

**KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION
FINANCE COMMITTEE**



October 23, 2023 – 1:00 p.m. ET
Virtual Meeting via ZOOM - <https://us02web.zoom.us/j/89129396618>

- I. Call to Order and Roll Call**
- II. Approval of the Minutes* 2**
- III. Interim Capital Project Requests – KCTCS* 7**
 - a. Big Sandy CTC - Pikeville Nursing Renovation - \$1,500,000
 - b. Southcentral CTC - Franklin Simpson Center Roof Replacement - \$1,200,000
 - c. Southcentral CTC - Signage - \$1,200,000
 - d. Owensboro CTC - Mobile Healthcare Labs - \$2,000,000
 - e. Bluegrass CTC - Property Acquisition - \$4,000,000
- IV. KCTCS Study on Resource and Program Optimization..... 15**
- V. Update on Student Debt in Kentucky 31**
- VI. Other Business**
- VII. Adjournment**

MEETING MINUTES

Draft for Approval by the Finance Committee, October 23, 2023

Who: Kentucky Council on Postsecondary Education
Meeting Type: Finance Committee
Date: September 11, 2023
Time: 1:00 p.m. ET
Location: Virtual Meeting via ZOOM Webinar

CALL TO ORDER

The Finance Committee met Monday, September 11, 2023, at 1:00 p.m., ET. The meeting occurred virtually via ZOOM webinar. Committee Chair Eric Farris presided.

ATTENDANCE

Committee members in attendance: Jacob Brown, Kellie Ellis, Eric Farris, and Elaine Walker.

Committee member not in attendance: Madison Silvert.

Heather Faesy, CPE's senior associate for Board Relations, served as recorder of the meeting minutes.

APPROVAL OF THE MINUTES

The minutes of the June 6, 2023, and June 28, 2023, Finance Committee meetings were approved as presented.

2024-26 BIENNIAL BUDGET RECOMMENDATION – POSTSECONDARY INSTITUTION REQUEST

Dr. Bill Payne, Vice President of Finance and Administration, presented the staff's 2024-2026 biennial budget recommendation for the postsecondary institutions. It was presented in two parts: (1) operating funds and (2) capital investments.

The operating funds recommendation contained the following components:

- General Fund appropriations of \$1,109,285,500 in fiscal year 2024-25 and \$1,134,385,900 in fiscal year 2025-26 to support public postsecondary institution operations.
- Appropriations of \$81,925,100 in 2024-25 and \$109,233,300 in 2025-26 to help offset increases in higher education inflation. In addition, staff recommended that

inflation adjustment funds be excluded from funding models going forward, so full benefit will accrue to recipients of the funds without reducing opportunity for performance funds.

- Appropriations of \$22,692,900 in 2024-25 and \$22,692,900 in 2025-26 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.
- Appropriations of \$1,499,100 in fiscal year 2024-25 and \$1,499,100 in 2025-26 to meet the federal matching requirement for Kentucky State University's land-grant program.
- Appropriation of \$2,107,500 in fiscal year 2023-24 (i.e., a current-year appropriation) to complete the state's matching obligation for Kentucky State University's land-grant program for fiscal years 2022-23 and 2023-24.

MOTION: Ms. Walker moved the Finance Committee approve the proposed operating funds recommendation request and recommend final approval by the Council at its September 19, 2023, meeting. Mr. Brown seconded the motion.

VOTE: The motion passed.

The capital investment recommendation contained the following components:

- Appropriations of \$6,532,000 in 2024-25 and \$13,064,000 in 2025-26, recurring at the latter amount in subsequent years, to pay annual debt service on \$162,370,000 in state bonds requested in 2024-25, to help offset construction cost increases on individual new and expanded space projects authorized for postsecondary institutions during the 2022-2024 biennium.
- Appropriation to each institution equal to 20% of the bond funds it received in the 2022-2024 biennium for line itemed capital projects, which will allow Kentucky colleges and universities to complete new capital construction projects.
- Budget bill language be included to allow institutions flexibility to apply any unused construction cost increase funds to pressing asset preservation needs.
- Appropriation of \$14,078,000 in 2024-25 and \$42,233,000 in 2025-26, recurring at \$56,312,000 in subsequent years, to pay annual debt service on \$700 million in state bonds (i.e., \$350 million each year) to finance asset preservation and renovation projects at public postsecondary institutions during the upcoming biennium.
- No institutional match of state funds be required of any postsecondary institution to allow projects to proceed as quickly as possible and to reduce any further strain on campus operating budgets.
- Budget bill language, similar to the language in HB 1 (2022 RS), that would allow asset preservation pool funds to be used to preserve and maintain state owned and operated residence facilities.

MOTION: Ms. Walker moved the Finance Committee approve the proposed capital investment recommendation request and recommend final approval by the Council at its September 19, 2023, meeting. Dr. Ellis seconded the motion.

VOTE: The motion passed.

2024-26 BIENNIAL BUDGET RECOMMENDATION – CPE AGENCY BUDGET REQUEST

Mr. Shaun McKiernan, Executive Director of Finance and Budget, presented the staff's 2024-2026 biennial budget recommendation for the CPE agency budget request. The recommendation contained the following components:

- General fund base appropriations of \$14,873,700 to support the agency's role as the state's higher education coordinating board, including 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.
- Increases in General Fund appropriation necessary to cover Defined Calculations, as required by the state budget office's Biennial Budget Instructions.
- Additional appropriations of \$50,000 in fiscal 2024-25 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 \$100,000 in fiscal year 2025-26 to support two additional doctoral scholar students at each institution in the second year of the biennium.
- Additional \$10,000 each fiscal year to cover anticipated SREB dues increases.
- Expansion funding request of \$3 million in fiscal 2024-25 and \$3.0 million in fiscal 2024-25 to support additional staff in expanded areas of work:
 - Workforce development initiatives (5 positions)
 - P-20 policies and programs (4 positions)
 - Board member education (1 position)
 - Postsecondary financial management and oversight (2 positions)
 - Higher education performance and accountability (2 positions)
 - Adult-focused programs and services (2 positions)
 - Academic program oversight and coordination (2 positions)
 - Financial aid and affordability (1 position)
 - Transfer services and coordination (1 position)
 - Student progression and support services (3 positions)
 - Management of major funding programs (1 position)
- Expansion funding request of \$20.0 million in fiscal 2024-25 and \$20.0 million in fiscal 2025-26 to support the Fund for Higher Education and Economic Development (FHEED), which would provide incentive grants to campuses to increase educational attainment, strengthen the workforce alignment, foster collaboration, improve

efficiencies and build a more streamlined pipeline along the P-20 educational continuum.

