

Making Kentucky **STRONGER BY DEGREES**



**Presentation to the House Appropriations & Revenue Subcommittee on
Postsecondary Education**

By Robert L. King

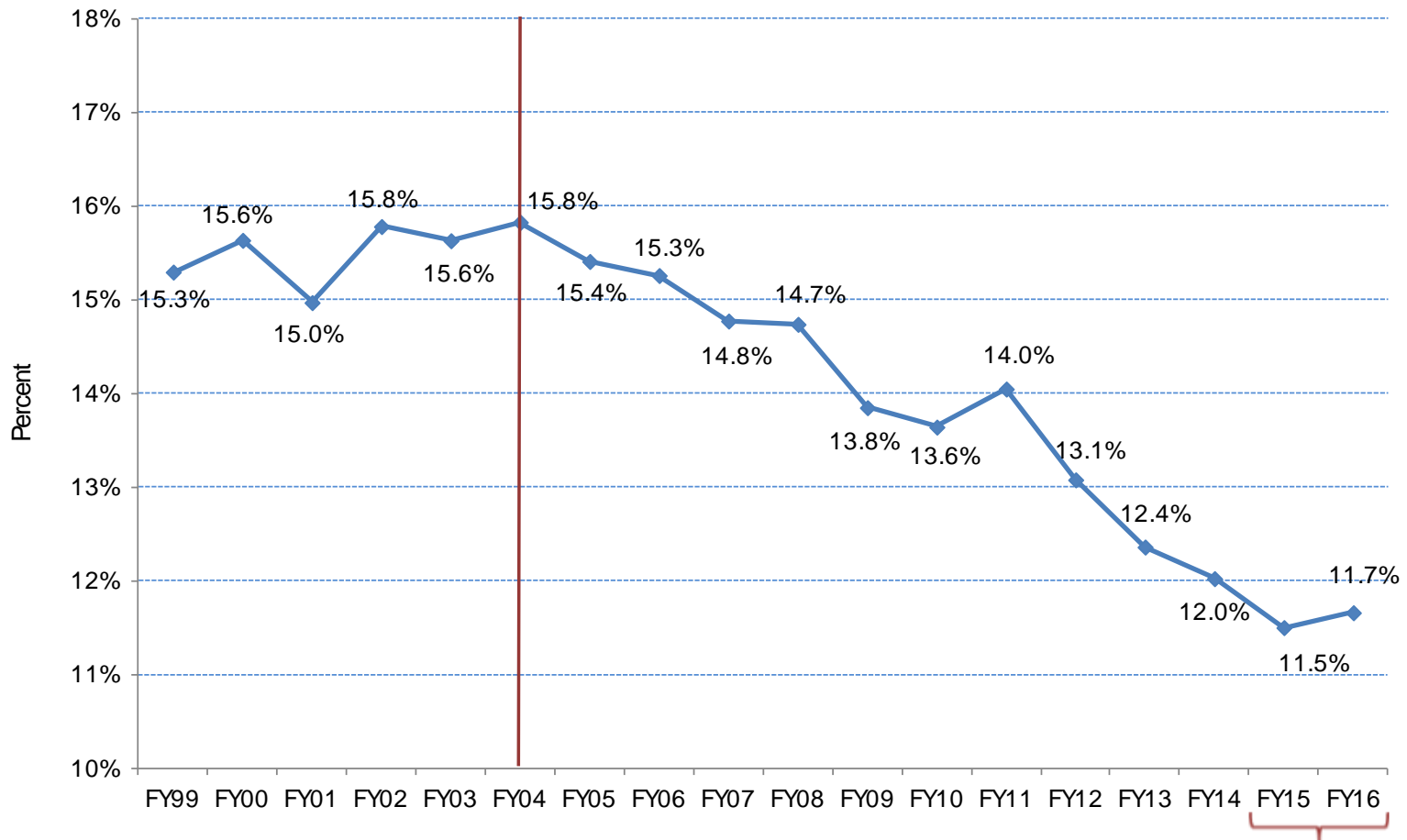
January 30, 2014

Presentation Overview

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Declining Share of State Budgets

