not only kept the pension for long-term employees but also will save the university over \$73 million in cessation costs which will translate to annual savings on the bond payments of approximately \$4 million. His active presence in Frankfort also resulted in increases for NKU in the Commonwealth's Performance Funding Model.

Another early initiative in his presidency was building a new plan for NKU's future growth. President Vaidya created a strategic framework process to include both campus and community voices in the discussion on NKU's future. The *Success by Design* strategic framework was released in April 2019 and focuses on aligning student success with the needs of the region. One month later, the university launched its *Further, Faster* Capital Campaign to provide a sustainable source of funding to accomplish these student success goals.

"In my time leading NKU, I am proud of our collective accomplishments," said President Vaidya. "The one that stands out is bringing diverse voices together to create the *Success by Design* framework for NKU's future."

**LEARN MORE:** <https://tinyurl.com/sz4d9szv>



## LOCAL INSTITUTIONS JOIN "MOON SHOT FOR EQUITY" TO CLOSE EQUITY GAPS

Northern Kentucky University, Gateway Community and Technical College, Miami University, and Cincinnati State Technical and Community College announced today that they have joined Moon Shot for Equity, a national initiative that aims to close equity gaps within regional cohorts of two- and four-year colleges and universities by 2030. Following a program designed and run by education firm EAB, the schools will take significant and measurable steps to work together to help more students from historically underserved populations graduate from college.

Through this innovative partnership, each school has committed to implementing more than a dozen research-based best practices proven to remove systemic barriers to student success. These commitments range from updating academic policies, to working together to establish common academic pathways, to providing equity-mindedness training to university leaders. Data show that barely half of all Black and Latinx students who enter college earn their undergraduate degree within six years compared with nearly 70 percent of White students. First-generation students and those from families with lower incomes also graduate college at significantly lower rates than students from more privileged backgrounds, regardless of race.

The Greater Cincinnati/Northern Kentucky region is the second consortium selected by EAB to join the Moon Shot initiative. EAB launched the Moon Shot for Equity last October in cooperation with an inaugural consortium of colleges and universities in Southeastern Wisconsin. **LEARN MORE:** <https://tinyurl.com/9dwhehy>



## THE SCOREBOARD

The Northern Kentucky men's basketball team begins a three-game series against Cincinnati, meeting once in nonconference action in three-straight seasons, beginning in 2022-23. NKU is set to host games at BB&T Arena on Nov. 16, 2022 and Nov. 13, 2024 and play at UC on Nov. 15, 2023.

The three games are part of an original agreement by the schools to play a four-game series, with each school hosting twice, that corresponded with Cincinnati using BB&T Arena as its home venue during the 2017-18 season while Fifth Third Arena was undergoing renovations.

**LEARN MORE:** <https://tinyurl.com/2w5r8y6a>

## BRIEFS

### NKU ANNOUNCES FOUR NEW MEMBERS TO THE BOARD OF REGENTS

Kentucky Gov. Andy Beshear appointed Elizabeth Lee Thompson, of Lexington, and Kara Williams, of Florence, to Northern Kentucky University's Board of Regents. NKU additionally welcomed Aliya Cannon as Student Regent and Cori Henderson as Staff Regent this summer.

"NKU is pleased to have exceptional members of the campus and community join the Board," said NKU President Ashish Vaidya. "Each one brings years of service to NKU, and I am grateful for their desire to embrace our goals of championing student success and regional stewardship."

**LEARN MORE:** <https://tinyurl.com/s67fska9>

### NKU RETAINS FIVE-STAR RATING FOR LBGTQ CAMPUS CLIMATE

NKU has again been ranked as one of the best campuses for lesbian, gay, bisexual, transgender and queer (LGBTQ) students, according to Campus Pride, a national benchmarking tool for colleges and universities. NKU is once again rated five out of five stars. The university was graded on numerous inclusion factors, including policy, support and institutional commitment, student life and safety.

"This accomplishment wasn't the work of one person or even one office. It was many people and offices coming together for a common goal of keeping NKU a safe and LGBTQ-inclusive place," said Bonnie Meyer, director of NKU's LGBTQ Program and Services.

