TITLE: Modifications to the Kentucky State University Management Improvement Plan

RECOMMENDATION: The Executive Committee will provide a recommendation to the Council on the proposed modifications to the Kentucky State University Management Improvement Plan in accordance with HB 250 (2022).

PRESENTER: Madison Silvert, Council Chair

COMMITTEE REVIEW AND RECOMMENDATION

The Executive Committee will consider the proposed modifications during its September 19 morning meeting. If approved by the Committee, they will request the Council take final approval action.

SUPPORTING INFORMATION

In the process of completing the first two quarterly reports for the Kentucky State University (KSU) Management Improvement Plan, review of the Examination of financial Operations and Internal Policies and Controls of KSU issued by the Kentucky Auditor of Public Accounts (APA), and engaging with new KSU President Dr. Koffi Akakpo on his vision for the university, CPE staff has identified proposed modifications to the Plan, including but not limited to the allocation of $10 million in incentive funding for completion of Objectives and Deliverables.

Recommended modifications and funding allocations are outlined below.

Add the following new Objectives, corresponding Deliverables, Deadlines for Completion, and Funding Allocations:

- Objective: Develop a plan for a new college of business, engineering, and technology
  - Deliverable: Submission and acceptance of the plan that includes, but is not limited to, a detailed rationale supporting the proposal containing relevant data and milestones and objectives with a corresponding timetable.
  - Deadline: Q3 2024
  - Funding: $2,225,000 dedicated for this purpose
  - Rationale: President Akakpo has proposed the idea to the KSU Board of Regents of creating a college of engineering at KSU to help meet the ever-growing need for engineers in Kentucky and close the gaps on underrepresented minority graduates in the engineering field. There are significant funding

opportunities both from the federal government and private donors to support the growth of such a program at HBCU's and these funds would provide seed funding to begin developing the program and the physical and human infrastructure to support it. KSU currently offers a 3-year pre-engineering program from which this new program would be built.

- Objective: Create a center for Global Learning and International Student Services
  - Deliverable: Submission of the plan that includes, but is not limited to, a detailed rationale supporting the proposal containing relevant data and milestones and objectives with a corresponding timetable.
  - Deadline: Q3 2024
  - Funding: $235,000 dedicated for this purpose
  - Rationale: KSU currently has no coordinated function to assist in the recruitment and retention of international students and this funding would provide start-up assistance for a center for Global Learning and International Student services. International students have unique needs to support their enrollment, including but not limited to issues surrounding student visas, and this new center would be dedicated to addressing those issues both on the front end and throughout their enrollment. In addition, the center would seek partnerships with government and nonprofit organizations from other countries to recruit international students and create exchange programs for existing KSU students.

- Objective: Digitization of Student Records
  - Deliverable: Contract award to qualified vendor.
  - Deadline: Q3 2024
  - Funding: $90,000 dedicated for this purpose
  - Rationale: The vast majority of KSU's student records are not in a digital format which is necessary to meet best practices in this area and assist the registrar's office in the effective administration of student records. These funds would assist in funding a project to digitize student records and convert them to a secure format that is easily searchable and accessible.

- Objective: Completion of a 5-year budget for the university
  - Deliverable: Completion of a five-year budget and presentation to the KSU Board of Regents and/or its Finance Committee.
  - Deadline: Q4 2024
  - Funding: N/A
  - Rationale: A five-year budget helps an institution plan and set goals and priorities for the institution's future. Future annual budgets will not be prescribed by the five-year budget, but this document, and the process of creating it, will help the institution determine the resources it needs to meet future goals and objectives.

- Objective: Incorporate National Association of College and University Business Officers (NACUBO) Financial Accounting and Reporting Manual for Higher Education (FARM) as a guiding document for all business procedures.
  - Deliverable: Implement training program for business procedures
  - Deadline: Q1 2025
  - Funding: N/A
  - Rationale: This is an existing Objective with a new proposed Deliverable. Once business procedures are updated, a comprehensive training program should be initiated to ensure that new procedures are implemented and followed with fidelity.

- Objective: Create a tracking system for the Board of Regents for resolutions passed with regular updates on implementation
  - Deliverable: Implemented tracking system.
  - Deadline: Q1 2025
  - Funding: N/A
  - Rationale: The APA report included this a recommendation due to failure of past administrations to implement board actions. While CPE expects the new administration to follow through with board directives, providing regular updates on that process in a formalized way improves transparency and helps keep the Board accountable to itself.

- Objective: Provide annual training to all staff, with a focus on select KSU policies, which should include, at a minimum, ethics, conflicts of interest, conflicts of commitment (as applicable).
  - Deliverable: Comprehensive train plan with modules, as applicable.
  - Deadline: Q4 2025 for all applicable policies, however once policies are finalized training should be planned, as applicable.
  - Funding: N/A
  - Rationale: The APA report included this a recommendation due to lack of staff understanding of institutional policies and procedures. The Plan currently contains Objectives and Deliverables related to the revision of policies and procedures, but training will ensure the follow-through required for resulting compliance.

Release incentive funding for successful completion of the following current Objectives and Deliverables:

- Objective: Determine an operating structure for a distinct KSU online subsidiary through an evaluation of the following:
  A separate administrative structure to increase autonomy and innovation in online learning;
  Potential financial aid issues associated with an online subsidiary;

The effectiveness of a competency-based, eight-week model for online learning; and,
The use of a case management model in which students and families are assigned one
point of contact throughout the enrollment management process.