- Tobacco Settlement Fund appropriations of \$6,250,000 in 2024-25 and \$6,250,000 in 2025-26 for cancer research at the University of Kentucky and the University of Louisville.
- Restricted Funds appropriations request that aligns with recent spending trends sufficient to cover necessary operating costs.
- Appropriation of \$5,000,000 in fiscal year 2024-25 and \$1,000,000 in 2025-26 to enable federal fund expenditures related to the GEAR UP program.

MOTION: Mr. Brown moved the Finance Committee approve the proposed agency budget recommendation request and recommend final approval by the Council at its September 19, 2023, meeting. Dr. Ellis seconded the motion.

VOTE: The motion passed.

INTERIM CAPITAL PROJECT REQUEST – KSU FIBER INFRASTRUCTURE PROJECT

Mr. McKiernan presented an interim capital project request from Kentucky State University (KSU) to upgrade the university's fiber infrastructure, using federal Higher Education Emergency Relief Funds. The upgrade to fiber infrastructure will include installation of single-mode fiber on campus with redundant connection hubs. Implementing a single-mode fiber infrastructure would enhance KSU's network connection, ensuring greater reliability, security, and speed. The KSU Board of Regents approved the project on August 8, 2023. KSU officials anticipate construction to start in December 2023 and it to be completed by September 2024.

MOTION: Mr. Brown moved the Finance Committee approve the proposed interim capital project request from Kentucky State University and recommend final approval by the Council at its September 19, 2023, meeting. Ms. Walker seconded the motion.

VOTE: The motion passed.

WORKFORCE DEVELOPMENT TRUST FUND

Mr. McKiernan briefly reviewed the report documenting how Workforce Development Trust Fund (WDTF) appropriations were expended during the 2022-23 fiscal year and how KCTCS used those funds to address workforce supply gaps in targeted industry sectors, as required in the engaged budget (HB 1, 22 RS).

A copy of the report was provided, and it included a summary of WDTF awards, program expenditures, credential targets, and credentials produced by program and college, as well as other information provided by KCTCS on uses of WDTF awards and program results. The results of the Competitive Workforce Initiative were generally positive. Council staff

stated they were confident that the increased program capacity supported by this program will serve Kentucky well for many years, especially given the modest investment.

OTHER BUSINESS

Dr. Payne notified the committee members that the 2023 Postsecondary Education Working Group on Performance Funding concluded its work at its September 6 meeting. Its recommendations will be submitted to the Governor and General Assembly by the December 1, 2023, deadline.

ADJOURNMENT

The Finance Committee adjourned at 2:30 p.m., ET.

DRAFT

TITLE: Interim Capital Project Requests – KCTCS

RECOMMENDATION: Staff recommends that the Finance Committee approve the five proposed interim capital projects from KCTCS and request final approval by the Council at its November 17, 2023, meeting.

PRESENTERS: Shaun McKiernan, Executive Director of Finance and Budget, CPE

SUPPORTING INFORMATION

On October 5, 2023, KCTCS officials requested CPE approve five interim capital projects. These projects were reviewed and approved by the KCTCS Board of Regents on September 22, 2023.

1. **Big Sandy CTC - Pikeville Nursing Renovation - \$1,500,000.**
This federal funded project will upgrade facilities for the Pikeville Regional Technology Center nursing program. The project will allow Big Sandy CTC to renovate classrooms and labs that will house the college's Nursing Education Program after its relocation from the Summit Building at Pikeville Medical Center. The renovation will also improve and expand the Emergency Management Technical/Paramedic and Nurse Aid training programs' capacity from 30 to 75 students.
2. **Southcentral CTC - Franklin Simpson Center Roof Replacement - \$1,200,000.**
This project will replace 41,300 square feet of roofing and will be funded with agency restricted funds.
3. **Southcentral CTC - Signage - \$1,200,000.**
This agency restricted fund project will construct a main campus sign to contain lettering and video boards. The project will include removal of the existing sign, site development, a decorative fence element, lighting, and landscaping.
4. **Owensboro CTC - Mobile Healthcare Labs - \$2,000,000.**
This project will be funded with federal grant funds and will purchase two mobile healthcare labs. The mobile healthcare simulation labs are a vital part of the Commonwealth West Healthcare Workforce Innovation Center Initiative. The mobile labs will service sixteen counties in western Kentucky, providing access to education for students who may not choose to attend college due to location or life challenges. The mobile unit will maximize healthcare education training and recruitment opportunities for

the following KCTCS institutions: Elizabethtown, Henderson, Hopkinsville, Madisonville, and Owensboro.

5. Bluegrass CTC - Property Acquisition - \$4,000,000.

This agency restricted funds project will allow the purchase of an existing 80,040 gross square foot building on 15.42 acres (804 parking spaces) that is near the BCTC Winchester campus. The nursing program on this campus is in need of expansion, and this project will allow the current faculty to teach more students. In addition, BCTC has plans in the near future to expand Dual Credit, Workforce Training, and Commercial Driver's Training in the Clark/Estill County Area, and this project will facilitate these expansions.