**LEARN MORE:** <https://tinyurl.com/5azrfw6>

### NKU SELECTED FOR TWO NATIONAL INITIATIVES TO IMPROVE CIVIC ENGAGEMENT, FINANCIAL LITERACY

Northern Kentucky University is participating in two initiatives by the American Association of State Colleges and Universities (AASCU) that will improve economic literacy in students and help build strong campus-community partnerships.

The first initiative, Re-Imagining Campus-Community Partnerships, will help colleges and universities deepen their engagement work with community partners, especially during ongoing COVID-19 pandemic. In the second initiative, the Economic Literacy Project, NKU will work with other colleges to improve students' knowledge of the United States National Debt, fiscal policy and financial literacy.

**LEARN MORE:** <https://tinyurl.com/4yxum2c6>

### NKU AWARDED \$1 MILLION FEDERAL GRANT TO COMBAT OPIOID EPIDEMIC

Northern Kentucky University received \$1 million from the U.S. Department of Health and Human Services' Health Resources and Services Administration as a part of the Rural Communities Opioid Response Program.

NKU, with its collaborators from across northern Kentucky, is the only university in the Commonwealth to have received this award. The university's Institute for Health Innovation has spent the three years working in communities greatly impacted by the crisis.

**LEARN MORE:** <https://tinyurl.com/bvehk2s4>

## FACULTY FOCUS

Ban Mittal, a professor of marketing and social sciences at NKU, has authored a new book, "Voices from Behind the Mask." Ban delivers 100 answers ("voices") from a random survey of 500+ people from across the USA. These voices cover four types: sad, sour, sweet and soulful.

Mittal's book also offers a 10-point path to help people understand multiple viewpoints and how to keep conversations civil as the pandemic continues.

**LEARN MORE:** <https://tinyurl.com/Voices-Media-Resource>

## ALUMNI NEWS

### A HISTORIC SAVE

As Kinsey Rose belted high notes and harmonized on stage with trio group Girl Named Tom to "Seven Bridges Road" by the Eagles, she impressed the judges of NBC's "The Voice" once again. When the battle ended, her coach Kelly Clarkson was in awe.

Rose would have been eliminated from the competition, but all four judges Blake Shelton, John Legend, Ariana Grande and Clarkson chose to save her—a first for the show that's been on air since 2011.

**LEARN MORE:** <https://tinyurl.com/y46rbjhz>





# THE PRESIDENT'S REPORT

ISSUE 114 | SEPTEMBER/OCTOBER 2021



## FIRST-IN-WORLD HEART IMPLANT: WOMAN RECEIVES NOVEL TYPE OF ARTIFICIAL HEART AT UofL HEALTH - JEWISH HOSPITAL

A cardiothoracic surgical team with UofL Health - Jewish Hospital and the University of Louisville has performed the world's first Aeson bioprosthetic total artificial heart implantation in a female patient.

The investigational device, currently intended as a bridge to heart transplant, is part of an Early Feasibility Study (EFS) sponsored by CARMAT, a French medical device company, in partnership with UofL, UofL Health - Jewish Hospital and the UofL Health - Trager Transplant Center.

Led by cardiothoracic surgeons Mark Slaughter and Siddharth Pahwa, both of UofL Health - UofL Physicians and the UofL School of Medicine, the team performed the implant of the device on Sept. 14, 2021 at UofL Health - Jewish Hospital. The same team completed the nation's second implantation in a male patient last month, also at Jewish Hospital.

More than 3,500 individuals are awaiting a heart transplant in the U.S. and 900 of them are women. There are few treatment options for patients with biventricular heart disease, meaning both the left and right sides of the heart are not pumping blood adequately. The Aeson device is designed to solve the limitations of current left-ventricular assist devices, which pump blood in just one chamber, by pumping blood in both heart chambers.

"This world-first artificial heart implant into a female patient is another demonstration of UofL Health's commitment to provide both the world-class care of today and develop the world-class standards of tomorrow," said John Walsh, chief administrative officer of Jewish Hospital. "We celebrate this first as a milestone and recognize the hard work of Drs. Slaughter and Pahwa and the entire team. The true impact of their work will be measured in the dozens, hundreds and thousands of lives improved in the years to come."

