

TITLE: Workforce Development Trust Fund Report

DESCRIPTION: As required in the enacted budget (HB 1, 22 RS), staff produced a report documenting how Workforce Development Trust Fund appropriations were expended and how KCTCS used those funds to address workforce supply gaps in targeted industry sectors.

PRESENTERS: Eric Farris, Chair of the Finance Committee

COMMITTEE'S REVIEW

The Finance Committee received this information update at their September 11, 2023, meeting. It will not be covered or presented in detail at the September 19 board meeting; however, staff will be available for questions.

SUMMARY INFORMATION

In the *2022-2024 Budget of the Commonwealth* (HB 1, 22 RS), the General Assembly appropriated \$2,225,000 in 2022-23 to the Workforce Development Trust Fund (WDTF) and included language in the bill requiring CPE to submit a report to the Interim Joint Committee on Appropriations and Revenue by September 1, 2023. Specifically, the report should include detail regarding the expenditure of funds appropriated to the WDTF and how KCTCS used the funds to address workforce supply gaps in targeted industry sectors. Over several months, CPE staff worked with campus officials to produce the report, which was submitted to Legislative Research Commission staff by the due date and is presented today for Finance Committee review.

On July 11, 2022, KCTCS officials submitted to the Council proposals for workforce development funds that would support creation or expansion of programs and address workforce shortages in targeted industry sectors. The proposals contained information such as the rationale for requested funds, local or regional workforce shortages that would be addressed, and anticipated return on investment. CPE staff reviewed the proposals, determined that they complied with Council guidelines, and authorized the release of \$2,225,000 (i.e., the entirety of the 2022-23 WDTF appropriation) to KCTCS.

The system office distributed grants to 15 community and technical colleges to support programs and activities outlined in campus proposals. As of fiscal year end, the colleges had expended \$1,524,227 or 69% of the \$2,225,000 in grant funds distributed from the WDTF, with plans to use the remaining funds in early 2023-24. As can be seen the attached report, KCTCS institutions used workforce development funds to increase program capacity and help close

supply gaps in five targeted industries, including healthcare, advanced manufacturing, transportation and logistics, business services and information technology, and skilled trades. In accordance with Council guidelines, proposals submitted by community and technical colleges contained information on how requested funds would be used and anticipated increases in credential production that would be generated in 2022-23 as a result of that investment. In total, KCTCS established a target for academic year 2022-23 of 3,068 credentials produced in specified fields and programs at participating institutions. This represented an increase of 795 credentials above 2,273 credentials that were awarded in academic year 2021-22. As can be seen in CPE staff's report, KCTCS exceeded their target and awarded 873 additional credentials in 2022-23.

The attached report provides 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. As can be seen in the report, the results of the Competitive Workforce Initiative were generally positive. Council staff is confident that the increased program capacity supported by this program will serve Kentucky well for many years, especially given the modest investment.