APPROVAL PROCESS

House Bill 592 (2018) created a new provision in KRS 164A.575, which allows public postsecondary institutions to authorize capital projects not specifically listed in the state budget as long as the projects are funded with non-general fund appropriations, do not jeopardize funding for existing programs, and are reported by the institution to the Capital Projects and Bond Oversight Committee. The pertinent section of KRS 164A.575 is provided below:

- (15) Notwithstanding KRS 45.760, the governing board may authorize a capital construction project or a major item of equipment even though it is not specifically listed in any branch budget bill, subject to the following conditions and procedures:
 - (a) The full cost shall be funded solely by non-general fund appropriations;
 - (b) Moneys specifically budgeted and appropriated by the General Assembly for another purpose shall not be allotted or re-allotted for expenditure on the project or major item of equipment. Moneys utilized shall not jeopardize any existing program and shall not require the use of any current general funds specifically dedicated to existing programs; and
 - (c) The institution's president, or designee, shall submit the project or major item of equipment to the Capital Projects and Bond Oversight Committee for review as provided by KRS 45.800.

The approval process for a capital project that exceeds \$1,000,000 is as follows:

- The project must be submitted to the Council on Postsecondary Education for review and action;
- If approved by the Council, projects at KCTCS and KSU are submitted to the Secretary of the Finance and Administration Cabinet for review and action, and subsequently submitted by the Secretary to the Capital Projects and Bond Oversight Committee for review;
- If approved by the Council, projects at EKV, MoSU, MuSU, NKU, UK, UofL, and WKU are submitted by the requesting institution to the Capital Projects and Bond Oversight Committee for review, and a copy is provided to the Finance and Administration Cabinet as information; and

- Following review and action by the appropriate agencies, the project may be initiated by the requesting institution.

Because these projects were not previously approved by the Council and were not authorized in the enacted 2022-24 budget, Council approval is now required to authorize these projects. KCTCS will not be debt financing any portion of these projects; therefore, provisions of KRS 45.763 do not apply.

NEXT STEPS

Following Council action, staff will notify the president of KCTCS, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee of the Council's recommendation concerning these projects.



October 5, 2023

Mr. Aaron Thompson, President
Council on Postsecondary Education
1024 Capital Center Drive, Suite 320
Frankfort, KY. 40601

Re: Interim Authorization Request – KCTCS Capital Projects

Dear President Thompson:

In accordance with KRS 164A.575, Kentucky Community and Technical College System (KCTCS) respectfully requests interim authorization for five projects that are being funded with agency restricted funds and federal funds.

The first project is Big Sandy Community and Technical College Pikeville Nursing Renovation. Big Sandy CTC is seeking a grant for \$1,500,000 to upgrade the Pikeville Regional Technology Center. This project will renovate classrooms and labs that will house the college's Nursing Education Program after its relocation from the Summit Building at Pikeville Medical Center. The renovation will also improve and expand the Emergency Management Technical/Paramedic and Nurse Aid training programs' capacity.

The second project is Southcentral Community and Technical College Franklin Roof Replacement. The total budget is \$1,200,000 and is being funded with agency restricted funds. This project will replace the roof at the Franklin Simpson Center.

The third project is Southcentral Community and Technical College Signage. This project will construct a main campus sign to contain lettering and video boards. The total budget is \$1,200,000 and is being funded with agency restricted funds. The project will include removal of the existing sign, site development, a decorative fence element, lighting, and landscaping.

The fourth project is for Owensboro Community and Technical College Mobile Healthcare Labs. This project is being funded with grant funds. The total budget is \$2,000,000 to purchase two mobile labs. The mobile healthcare simulation lab is a vital part of the Commonwealth West Healthcare Workforce Innovation Center Initiative. The mobile lab will service sixteen counties in western Kentucky providing access to education for students who may not choose to attend college due to location or life challenges. The mobile unit will maximize healthcare education training and recruitment opportunities for the following KCTCS institutions: Elizabethtown, Henderson, Hopkinsville, Madisonville, and Owensboro.



Kentucky Community and Technical College System
300 North Main Street
Versailles, KY 40383
(859) 256-3100
kctcs.edu

KCTCS is an equal educational and employment opportunity institution.

The fifth project is for Bluegrass Community and Technical College (BCTC) to acquire property for \$4,000,000. This project is being funded with agency restricted funds. BCTC is interested in purchasing an existing 80,040 gross square feet building, with 15.42 acres and 804 parking spaces. This facility is in close proximity to the BCTC Winchester Campus. BCTC has the need for an expanded Nursing Program at this campus. The intent is to increase student capacity significantly in this new facility and without needing to hire additional faculty. Additionally, BCTC has near future needs to expand Dual Credit, Workforce Training, and Commercial Driver's Training in the Clark/Estill County Area.

The design and construction of the projects will be implemented through the Finance and Administration Cabinet as capital projects. KCTCS' Board of Regents approved these projects on September 22, 2023.

Should you have any questions, please feel free to contact Andy Casebier at 859-256-3287.

Sincerely,



Buddy Combs
Acting Vice President

cc: Interim President Ferguson
Carla Wright
Shaun McKiernan
Andy Casebier
Sandy Adkins

**KCTCS INTERIM PROJECT APPROVALS:
RESTRICTED FUNDS PROJECTS**

**ACTION
September 22, 2023**

Recommendation

The KCTCS Board of Regents approve three interim capital projects. Big Sandy Community and Technical College Pikeville Nursing Program Renovation, Southcentral Kentucky Community and Technical College Franklin Roof Replacement, and Southcentral Kentucky Community and Technical College Signage.

Rationale

- In accordance with KRS 164A.575, interim project authorization for a capital construction project with a scope greater than \$1,000,000 be approved by the KCTCS Board of Regents and reported to the Capital Projects and Bond Oversight Committee.

Background

- The current estimated budget for the three restricted funds projects is \$3,900,000. The Big Sandy CTC Pikeville Nursing Program project is being funded with grant funds. The Southcentral KY CTC projects are being funded with agency funds.