Dear Friends,

Like me, I'm sure you were filled with awe and amazement this summer when you learned the news about the surgical team from the University of Louisville and UofL Health - Jewish Hospital that performed the first-in-the-world implantation of a total artificial heart device in a female patient. That game-changing surgery – a true medical miracle – highlights UofL's role as an innovator that is making a tremendous impact not only in our local community, but far, far beyond.

Innovation with impact is something that we want to be known for at UofL. We have proven, time and again, to be a true research powerhouse, and we are working every day to address some of the biggest global problems of our time,

from climate change to cancer and from societal inequities to COVID-19.

The fact that UofL in fiscal 2021 secured a record \$201.5 million to support its research mission is proof that the university continues to be a great place to invest. We are doing work that improves neighborhoods, sparks economic development and growth and often saves lives. Those are advances that I think we all can support.

We continue to do this work in the midst of a worldwide pandemic. I'm so proud to say UofL remains at the forefront of the battle against the coronavirus. In the past year, our researchers have studied new treatments, spearheaded the push for widespread community testing and discovered new approaches that could forever change the way

we track and contain future disease outbreaks.

I would be remiss if I didn't take time to share my ongoing gratitude with our UofL Health family, which continues to work tirelessly to fight the surge from the delta variant and to ensure that vaccinations are available to anyone who wants to get the shot. I also want to commend our students, faculty and staff for how seriously they have taken the COVID threat. More than 85 percent of our campus community is vaccinated, and that's something worth noting.

In a few weeks, the fall semester will have come to an end. It's amazing how quickly it goes. It is wonderful for our students that we will be able to hold an in-person, indoor commencement in December. Again, that's a testament to how resolute our

Cardinals have been as we continue to combat the virus.

Despite the challenges we have faced, there has been much progress for the UofL community this fall. With your continued support, more great things are in store for our university. Thank you for always being with us. Be safe and Go Cards!

**Neeli Bendapudi**  
President, University of Louisville



## FOUR-STAR GENERAL NAMED ALUMNUS OF THE YEAR

A four-star U.S. Army general with 35 years of distinguished service has been selected as the 2021 Alumnus of the Year by the University of Louisville. Gen. Joseph M. Martin was honored by his alma mater in a livestreamed broadcast of the UofL Alumni Awards on Oct. 21 during Homecoming Week.

Martin earned his Master of Education in Occupational Training and Development degree from the UofL in 1997. He graduated from the United States Military Academy in 1986 and was commissioned as an armor officer. He also is a graduate of the U.S. Army Command and General Staff College and the U.S. Army War College.

As the 37th Vice Chief of Staff of the United States Army, he is the second-highest ranking officer in the Army, and one of only 16 four-star generals currently serving in the Army. Throughout his distinguished 35-year career, Martin has commanded soldiers at every level, including the Army's Operational Test Command, the National Training Center, and the famed First Infantry Division.

Martin's awards and decorations include the Defense Superior Service Medal, the Legion of Merit, the Bronze Star Medal with "V" device, the Meritorious Service Medal and the Army Commendation Medal with "V" device; the "V" device signifies heroism or valor in combat. He also earned the Combat Action Badge and the Parachutist Badge.

Gen. Martin exemplifies all that we stand for as Cardinals, particularly living a life focused on the highest standards of leadership in achieving a noble purpose.



## THRIVE CAUSEMETICS DONATES MORE THAN \$100,000 TO BREONNA TAYLOR MEMORIAL SCHOLARSHIP

In honor of the life and legacy of Breonna Taylor, a \$100,000 donation from Thrive Causemetics Inc. to the University of Louisville launches the Breonna Taylor Memorial Endowment, a major boost for the Breonna Taylor Memorial Scholarship Fund in Nursing. This scholarship will support the future dreams of nursing students from Kentucky. The company hopes its donation will inspire additional major gifts and donations to reach the \$2,000,000 full endowment needed to ensure the scholarship lives on forever.

Breonna Taylor was an emergency room technician at UofL Health, the University of Louisville health system, at the time of her death. She was killed by police officers serving a "no-knock" warrant at her home in March 2020. Her career aspiration was to become a nurse.

Thrive Causemetics also has donated an additional \$3,000 toward an immediate-use scholarship in honor of Breonna Taylor. UofL freshman Kaelyn Goatley is the recipient of the immediate-use \$3,000 award and plans to work as a labor and delivery nurse or in the area of pediatric care when she graduates.