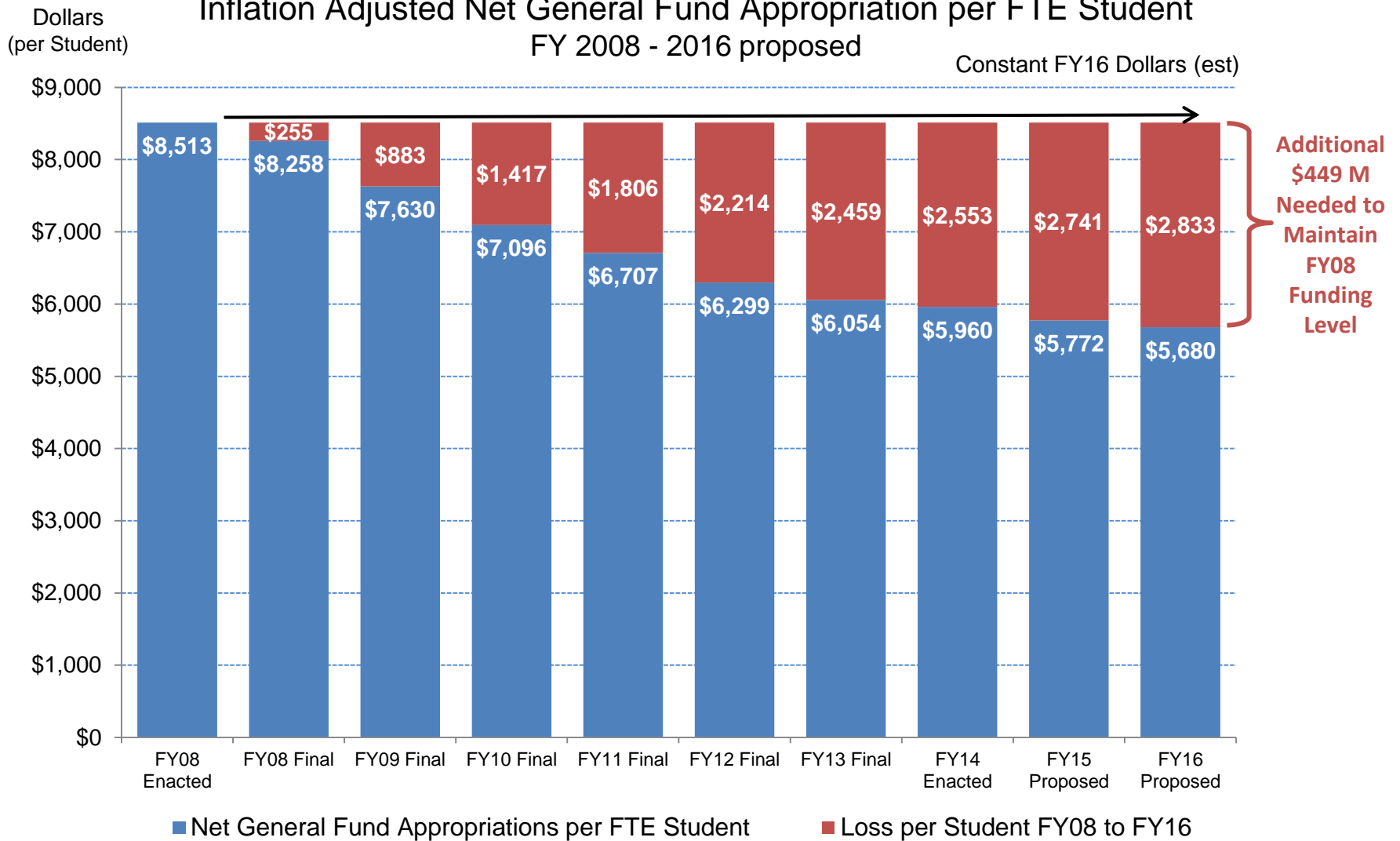
Kentucky Budget of the Commonwealth
 Postsecondary Education's Share of Total State General Fund Budget
 Fiscal Years 1999 - 2016



Source: Kentucky Enacted and Proposed Budgets of the Commonwealth.

Governor's Proposed Budget (HB 235)

Kentucky Public Postsecondary System Inflation Adjusted Net General Fund Appropriation per FTE Student FY 2008 - 2016 proposed

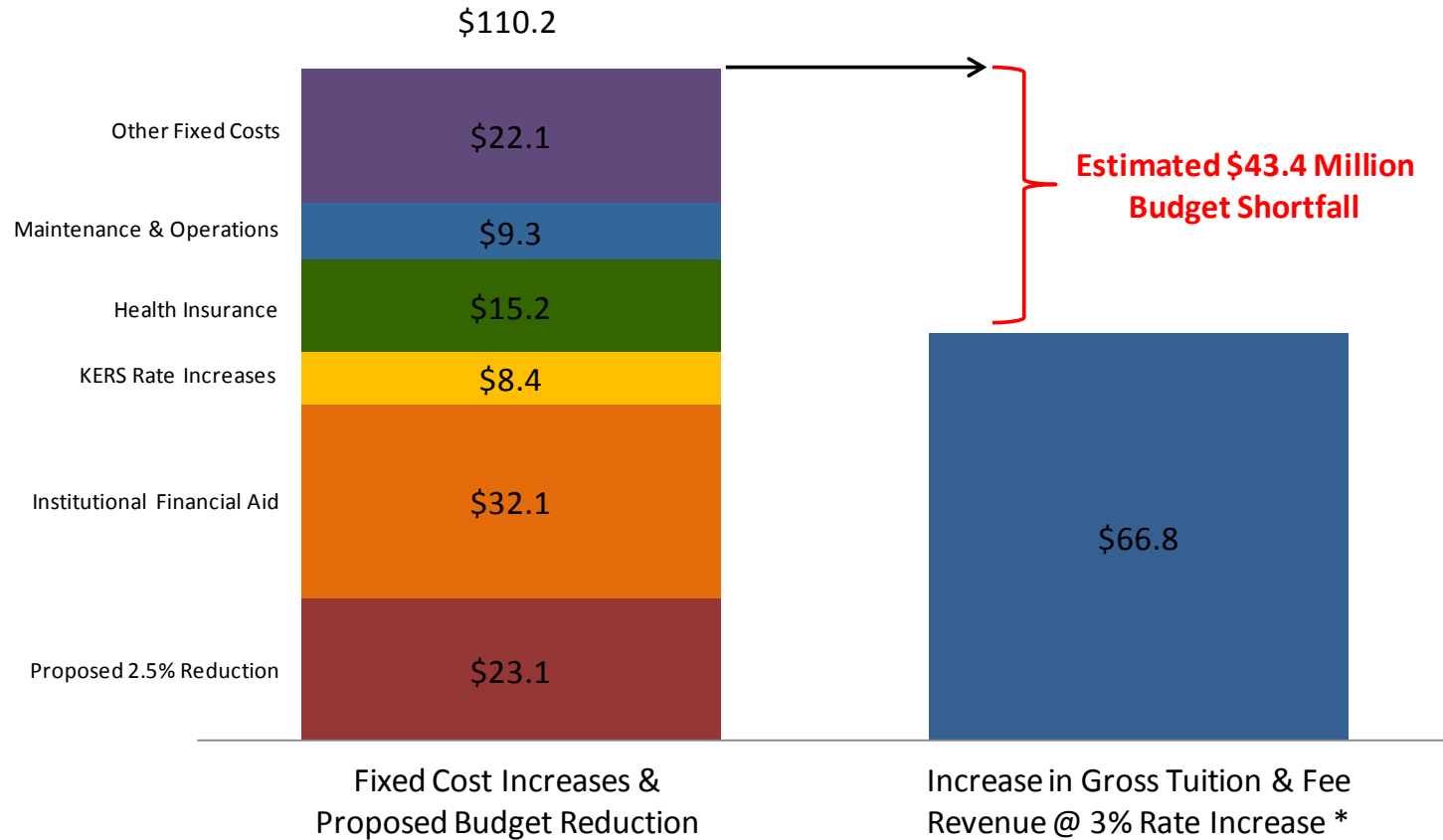


Assumes flat enrollment growth and 1.6% inflation each year for FY14, FY15, and FY16

Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database; Commonfund Institute, Higher Education Price Index (HEPI).