Project Title and Description	Project Scope	State Bond Funds	Agency Restricted Funds
Restricted Funds Capital Projects			
Big Sandy CTC - Pikeville Nursing Program Renovation Big Sandy CTC is seeking a grant to upgrade the Pikeville Regional Technology Center. This project will renovate classrooms and labs that will house the college's Nursing Education Program after its relocation from the Summit Building at Pikeville Medical Center. The renovation will also improve and expand the Emergency Management Technical/Paramedic and Nurse Aid training programs' capacity.	\$1,500,000	\$0	\$1,500,000
Southcentral KY CTC Franklin Roof Replacement Replace the roof at the Franklin Simpson Center at Southcentral KY CTC.	\$1,200,000	\$0	\$1,200,000
Southcentral KY CTC Signage Construct a Main Campus sign to contain lettering and video boards. The project will include removal of the existing sign, site development, a decorative fence element, lighting and landscaping.	\$1,200,000	\$0	\$1,200,000
<u>Total</u>	<u>\$3,900,000</u>	<u>\$0</u>	<u>\$3,900,000</u>

KCTCS INTERIM PROJECT APPROVALS: CAPITAL EQUIPMENT PROJECTS

**ACTION
September 22, 2023**

Recommendation

The KCTCS Board of Regents approve two interim capital projects. Owensboro CTC Mobile Healthcare Labs for \$2,000,000 and Somerset CC 3D printers for \$1,000,000.

Rationale

- In accordance with KRS 164A.575, interim project authorization for a capital equipment project with a scope greater than \$200,000 be approved by the KCTCS Board of Regents and reported to the Capital Projects and Bond Oversight Committee.

Background

- The first project is for Owensboro CTC for Mobile Healthcare Labs. This project is being funded with grant funds. The total budget is \$2,000,000 to purchase two mobile labs.

The mobile healthcare simulation lab is a vital part of the Commonwealth West Healthcare Workforce Innovation Center Initiative. The mobile lab will service 16 counties in western Kentucky providing access to education for students who may not choose to attend college due to location or life challenges. The mobile unit will maximize healthcare education training and recruitment opportunities for the following KCTCS institutions: Elizabethtown, Henderson, Hopkinsville, Madisonville and Owensboro.

- The second project is for Somerset CC to purchase two 3D printers. The total budget is \$1,000,000 and is funded with grant funds. The 3D printers will be used at the Additive Manufacturing Center at the Somerset Community College Valley Oak Campus. The printer equipment will be used to manufacture various concrete products such as culverts, bridges, agricultural products, architectural furnishings, manholes and park benches.

Recommendation

The KCTCS Board of Regents approve the interim project of \$4,000,000 for Bluegrass Community and Technical College (BCTC) to acquire property in Winchester, KY.

Rationale

- In accordance with KRS 164A.575, interim project authorization for a capital construction project with a scope greater than \$1,000,000 be approved by the KCTCS Board of Regents and reported to the Capital Projects and Bond Oversight Committee.
- The funding for the BCTC Property Acquisition is \$4,000,000 which is being funded from KCTCS Agency funds.

Background

BCTC is interested in purchasing an existing 80,040 gross square feet building, with 15.42 acres and 804 parking spaces. This facility is in close proximity to the BCTC Winchester Campus. The current owners of the proposed facility are willing to take a significant loss on the sell. BCTC is proposing a purchase price that average approximately \$49.98 cost per square foot. If the same facility were to be built, it would cost approximately \$32 million.

BCTC has the need for an expanded Nursing Program at this campus. The intent is to increase student capacity significantly in this new facility and without needing to hire additional faculty. Additionally, BCTC has near future needs to expand Dual Credit, Workforce Training, and Commercial Driver's Training in the Clark/Estill County Area.

TITLE: KCTCS Study on Resource and Program Optimization

DESCRIPTION: Representatives from the Kentucky Community and Technical College System will discuss the results of a study conducted by Huron Consulting Group.

PRESENTERS: Dr. Larry Ferguson, Interim President, KCTCS
Buddy Combs, Acting Vice President of Financial Support Services, KCTCS
Dr. Alicia Crouch, Vice Chancellor of Research and Policy Analysis, KCTCS

SUPPORTING INFORMATION

KCTCS leadership engaged Huron Consulting Group to perform an assessment of the system's physical resources, programs, and administrative support structures to identify opportunities to improve business operations, cross-campus collaboration, and overall efficiency in alignment with the system's strategic plan. The study was conducted with the engagement of over 2,300 members of the KCTCS organization, including interviews with 70+ System Office and college employees, hosting 21 focus groups with 250+ participants, and facilitating 17 townhalls with approximately 2,000 attendees. Huron also gathered and analyzed institutional data and collected market and peer data to gain insight on additional opportunities.

The results of that assessment were presented to the KCTCS Board of Regents in June 2023. It resulted in a menu of 47 academic, space, and financial and organizational opportunities for KCTCS to consider, prioritize, and pursue. Compensation and Equity will be covered in a future report.

An executive summary of the recommendations has been included in your packet.

You can see the full report presented to the KCTCS board at <https://systemoffice.kctcs.edu/about/open-access-to-information/Huron-report-June-23/Huron%20Report%20and%20Board%20Motion%2006-16-23.pdf>

KCTCS officials will provide more details regarding the study and its outcomes at the Finance Committee meeting.

KCTCS Resource and Program Optimization

Space Utilization Assessment, Academic Programming Optimization, Financial & Organizational Assessment

KCTCS leadership engaged Huron Consulting Group to perform an assessment of the system's physical resources, programs, and administrative support structures to identify opportunities to improve business operations, cross-campus collaboration, and overall efficiency in alignment with the system's strategic plan.

The list below outlines the opportunities the Board of Regents is voting on to determine what moves forward in the next calendar year. The President's Leadership Team was engaged in discussion in advance of the vote. The Compensation & Equity Study opportunities will be delivered and prioritized Fall 2023.