"There could not be a better company to partner with on this endowment and scholarship, as its philosophy of helping women thrive through donations from product sales allows organizations to inspire women to be more," said Sonya Hardin, dean, UofL School of Nursing. "This scholarship helps a woman obtain her dream of becoming a nurse and supporting the community in that role."



## JAMES GRAHAM BROWN FOUNDATION GIVES \$2.4 MILLION TO INCREASE STUDENT SUCCESS IN EARLY STEM+H COURSES

More students at the University of Louisville who aspire to careers in science and health will have support for success in key classes thanks to a \$2.4 million gift from the James Graham Brown Foundation. The new grant will fund in-class peer support to improve student performance in math and science courses needed to pursue degree programs in science, technology, engineering, math and health (STEM+H).

The grant will help UofL increase early student success in five College of Arts & Sciences courses in math, biology and chemistry – all required for many STEM+H degree programs – that traditionally have high rates of grade D, failure and withdrawal (DFW). Low grades or failing these courses can lead students to abandon the STEM+H fields, take longer to graduate or leave UofL altogether.

"Student success is a priority for our foundation because we believe that equitable educational attainment will increase economic and social mobility for Kentuckians," said Mason B. Rummel, president and chief executive of the James Graham Brown Foundation. "We are supporting this initiative with the University of Louisville because undergraduate learning assistant programs have shown the potential to dramatically improve academic performance."

UofL is committed to recruiting, retaining and launching graduates prepared to serve the commonwealth's STEM+H workforce needs in information systems, engineering, nursing, medicine and other fields. Many thanks to the James Graham Brown Foundation for this funding to help the university continue to serve the community's needs.

## \$201.5 MILLION IN POWERHOUSE YEAR FOR RESEARCH

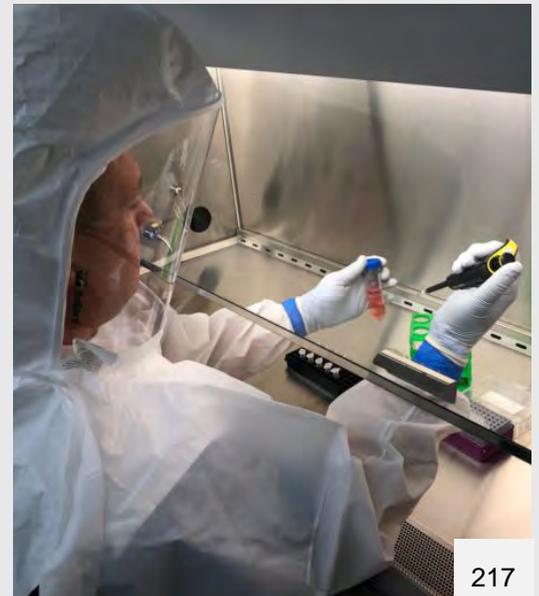
The University of Louisville secured a record \$201.5 million in the 2021 fiscal year to support groundbreaking research. That funding, an increase of more than \$30 million over the previous record set a year earlier, supported work to address some of the biggest global problems of our time, including climate change and battling the COVID-19 pandemic.

The value of that investment is especially apparent in the university's work to combat COVID-19. In the past year, researchers investigated innovative new treatments, led widespread community testing and developed new methods that could revolutionize how we track and contain future disease outbreaks.

The past fiscal year also saw the launch of two new startups based on university-born technology. One, iTolerance Inc., signed an exclusive license for a UofL therapy that helps people with Type 1 diabetes stay off immunosuppressants, and is now developing it for clinical use.

To support the launch of more startups based on university technology, UofL recently launched UofL New Ventures, within the Office of Research and Innovation. UofL New Ventures is dedicated to broad entrepreneurial support, from forging connections with experienced and potential company founders to helping the resulting startups attract funding and market share.

UofL is truly a research powerhouse, continuously blazing new trails and seeking answers to important questions. This record-breaking year for funding is proof of that fact, but it also shows our research and scholarship are a great investment — that UofL is a great place to invest.



## LETTER FROM PRESIDENT CAPILOUTO

The University of Kentucky was created to advance Kentucky – its education and economy, its health and well-being.