Fixed Costs Exceed Tuition

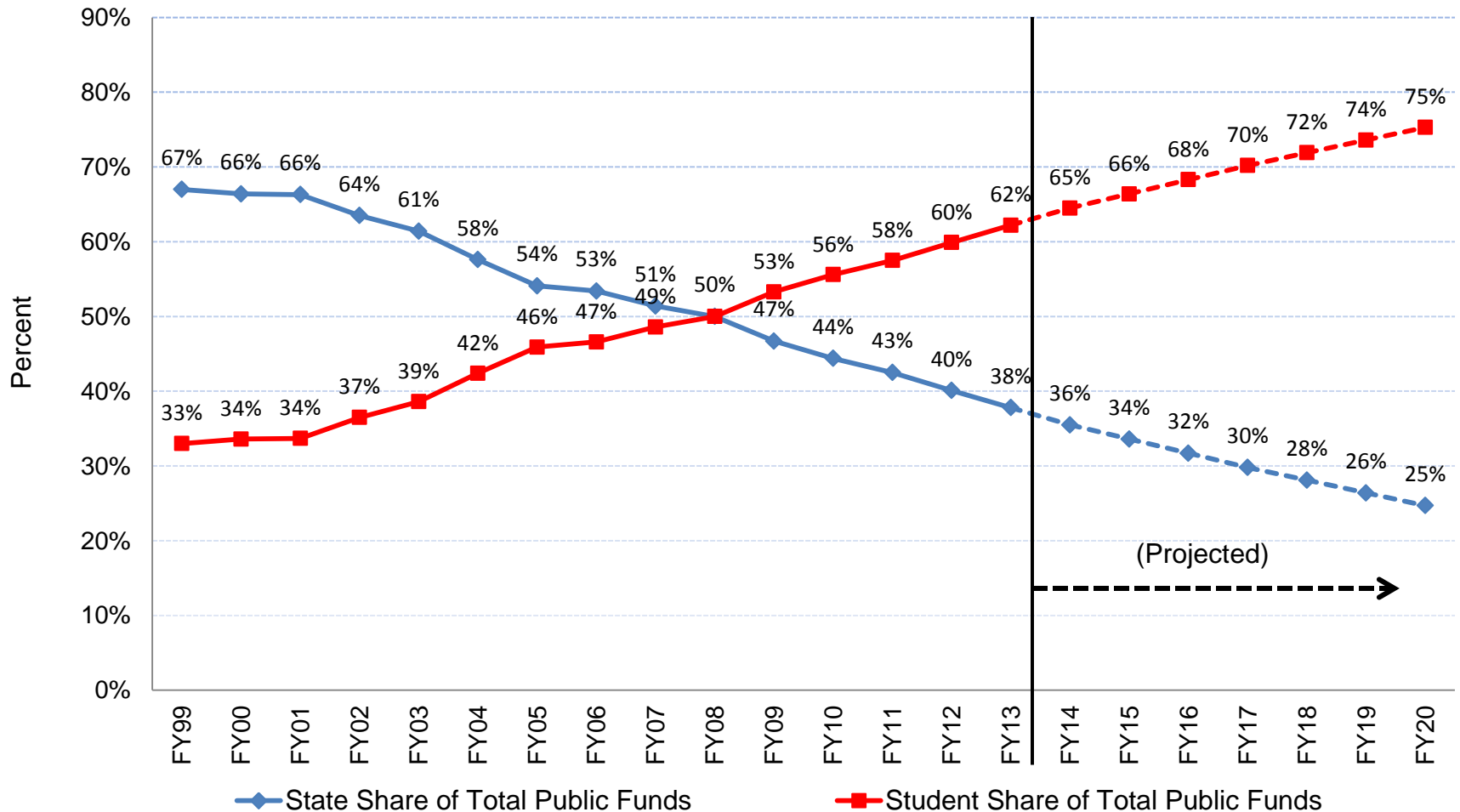
Kentucky Public Postsecondary Institution
 Anticipated Fixed Cost Increases and Increase in Tuition & Fee Revenue (@ 3% Rate Increase)
 Fiscal Year 2014-15



* Estimated increase in gross billable tuition and fee revenue at an assumed 3 percent rate increase across all levels of students and programs. Calculated by adding estimated net tuition and fee revenue and institutionally funded scholarships.