#	Opportunity	Description
Space Utilization Assessment Workstream		
1	Capital Construction Process	Potentially opt out of state-managed capital construction project process and invest in resources in-house (as noted in KRS 164A.580). A shift in-house can result in an accelerated and nimble capital project process as it limits competition with state agencies and allows for KCTCS to make decisions based on its goals and needs.
2	External Lease Agreements	Reevaluate leased space from external partners and consider leveraging any existing, underutilized internal space instead.
3	Sub-Standard Space Management	Identify buildings that stand to gain the most in redevelopment and potentially establish P3 (public-private-partnership) agreements.
Academic Programming Optimization		
4	Faculty Credit Hour Production	Develop KCTCS-wide expectations for faculty position responsibilities to ensure transparency and consistency. Identify nuances to consider (e.g., technical and transfer program differences).
5	Program Offerings and Enrollment	Review current academic offerings to determine where to invest in, refine, or sunset. A review of current academic offerings will take into consideration several components, including but not limited to cost of education, mission alignment, and job opportunities for students.

#	Opportunity	Description
6	Program Inventory Management	Refine the program creation and suspension processes to ensure comprehensive understanding of the processes as well as alignment amongst academic offerings and organization-wide and market trends.
7	Section Enrollments	Review – and potentially consolidate or close – low-enrolled sections to maximize and redeploy faculty effort towards other initiatives.
Financial & Organizational Assessment		
8	Spans and Layers	Reallocate managerial capacity at the System Office and the 16 colleges to expand a supervisor's management experience and capabilities, allow for greater focus on strategic decisions, and limit duplication of effort.
9	Strategic Sourcing	Increase centrally guided procurement activities, including leveraging buying power by aggregating volume, consolidating vendors, monitoring P-card usage, and increasing establishment and utilization of contracts.
10	Administrative Effort Assessment	Review administrative effort managed at the System Office and the 16 colleges to determine how to best provide administrative services to employees, students, and the broader community as well as the optimal split of responsibilities between the colleges and System Office.
Additional Considerations		
11	Data Strategy	Increase the cleanliness, consistency, and utilization of data cross the colleges and System Office. Managing data that is central to the organization's strategic planning will allow for greater proactive, flexible, and data-driven decision-making practices.
12	Project Management Office	Establish a Project Management Office (PMO) to oversee the design and implementation of organization-wide initiatives. The PMO will hold projects accountable to outputs, coordinate communication and technology enablement, and escalate risks to leadership.

KCTCS – Resource & Program Optimization

Legislative Education Committee



Agenda

1. Project Overview
2. Opportunity Identification and Prioritization Process
3. Opportunities Overview
4. Next Steps

Project Overview

KCTCS leadership engaged Huron Consulting Group to assess physical resources, academic programs, and administrative support structures to identify opportunities for enhancement.

Key Activities:



KCTCS leadership engaged Huron to **assess the current state operations organization-wide**, with a focus on identifying opportunities for resource and program optimization.



Huron **engaged with over 2,300 members of the KCTCS organization** by conducting **interviews with 70+** System Office and college employees, hosting **21 focus groups** with 250+ participants, and facilitating **17 townhalls** with ~2,000 attendees to **ensure broad information gathering was achieved**.



Huron **gathered and analyzed institutional data**, ultimately receiving and cataloging 100+ unique sets of data. In addition, Huron collected **market and peer data** to gain insight on additional opportunities.

Outcomes:



The Resource and Program Optimization Assessment resulted in a menu of **47 academic, space, and financial and organizational opportunities** for KCTCS to consider, prioritize, and pursue.







Huron's analysis helped quantify the opportunities, **totaling \$18.9M – \$43.1M in total financial opportunity** that includes a mix of revenue generation and cost savings opportunities as well as additional strategic considerations.

Project Objectives

KCTCS engaged Huron to identify opportunities to better and more efficiently serve the community. To meet this goal, Huron focused on the following objectives and impacts.

Objectives

	Resource utilization that promotes optimization and long-term sustainable growth
	Efficiencies that lead to improvement of services for students
	Operational alignment that supports the strategic plan
	Organizational model that supports student development and employee advancement

Impacts

Huron identified **efficiencies to support and align** with KCTCS's **strategic mission**, and that can impact operations, finances, and more. These include:

- Financial Opportunity
- Perceived Service Impact
- Productivity Impact
- Risk Mitigation, including:
 - Legal Compliance
 - Reaction by Internal Stakeholders
 - Public Relations
 - Impact to Academic Reputation
- Anticipated Recognition of Benefits
- Cultural Impact








Project Approach - Workstreams

This engagement addressed space utilization, academic programming, financial spend and organizational structure, and compensation.

Space Utilization Assessment	Academic Programming Optimization	Financial and Organizational Assessment
<ul style="list-style-type: none"> Performed a comprehensive utilization study Performed a benchmarking and best-practice analysis Identified opportunities 	<ul style="list-style-type: none"> Conducted a targeted academic cost management analysis Created cost-to-educate model Conducted study of current market position Identified opportunities 	<ul style="list-style-type: none"> Conducted stakeholder interviews Mapped KCTCS's org. structure and staffing Analyzed core financial data Identified opportunities

KCTCS Engagement

Throughout the 20-week assessment, Huron collaborated with various employees across KCTCS to gather organization-specific context and opportunities.

	Executive Sponsors	Developed over 20 status reports in addition to 15 check-ins
	Advisory Committee	Hosted 5 Advisory Committee meetings
	Workstream Leads	Hosted 40+ check-ins with the project's 25 workstream leads
	Town Halls	Hosted 17 System Office and college town halls with ~2,000 attendees
	Focus Groups	Hosted 20+ virtual focus groups with Peer Teams with 250+ staff, faculty, and students
	Interviews	Hosted 40+ interviews with System Office and college leadership
	Emails	Received 90+ emails from employees across KCTCS
	Data Collection	Received and catalogued 100+ unique data sets

Opportunity Process

Huron and KCTCS finalized the assessment phase in July 2023. Design and Implementation of the prioritized opportunities began in August 2023.

Assessment

Phase One



Assessment

Huron collected **quantitative and qualitative** data and engaged with **KCTCS** to identify strengths and areas of opportunity.

Identification

KCTCS and Huron **reviewed** all optimization opportunities. Opportunities were focused **organization-level**.