- ▪ Deliverable: Summative report and implementation plan
- ▪ Deadline: Q3 2024
- ▪ Funding: $4,600,000 dedicated for this purpose
- ▪ Rationale: The primary basis for advocacy of incentive funding for KSU was the
  creation of a distinct, competency based online subsidiary of the institution. In
  FY 2023, the Council allocated $2.5 million for the project and the additional
  funding allocated here would fund services provided by KSU's online
  programming partner Magellan for FYs 2025 and 2026. Magellan was awarded
  a contract for this project through a competitive bid process on June 30, 2023.

- • Objective: Complete the Banner accounting system optimization project and ADP
  payroll system transition to Banner.
  - ▪ Deliverable: Completed transition from ADP to Banner payroll module
  - ▪ Deadline: Q4 2024
  - ▪ Funding: $350,000 dedicated for this purpose
  - ▪ Rationale: Transitioning payroll into Banner will put KSU's financial and HR
    management functions into one system for ease of administration. Considering
    the biggest cost driver at any university is personnel, it is essential that these
    systems be integrated.

- • Objective: Develop a campus master plan and a three to five-year capital project plan
  focused on asset preservation
  - ▪ Deliverable: Completed campus master plan and capital project plan
  - ▪ Deadline: Q2 2024
  - ▪ Funding: $500,000 to be used at the institution's discretion
  - ▪ Rationale: Capital planning is paramount to the success of any high functioning
    university with a significant physical footprint like KSU. This deliverable will allow
    the board to set priorities for new construction and, more importantly for KSU,
    asset preservation and maintenance. A campus master plan provides the
    framework for capital requests for the institution and helps set it on a path to
    meet the physical infrastructure needs of the students and the larger campus
    community.

- • Objective: Incorporate National Association of College and University Business Officers
  (NACUBO) Financial Accounting and Reporting Manual for Higher Education (FARM) as
  a guiding document for all business procedures.
  - ▪ Deliverable: Completed business procedures document
  - ▪ Deadline: Q2 2024
  - ▪ Funding: $250,000 to be used at the institution's discretion
  - ▪ Rationale: Updating procedures to conform with best practice is paramount to
    improving the business functions of any organization. This requirement will also

help address many of the findings from the Auditor of Public Accounts (APA) report issued last spring.

- Objective: Improve the accounting and reporting system, as well as internal controls over financial reporting, and provide quarterly Generally Accepted Accounting Principles (GAAP) statements and other financial information to the Board of Regents.
    - Deliverable: Revise and update Business Procedures Manual
    - Deadline: Q2 2024
    - Funding: $250,000 to be used at the institution's discretion
    - Rationale: Updating procedures to conform with best practice is paramount to improving the business functions of any organization. This requirement will also address many of the findings from the Auditor of Public Accounts (APA) report issued last spring.

- Objective: Implement a formal accounting and reporting framework for endowment distributions.
    - Deliverables:
        - Review endowment agreements and recommend new agreements where needed
        - Correct accounting for prior withdrawals in 2019 and 2020 for accuracy
        - Correct accounting structure in Banner related to endowment accounts
        - Correct endowment reporting on FY 2021 and FY 2022 financial statements for accuracy
        - Review updated endowment investment policy for completeness and alignment with best practices
    - Deadline: Q4 2024
    - Funding: $500,000 to be used at the institution's discretion
    - Rationale: Considering KSU's current budget constraints, accessing endowment proceeds for scholarships and faculty fellowships will allow other resources to be used for other purposes. There are several deliverables tied to this objective and incentivizing this objective will help to accelerate its completion.

- Objective: Develop a system to manage institution-wide and program/departmental student cohorts to improve completion rates.
    - Deliverable: Summative report and Implementation Plan
    - Deadline: Q2 2024
    - Funding: $500,000 to be used at the institution's discretion
    - Rationale: While showing recent improvement, KSU's graduation and degree production student metrics are likely to regress in the near future due to failure of recent prior administrations to effectively manage student progress toward graduation. Incentivizing the completion of a comprehensive system to manage student success will make this important project an even higher priority and have a more immediate impact getting individual students the help they need to meet their educational goals each semester and ultimately graduate.

- Objective: Evaluate and revise internal budgetary controls and provide a quarterly budget to actual report to the Board of Regents.
    - Deliverables:
        - Master list of budgeted positions reconciled to departmental budgets monthly
        - Monthly budget to actual reports for E&G, Auxiliaries, Land Grant Match, and Asset Preservation
        - Budget projection prepared monthly for E&G, Auxiliaries, Land Grant Match, and Asset Preservation
    - Deadline: 20th of each month
    - Funding: See below
    - Rationale: See below

- Objective: Improve the accounting and reporting system, as well as internal controls over financial reporting, and provide quarterly Generally Accepted Accounting Principles (GAAP) statements and other financial information to the Board of Regents.
    - Deliverables:
        - Clearing accounts reconciled within 14 days of end of each month
        - Bank accounts reconciled within 14 days of end of each month
        - Monthly closing entries posted within 14 days of end of each month
        - Month closed by the 15th day of each month
        - Credit card account reconciliations
        - Statement of Revenues, Expenses and Changes in Net Position by 15th of each month (income statement)
        - Statement of Net Position by 15th of each month (cash flow and trial balance)
        - Balance of asset preservation fund reserves for month-end
        - Accounts payable aging summary
        - Monthly report of collection activity
        - Monthly report of outstanding student balances
    - Deadline: 20th of each month
    - Funding: $500,000 upon successful completion of all monthly deliverables in 3 consecutive months to be used at the institution's discretion
    - Rationale: The back-end accounting, finance, and budgeting functions at KSU must be completed timely and accurately in order for the institution to move toward financial stability. Virtually all university decisions have a budgetary impact and the financial information upon which those decisions are made must be solidified in order to be completely relied upon. Since the adoption of the Management Improvement Plan, KSU has struggled to meet all month deliverables each month and the award of incentive funding will reward sustained performance in this most important area.