Shared Benefits and Responsibility

Kentucky Public Postsecondary System
 Change in State & Student Shares of Total Public Funds
 Fiscal Years 1999 - 2020



Sources: Kentucky Budget of the Commonwealth;
 CPE

State Share = Net General Fund Appropriations ÷ Total Public Funds
 Student Share = Gross Tuition & Fee Revenue ÷ Total Public Funds

Institutional Operating Funds

(Dollars in millions)

Funding Category	FY 15		FY 16	
	CPE Req.	Gov. Rec.	CPE Req.	Gov. Rec.
College & Career Readiness	\$19.2	\$0.0	\$19.2	\$0.0
Research & Economic Development	12.0	0.0	12.0	0.0
Performance Funding	18.0	0.0	36.0	0.0
Land Grant Mission Funds	1.4	0.0	2.8	0.0
Kentucky Adult Learner Initiative	2.4	1.9	2.4	1.9
Total	\$53.3	\$1.9	\$72.4	\$1.9
Percent Change on FY14 (\$916.0 M) base	5.8%	0.2%	7.9%	0.2%

Institutional Operating Funds

Governor's Budget includes:

- Base Reduction of 2.5% in FY15 (\$23.1M), with no increase in FY16
- Funds 50% of the KERS Rate Increases, \$8.4 M each year
- Funding for Gatton Academy at WKU, \$2 M in FY16

Strategic Investment Trust Funds

(Dollars in millions)

Funding Category/Institution	CPE Request	Gov. Rec.
Bucks for Brains		
University of Kentucky	\$50.0	\$33.3
University of Louisville	25.0	16.7
Comprehensive Universities	15.0	10.0
Workforce Development Match		
KCTCS	5.0	0.0
Trust Fund Total	\$95.0	\$60.0

Capital

(Dollars in millions)

GF Bond Fund Projects	CPE Req.	Gov. Rec.
Asset Preservation	\$320.0	\$274.7
New/Expanded Space	280.0	245.7
Information Technology	60.0	1.2
Total	\$660.0	\$521.5

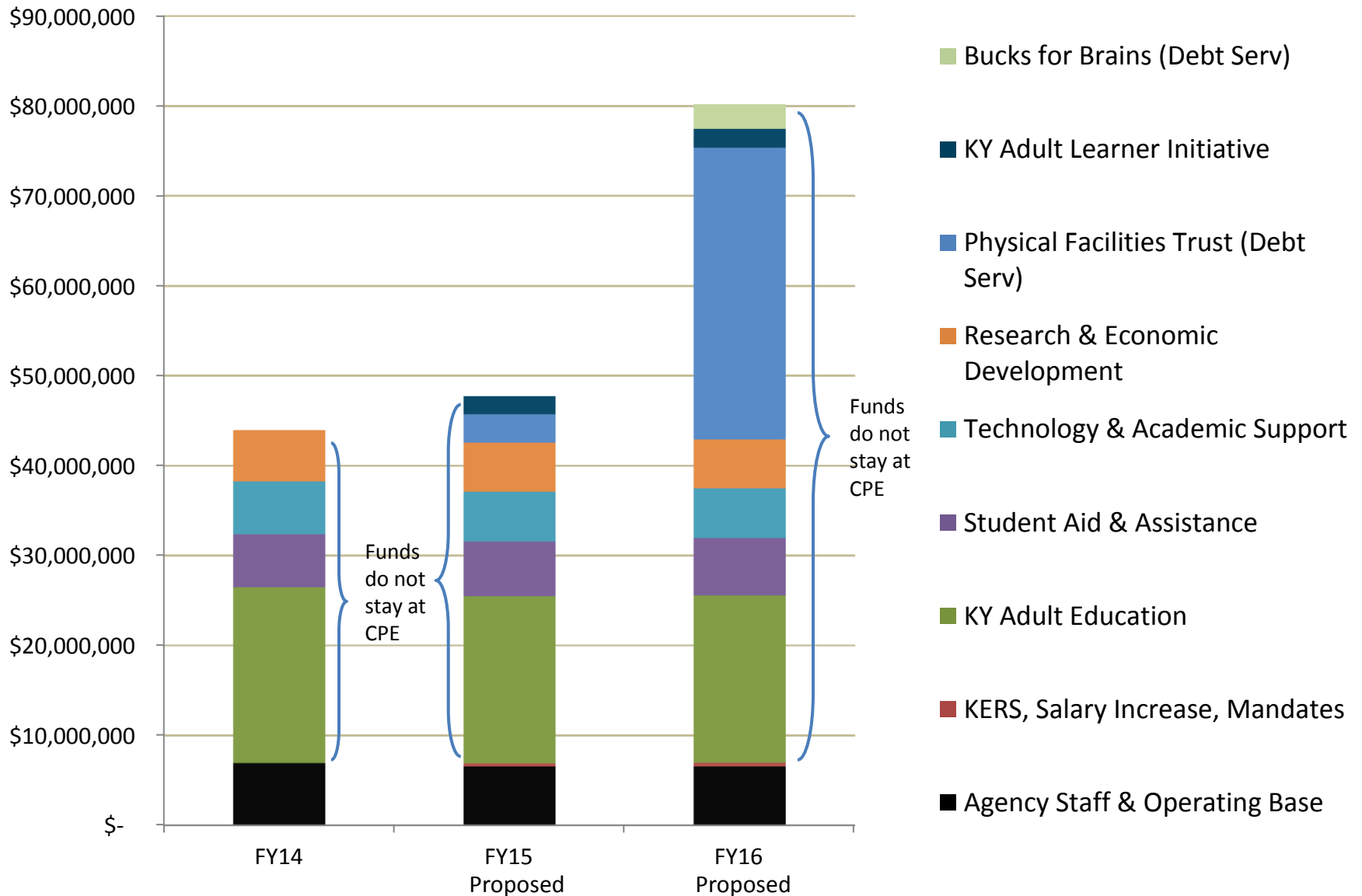
Agency Bond Authority* **\$814.7**

*CPE did not endorse a specific level of Agency Bond Authority

CPE advocated for Asset Preservation, New/Expanded Construction, and IT pools in its budget request. The Governor's Recommended Budget lists specific projects.

The IT funding is for one project, Commonwealth College Web Portal.

CPE General Fund



CPE Budget

5% cut for most areas of CPE's Budget

Exceptions:

- Contract Spaces –\$217,000 in FY15, \$478,500 in FY16 added to FY14 base to fund tuition increases
- Current Year GF Appropriation of \$1.6M restores Lung Cancer Program Tobacco Funds to enacted FY14 level, though the Program will lose \$442,000 in Continuing Appropriation.