We fulfill that promise through education and research, service and healing. We achieve that mission by leveraging the talent of our people: our faculty, staff and students who believe in what's wildly possible.

Once again, across our campus and throughout the Commonwealth we serve, our community is meeting the moment.

**That is why we're here.**

Despite the uncertainty we face, I remain full of hope.



Eli Capilouto  
President



## STRATEGIC PLAN

The north star that guides everything we do at the University of Kentucky is to advance the Commonwealth – from its economy to its health and from its culture to its levels of educational attainment so critical to progress.

Our new strategic plan functions as a roadmap toward progress together. Based on feedback from our community – students, professors, employees, administrators, members of the Board of Trustees and more – we have outlined five pillars essential to the advancement of the Commonwealth.

- **Putting Students First** - They are why we are here. Whether it is maintaining a modern curriculum that prepares our students for success, providing appropriate support for graduate students or ensuring that doctoral students start and complete their programs successfully, we must put students first.
- **Taking Care of Our People** - We will only accomplish our mission of advancing Kentucky when our people are compensated - in terms of pay and benefits - and supported in ways that lead the state, too.

- **Inspiring Ingenuity** - How do we embed innovation and discovery into every aspect of our institution? The breadth and depth of programming and offerings on one campus make us distinctive in higher education. How do we incentivize the spark of ingenuity throughout our campus?
- **Ensuring Greater Trust, Transparency and Accountability** - We are Kentucky's institution. And that mantle holds with it heightened responsibilities around accountability and transparency. But we need to do more to instill a sense of trust in each other on issues ranging from shared governance to open accountability for how we perform and what we measure.
- **Bringing Together Many People; One Community** - UK is among the most diverse communities in the Commonwealth. Our students will enter a world riven by divisions, but more interdependent than ever before. How do we model unity amidst diversity for our state?



## VACCINE TRIALS FOR CHILDREN

The University of Kentucky is working with vaccine manufacturers to test the safety and effectiveness of COVID-19 vaccines for children through its KidCOVE trial program.

Using its vaccine currently given to adults, Moderna has committed to researching a safe and effective vaccine to protect people of all backgrounds and ages, including children less than 12 years of age. This pediatric research study will define an age-appropriate dose, test the vaccine's effectiveness and monitor any potential side effects in children, collecting information to ensure safe use.

Researchers are now enrolling children aged six months to two years to participate in the trial.

## UK NEARING 90 PERCENT VACCINATED

Our robust vaccination effort has resulted in a significant portion of the UK community receiving shots of healing and hope.

As of late October, nearly 90% of the UK campus was either partially or fully vaccinated. This number represents the commitment we have to one another – to protect ourselves and to protect our community.

In addition to the campus community, UK vaccinated much of the Fayette County School system while also prioritizing first responders, frontline health care providers, elderly populations and those with underlying health conditions.

At its height, the Kroger Filed Vaccine Clinic – by far the largest in the state – was vaccinating more than 4,000 people a day, quickly, efficiently and effectively. The partnership among UK HealthCare, UK Athletics and our emergency operations team underscored for so many what a place with the size, scale, capacity and commitment like UK could bring to a crisis like COVID-19.





## WKU ADDS TWO MORE GREEN RESTAURANT CERTIFIED DINING FACILITIES

Western Kentucky University celebrated the addition of two more Green Restaurant Certifications to its portfolio this semester. Hilltopper Hall's dining facility became WKU's second Green Restaurant in June, joining the Fresh Food Company in Downing Student Union, which received its Green Restaurant Certification in 2019. Additionally, in August, WKU announced that the campus's Chick-fil-A location in Downing Student Union also earned Green Restaurant certification, becoming only the second Green Restaurant certified Chick-fil-A out of 2,700 locations in the United States.

Bowling Green now has three Level One Certified Green Restaurants, all of which are located on WKU's campus. WKU is also the first university in Kentucky to host a Green Restaurant. In December 2019, the university's first Green Restaurant, the Fresh Food Company, became the first Green Restaurant in Bowling Green and the first Green Dining facility at any university in Kentucky.