Prioritization

KCTCS **ranked opportunities** for further discussion. Huron developed **implementation roadmaps**.

Design

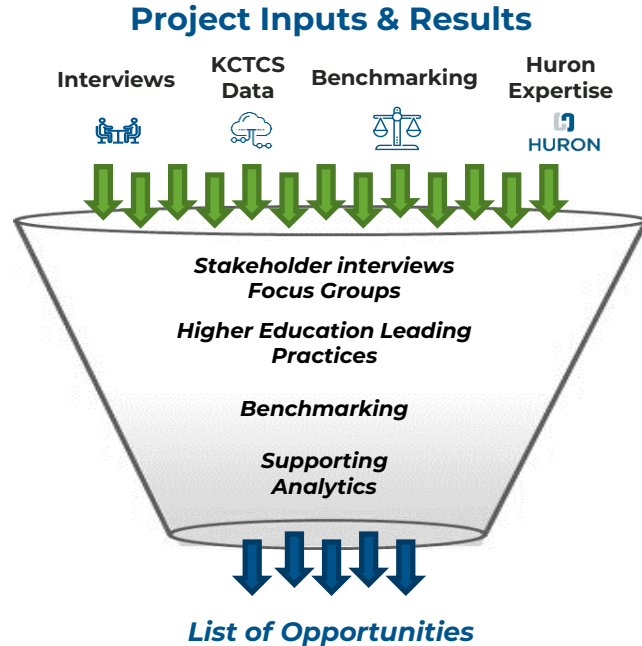
KCTCS and Huron will design the **future state** of the prioritized opportunities.

Implementation

KCTCS and Huron will execute the future state design and engage in continuous **change management**.

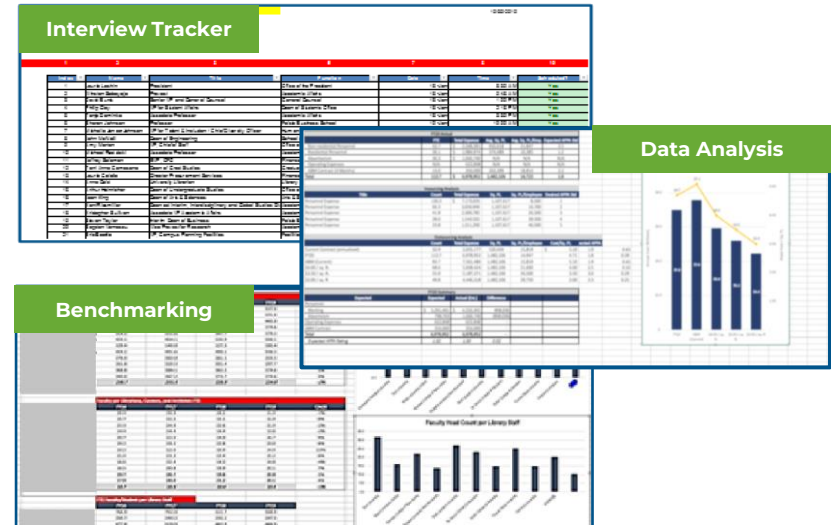
Opportunity Identification

Huron leveraged a variety of resources to identify a robust list of opportunities that are most promising for KCTCS.



(Opportunities can include course utilization, instructional capacity, process clarification, transactional support teams, space scheduling / reporting capabilities, etc.)

Project Resources & Tools



All Opportunities: Overview








Space Utilization	Academic Programming	Financial and Organizational	Additional Considerations
Master Plan Expectations	Cost to Educate	Spans and Layers	System Accreditation
Office Use Practices	Market Positioning	Supervisory Titles w/o Direct Reports	Data Strategy
Community Engagement with Space	Program Offerings and Enrollment	Vacancy Assessment	Project Management Office
Academic Space Scheduling Process	Program Sharing	Consolidation of Admin Support	
Space Request Process	Program Inventory Management	System Office Staffing	
Capital Construction Process	Technical and Transfer Programs	System Office Leadership Structure	
Space Governance Structure	Tuition Differential / Course Charges	Service Delivery Considerations	
Space Prioritization & Decision-Making	Faculty Credit Hour Production	Realign Transactional Support Staff	
Data Management	Section Enrollments	Outsource Functions or Activities	
Space Scheduling Systems	Dual Credit	SLAs and Recharge Simplification	
Space Data Requirements & Reporting	Transfer Pathways	Budget Reserves	
Multipurpose Spaces	Online Courses	Performance-Based Funding	
Community Event Reservations	Out-of-State Enrollment	Strategic Sourcing	
External Lease Agreements	Baccalaureate Degree Offerings	Library Subscriptions	
Sub-Standard Space Assessment		Motor Pool Spend	

Opportunity is highlighted in green if there is a financial impact.

Total Financial Opportunity: \$18.9M – \$43.1M

Prioritized Opportunities

The Board of Regents and PLT prioritized the following opportunities for design and implementation.

Opportunity	
	Space Utilization: Reevaluate leased space from external partners and consider leveraging any existing, underutilized space. Also, identify building that stand to gain the most in redevelopment and potentially establish P3 agreements.
	Capital Construction Process: Potentially opt out of state-managed capital construction project process and invest in resources in-house. A shift in-house can result in an accelerated and nimble capital project process.
	Academic Programming: Review current academic offerings to determine where to invest in, refine, or sunset. A review of current academic offerings will consider impact on other areas, such as faculty credit hour production and section enrollments.
	Org. Structure and Services: Review administrative effort managed at the System Office and the 16 colleges to determine how to best structure and provide administrative services to employees, students, and the broader community.
	Strategic Sourcing: Increasing centrally guided procurement activities, including leveraging buying power by aggregating volume, consolidating vendors, monitoring P-card usage, and increasing establishment and utilization of contracts.
	Data Strategy: Increase the cleanliness, consistency, and utilization of data cross the colleges and System Office. Managing data that is central to the organization's strategic planning will allow for greater proactive, flexible, and data-driven decision-making.
	Project Management Office (PMO): Establish a PMO to oversee the design and implementation of organization-wide initiatives. The PMO will have projects accountable to outputs, coordinate communication, and escalate risks to leadership.