New funds for:

- Commonwealth College
Start-Up Costs, Debt Service for Web Portal
- Debt Service for Capital Projects
\$520.3M at the Institutions & \$60.0M Bucks for Brains

CPE General Fund Budget

Funding Category	Current FY 13-14	Proposed FY 14-15	Proposed FY 15-16
Agency Staff & Operating	\$6,920,600	\$6,884,600	\$6,987,600
KY Adult Ed. Local Providers	19,548,600	18,575,500	18,575,500
Pass-through Programs:			
Student Aid & Assistance	5,931,900	6,113,000	6,374,100
Technology & Academic Support	5,833,400	5,543,000	5,543,000
Research & Economic Development	5,717,900	5,433,300	5,433,300
Pass-through Program Subtotal	17,483,200	17,089,300	17,350,400
<i>Subtotal</i>	<i>\$43,952,400</i>	<i>\$42,549,400</i>	<i>\$42,913,500</i>
Physical Facilities Trust Fund (Debt Serv)	-	3,156,500	32,433,000
KY Adult Learner Initiative	-	2,001,500	2,083,000
Bucks for Brains (Debt Service)	-	-	2,793,500
Total	\$43,952,400	\$47,707,400	\$80,233,000

Current year GF appropriation for the Lung Cancer Program and KY Adult Education TF continuing appropriation is not included above.

CPE Budget

Agency Staff & Operating

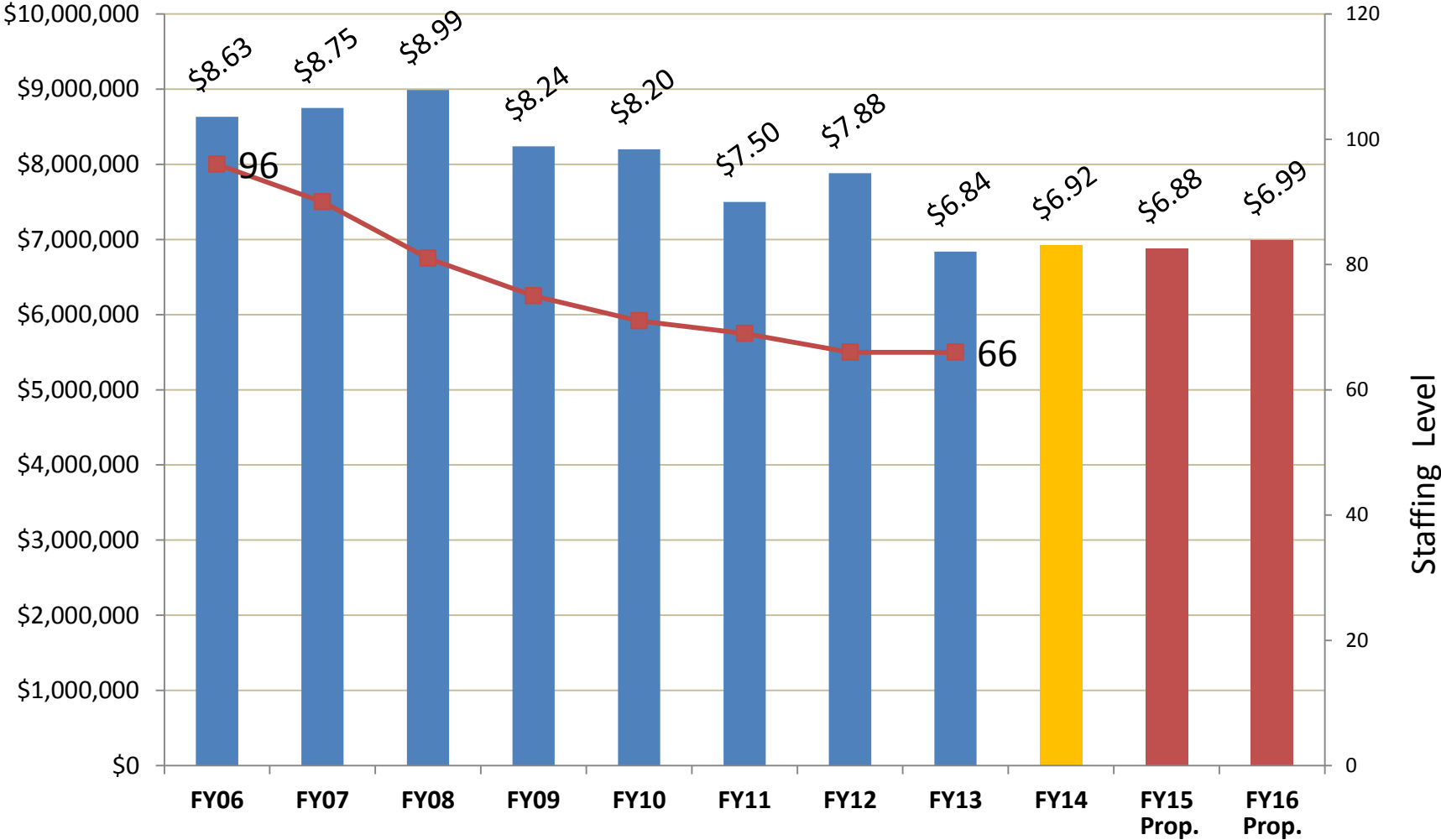
Funding Category	Current FY 13-14	Proposed FY 14-15	Proposed FY 15-16
Personnel	\$5,813,300	\$5,522,700	\$5,522,700
Operating	1,107,300	1,051,900	1,051,900
Retirement System Increases		241,900	277,000
Salary, Health Ins., other mandates		68,100	136,000
Total	\$6,920,600	\$6,884,600	\$6,987,600

This area will sustain a 5% cut in FY14-15, or \$346,000. In FY13-14, 84% of the budget will support salaries.

Assumes across the board cuts.