WKU President Timothy C. Caboni stressed the significance of hosting campus restaurants with this distinction. "WKU has yet again demonstrated our strong commitment to sustainability through another extraordinary sustainability achievement in our Dining Services," he said. "But it doesn't stop here. We will continue working together to create dining options that are both better for our environment and healthier for our faculty, staff and students."

Green Restaurant status is awarded by the Green Restaurant Association. To achieve Green Restaurant certification, a facility must earn a specific number of points across multiple categories, including water use, energy use, and food sourcing.

<https://www.wku.edu/news/articles/index.php?view=article&articleid=9823>

WKU

# NEWS FOR THE COUNCIL ON POSTSECONDARY EDUCATION

NOVEMBER 2021



*“With a proven track record of success, TRIO programs are indeed the model to follow when it comes to higher education access and student success.”*

Dr. Martha Sales  
Executive Director TRIO Programs at WKU

## WKU AWARDED 3 GRANTS TOTALING \$5 MILLION FOR TRIO TALENT SEARCH

The U.S. Department of Education announced that Western Kentucky University will receive three federal Talent Search grants totaling \$5,051,000 to help more low-income students who would be the first members of their families to earn degrees to prepare for and enroll in college.

WKU Talent Search has served students in the southcentral Kentucky region since 1981. TRIO Talent Search will provide five years of funding to help 1,821 students in surrounding counties each year find their path to college.

At least two-thirds of the students in each local Talent Search program are from low-income economic backgrounds and families in which neither parent has a bachelor's degree. Talent Search provides these students with counseling as well as information about college admissions requirements, scholarships and various student financial aid programs so that they can better understand their educational opportunities and options. According to the U.S. Department of Education, 80% of Talent Search participants enroll in postsecondary institutions immediately following high school graduation. In FY20, more than 309,000 students are enrolled in 473 Talent Search TRIO projects in the U.S.

Dr. Martha Sales, Executive Director of TRIO Programs at WKU, stated: "With a proven track record of success, TRIO programs are indeed the model to follow when it comes to higher education access and student success."

<https://www.wku.edu/news/articles/index.php?view=article&articleid=9821>



## CPE AWARDS \$100,000 TO WKU SUPPORTING EDUCATOR DIVERSITY PROGRAMS

WKU has been awarded a \$100,000 grant to expand scholarship programs that help diverse students become teachers and address the shortage of teachers from underrepresented backgrounds in Kentucky.

The current Educator Diversity Program at WKU, The GameChangers, started in summer 2020 in partnership with Bowling Green Independent School District (BGISD) and Warren County Public Schools (WCPS). Students in the program complete field and student teaching experiences within the partner district, and receive mentoring, advising, as well as tutoring through the WKU Intercultural Student Enrichment (ISEC) Center, the WKU Literacy Center, the Academic and Career Development Center (ACDC), the Office of Professional Education Services, and the WKU Office of Financial Aid. All program participants are supported through extensive tuition scholarships. All funds will be used to provide tuition scholarships to program participants.

Recruitment efforts will focus on district staff, adult learners, and undergraduate students. Once enrolled, the school districts and WKU co-sponsor student participation through a shared tuition model.

Success of the program is defined by increases in the following outcome measures: first-time praxis pass rates, participant retention, participant licensure, job placement, job satisfaction, and participant workforce retention. Program participants incur a 1:1 service obligation to the sponsoring district for each year of scholarship support received. WKU school district partners will be well served by these newly certified teachers.

<https://www.wku.edu/news/articles/index.php?view=article&articleid=9932>



## GATTON ACADEMY AT WKU SETS NEW NATIONAL MERIT SEMIFINALISTS RECORD

Twenty-six seniors from The Gatton Academy of Mathematics and Science at WKU have been recognized as semifinalists in the 2022 National Merit Scholarship Competition, breaking the 2019 record of the most students recognized in a single school year in the program's history.

Since The Gatton Academy's inception in 2007 on the campus of Western Kentucky University, a total of 223 students have been named National Merit Semifinalists. Since students take the qualifying PSAT exam in October of their junior year of high school, much of their preparation stems from learning opportunities during their freshman and sophomore years of high school. The Gatton Academy builds on students' sending school experiences to provide them with preparation for the ACT and SAT, critical components in becoming finalists.

<https://www.wku.edu/news/articles/index.php?view=article&articleid=9875>