Next Steps



Academic Programming Deep-Dives

- KCTCS Chief Academic Officers to leverage **college-level data** and identify **recommendations** around program offerings
- KCTCS Chief Academic Officers to provide **feedback** on current academic processes



Organizational Structure & Service Design

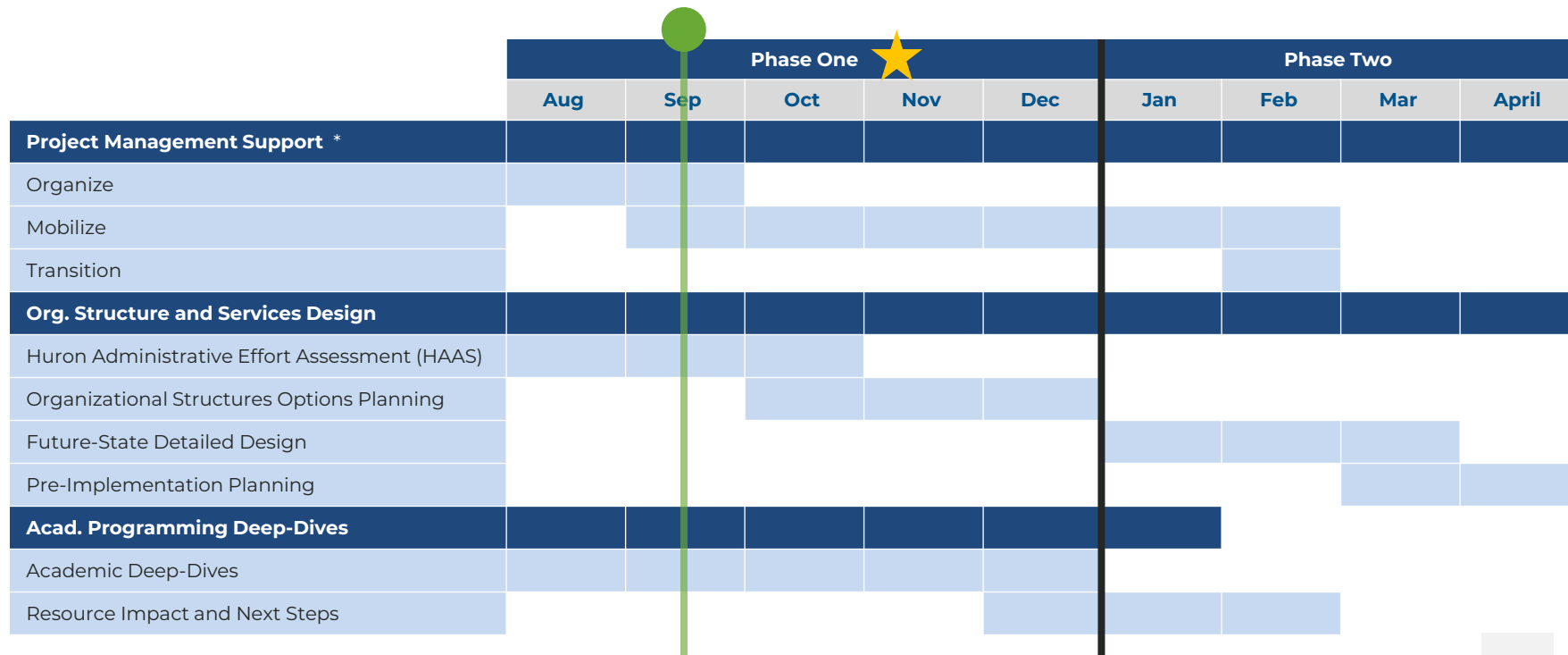
- KCTCS to estimate individual and combined **administrative effort**
- KCTCS to discuss various **options for future-state organizational structures**, including reporting structures and a division of responsibilities



Project Management Office

- KCTCS to determine **governance** structure
- KCTCS to identify and track **key milestones**
- KCTCS to create and manage a **communications and community engagement** plan

Project Timeline



* Note timeline may shift depending on KCTCS identifying internal resources to support this effort

Questions?



TITLE: Update on Student Debt in Kentucky

DESCRIPTION: Staff will provide a preview of a study completed on student debt levels after graduation from one of Kentucky's public institutions.

PRESENTERS: Travis Muncie, Executive Director, Data and Advanced Analytics
Dr. Chris Ledford, Associate Director, Data and Advanced Analytics

SUPPORTING INFORMATION

Earlier this year, CPE staff conducted a study on graduate debt levels and how Kentucky's efforts around tuition caps, improving financial literacy, and increasing grant aid have impacted those levels. The study investigated debt trends over the past five academic years among graduates of Kentucky's public institutions. (Debt at graduation was defined as the total debt a student has taken on through the end of the academic year in which they earned their highest credential on record.)

The findings show that average debt levels for postsecondary graduates in Kentucky are declining. Moderating debt load of Kentucky's college students has been a key focus of campuses across the state, as well as CPE and state leaders. Specifically,

- Average debt for all graduates (including those graduating with and without debt) dropped 26.4% between 2017-18 and 2021-22.
- At four-year public universities, average graduate debt declined by 11.7% and 4.3% among only graduates with debt. The proportion of graduates with debt declined from 63.7% to 58.8%.
- At KCTCS, average graduate debt declined over the past 5 years by 33.7% and 8.4% among only graduates with debt. The proportion of graduates with debt declined from 48.8% to 35.2%.

CPE staff will present the draft findings of this report, which is set to release in the spring of 2024.