CPE Budget

Agency Staff & Operating – GF and Staff



CPE Budget

Kentucky Adult Education

Funding Category	Current FY 13-14	Proposed FY 14-15	Proposed FY 15-16
Kentucky Adult Education	\$19,548,600	\$18,575,500	\$18,575,500

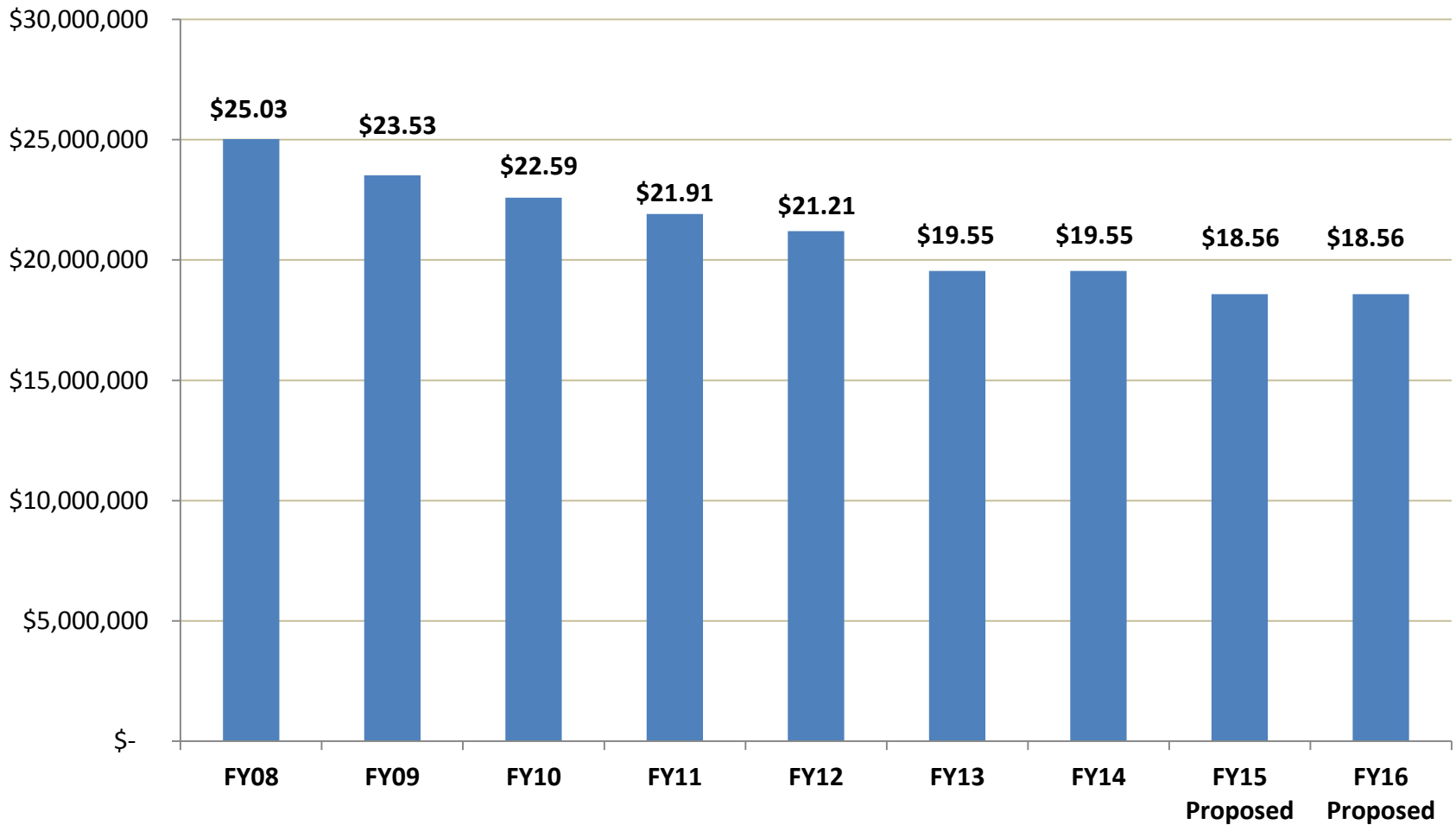
A 5% cut in this area for FY14-15 is \$973,100.

Kentucky Adult Education's General Fund directly supports education providers in every Kentucky County.

Assumes across the board cuts.

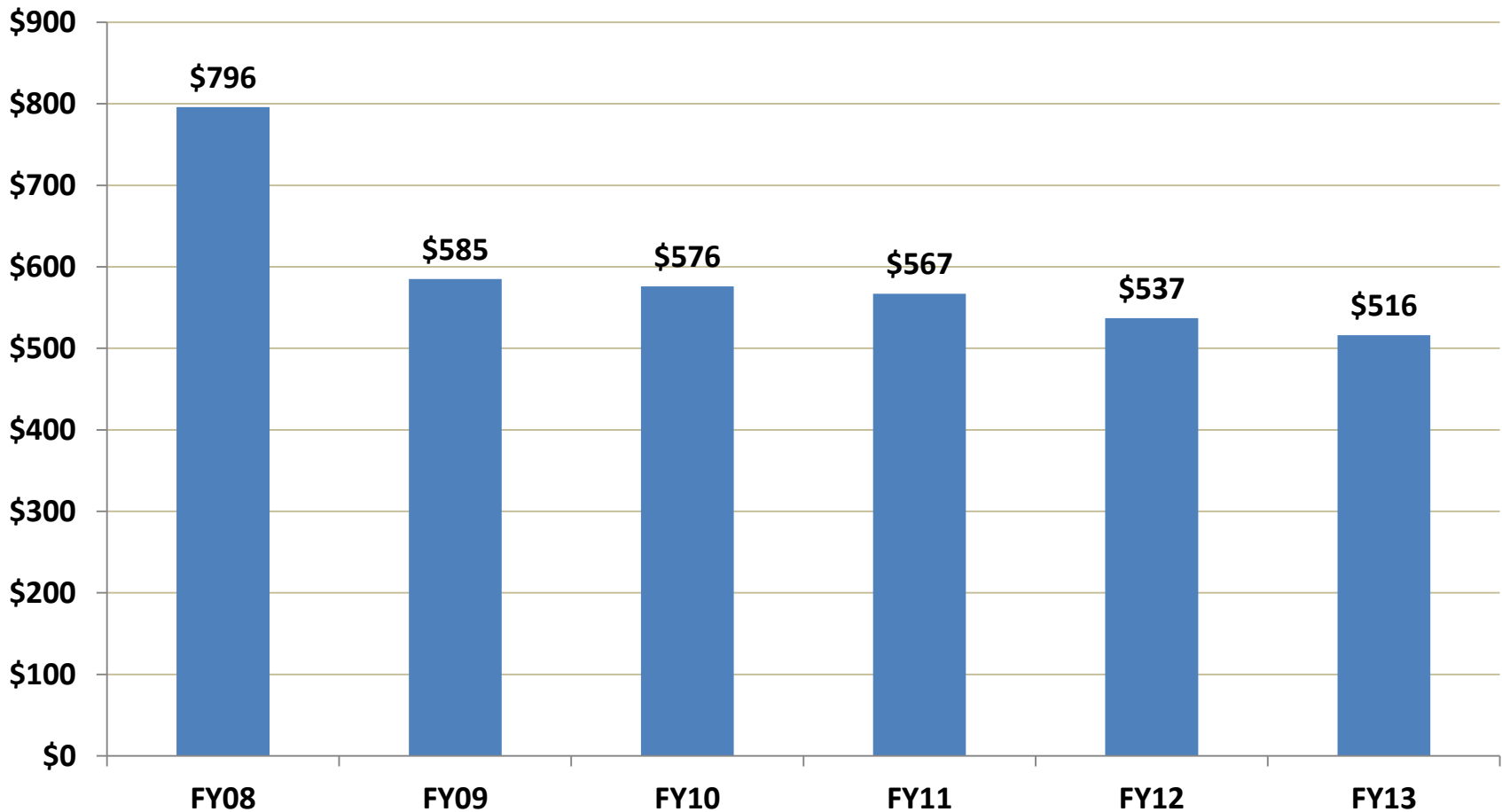
KYAE Funding

General Fund Appropriations



KYAE Funding

General Fund Appropriation per Enrolled Student

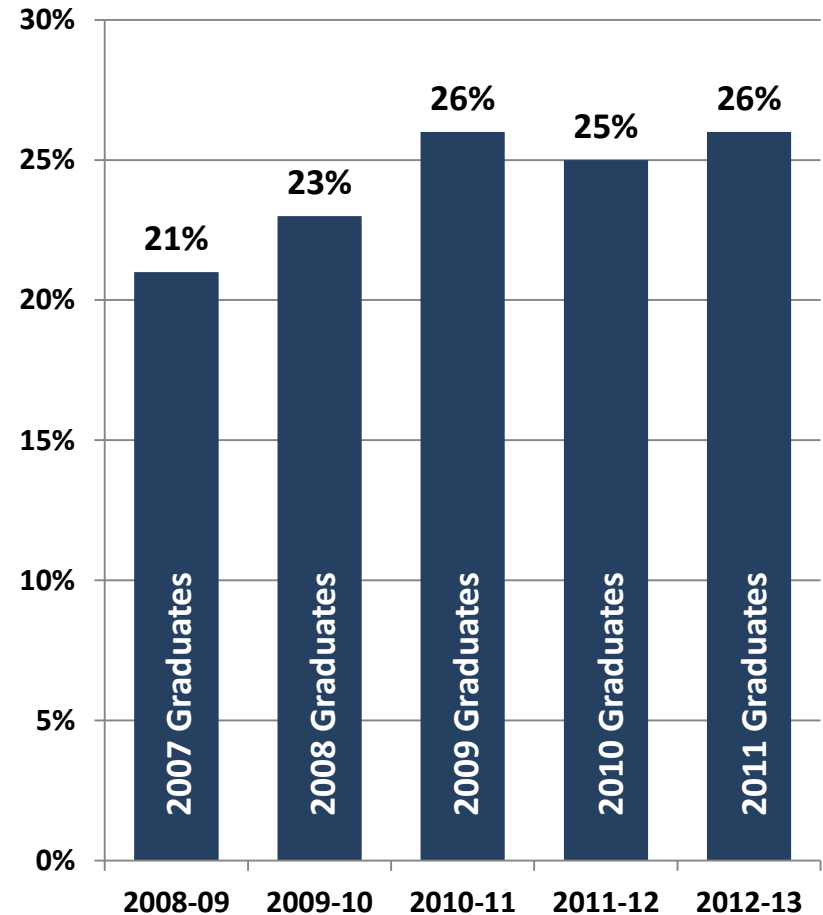


GED® Graduates Enrolling in Kentucky's Colleges and Universities* within Two Academic Years

KYAE has set a goal of increasing the college-going rates of GED® graduates to 30% by 2015.