Statewide Initiatives Decreasing Debt Among Undergraduate Completers at Kentucky Public Institutions

Travis Muncie
Chris Ledford

Data and Advanced Analytics
Kentucky Council on Postsecondary Education



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Balancing Student Debt: Accessibility vs. Management

Your Name
Job Title
Kentucky Council on Postsecondary Education



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Balancing Student Debt

- Student loans provide **access to higher education** and the **potential to increased economic mobility**.
- Federal loans provide **reasonable borrowing options** to students such that they can earn a degree and the ROI needed to achieve upward mobility.
- Absent federal student loans, the **private market is unlikely to provide affordable terms** if any terms at all.
 - Experimental research suggests that students who enroll at institutions not opted into federal loan programs earn fewer credits per term and are less likely to complete.

Sources: American Enterprise Institute

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Student Debt Initiatives

- However, student debt loads can swell, impacting enrollment and completion, if not well managed.
- It is important that campuses and states collaborate to **balance postsecondary access with the long-term financial benefits of a credential**.
- In Kentucky, campuses, CPE, and state leaders collaborate to **increase access to financial aid, resources, and counseling, and suppress college costs**.
 - Students' Right to Know
 - FAFSA Days
 - Annual tuition increase limits

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Impact

- Contrary to public discourse about growing levels of student debt, **average debt at graduation is declining for students enrolled at Kentucky public institutions.**
- Importantly, we also expect that declining low-income enrollment is part of the story. Collaborative effort to boost enrollment and completion of low-income students will be critical if Kentucky is to reach its 60x30 goal.
 - Strategic agenda
 - Campus efforts
 - Performance-based funding premiums

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Methodology

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Measuring Graduate Debt

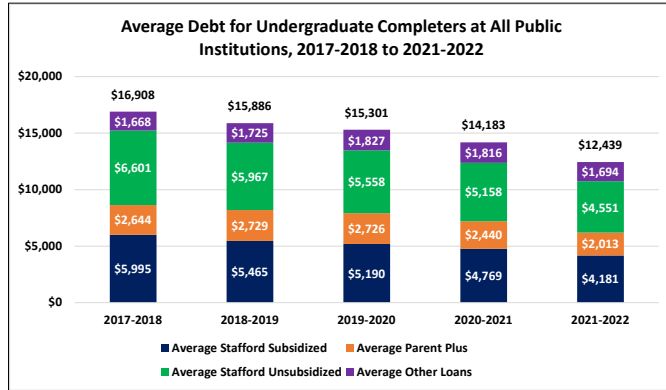
- We measure graduate debt for each student as the total debt accumulated from first enrollment through the end of the academic year in which they earned their **highest credential on record**.
- Using this methodology, we find conclusive evidence that, over the last five years, **average debt at graduation** and the **proportion of graduates with debt have declined across sector**.

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All Public Sector Completers

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All Public Institutions



- Among all graduates, average debt declined from **\$16,908** to **\$12,439**, a decrease of **\$4,469** or **26.4%**.
- Among graduates with debt, average debt declined from **\$29,008** to **\$26,368**, a decrease of **\$2,640** or **9.1%** (not pictured).
 - **\$3,531** or **10.7%** for URM students
 - **\$2,914** or **10.7%** for low-income students

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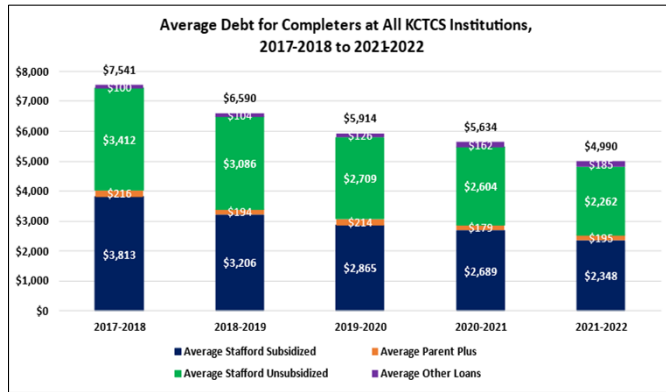
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KCTCS Completers

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All KCTCS Completers



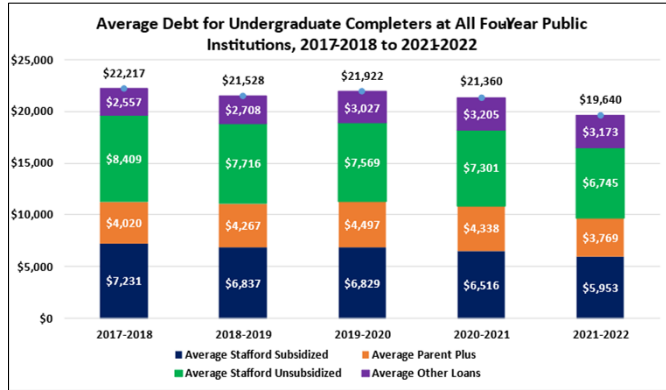
- Among all graduates, average debt declined from **\$7,541 to \$4,990**, a decrease of **\$2,551 or 33.8%**.
- The proportion of graduates with debt declined from **48.8% to 35.2%**.
- Among graduates with debt, average debt declined from **\$15,466 to \$14,178**, a decrease of **\$1,288 or 8.3%** (not pictured).
 - **\$2,609 or 15.0%** for URM students
 - **\$1,406 or 8.8%** for LI students

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Four-Year Undergraduate Completers

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Four-Year Undergraduate Completers



- Among all graduates, average debt declined from **\$22,217 to \$19,640**, a decrease of **\$2,577 or 11.6%**.
- The proportion of graduates with debt declined from **63.7 to 58.8%**.
- Among graduates with debt, average debt declined from **\$34,885 to \$33,427**, a decrease of **\$1,458 or 4.2%** (not pictured).
 - **\$1,616 or 4.3%** for URM students
 - **\$1,923 or 5.7%** for LI students

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Opportunity and Future Research

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Opportunity and Future Research

- The population of non-dual credit low-income undergraduates has decreased **29.3%** at four-year publics and **20.4%** at KCTCS over the past five years.
- CPE and state leaders are considering premium adjustments to the state performance funding model to reengage this population of students.
- In the future, we would find value in conducting a national scan that investigates how population-based premiums in performance-based funding impact enrollment and success of low-income learners.

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Thank You

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