Of those who enrolled in postsecondary education by summer 2013:

- **94% enrolled in KCTCS**
- **4% enrolled in a public four-year institution**
- **2% enrolled in an independent institution**

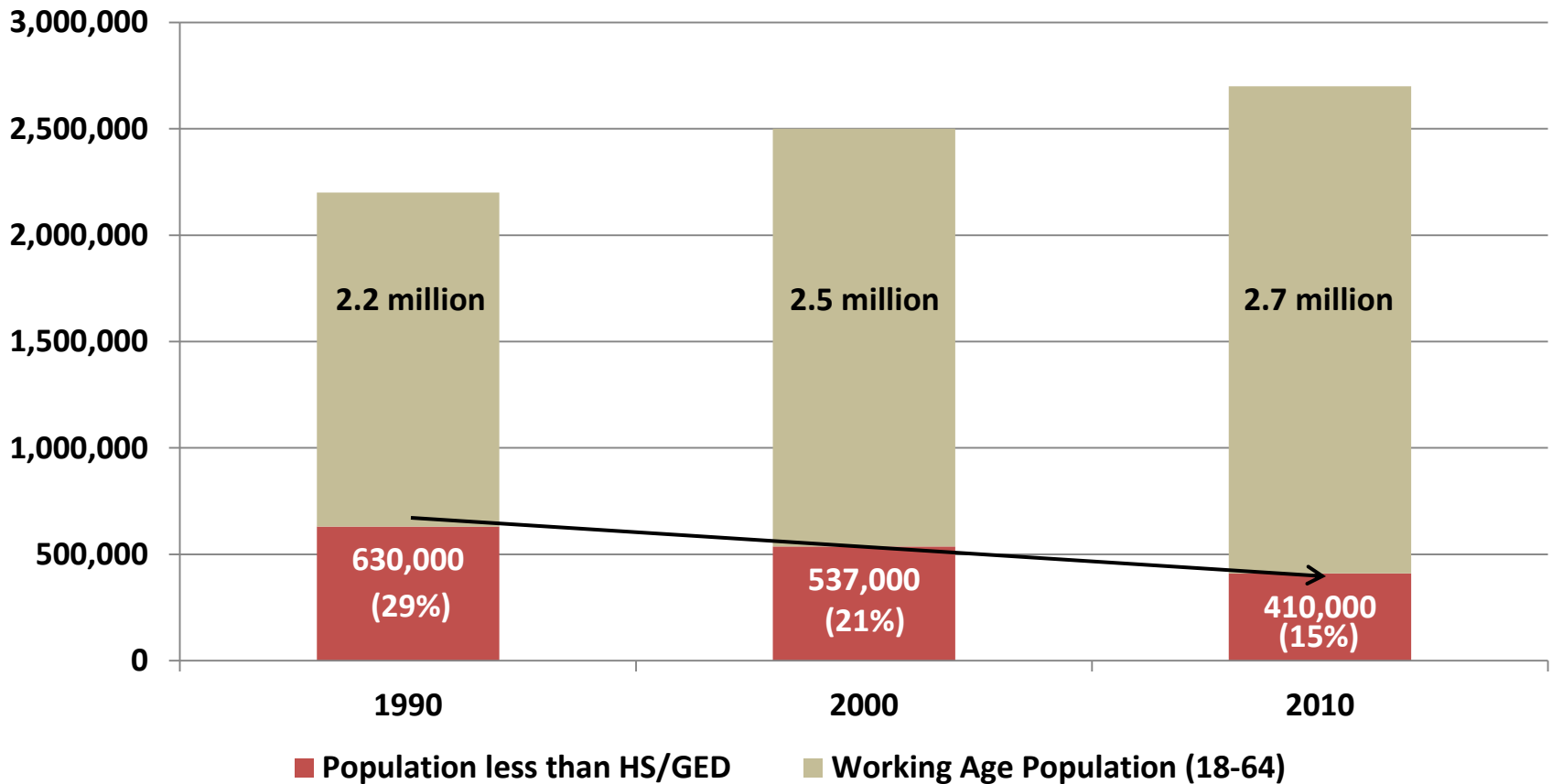


* Kentucky's state-supported colleges and universities and the regionally accredited, non-profit, independent colleges and universities.

Kentucky's Adult Education System

Decades of Progress

Population, 18-64, without a High School Credential



CPE Budget

Student Aid & Assistance

Funding Category	Current FY 13-14	Proposed FY 14-15	Proposed FY 15-16
Contract Spaces	\$5,201,600	\$5,419,000	\$5,680,100
Professional Ed. Prep. Program	265,100	251,900	251,900
Minority Student College Prep Prog.	185,200	176,000	176,000
Autism Training Center	132,400	125,800	125,800
SREB Doctoral Scholars Program	71,500	67,900	67,900
Washington Intern Program	76,100	72,400	72,400
Total	\$5,931,900	\$6,113,000	\$6,374,100

Provides tuition increases for Contract Spaces, but otherwise assumes across the board cuts of \$36,300.

CPE Budget

Technology & Academic Support

Funding Category	Current FY 13-14	Proposed FY 14-15	Proposed FY 15-16
Technology Initiative Trust Fund	\$4,288,800	\$4,075,300	\$4,075,300
Teacher Quality Initiatives (SB1)	1,544,600	1,467,700	1,467,700
Total	\$5,833,400	\$5,543,000	\$5,543,000

A 5% cut in this area for FY14-15 is \$290,400.

Assumes across the board cuts.

CPE Budget

Research & Economic Development

Funding Category	Current FY 13-14	Proposed FY 14-15	Proposed FY 15-16
KY Science and Technology Corp.	\$5,475,100	\$5,202,600	\$5,202,600
Project Lead the Way	242,800	230,700	230,700
Total	\$5,717,900	\$5,433,300	\$5,433,300

A 5% cut in this area for FY14-15 is \$284,600.

Assumes across the board cuts.

CPE Budget

Additional Funding

Funding Category	Proposed FY 14-15	Proposed FY 15-16
KY Adult Learner Initiative (Commonwealth College) Operating	\$1,920,000	\$1,920,000
Web Portal - Commonwealth College (Debt Service) ¹	81,500	163,000
Bucks for Brains (Debt Service) ²	-	2,793,500
Physical Facilities Trust Fund (Debt Service) ³	3,165,500	32,443,000
Total	\$5,167,000	\$37,319,500

Debt Service listed above supports:

¹\$1.2M IT Capital Project

²\$60M in Bucks for Brains: UK (\$33.3M), UofL (\$16.7M), Comprehensive Universities (\$10 M)

³\$520.3M in Capital Construction at the Universities.

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