

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

DESCRIPTION: Staff recommends that the Finance Committee review and endorse the proposed agency budget request for full Council approval at its November 5, 2021 meeting.

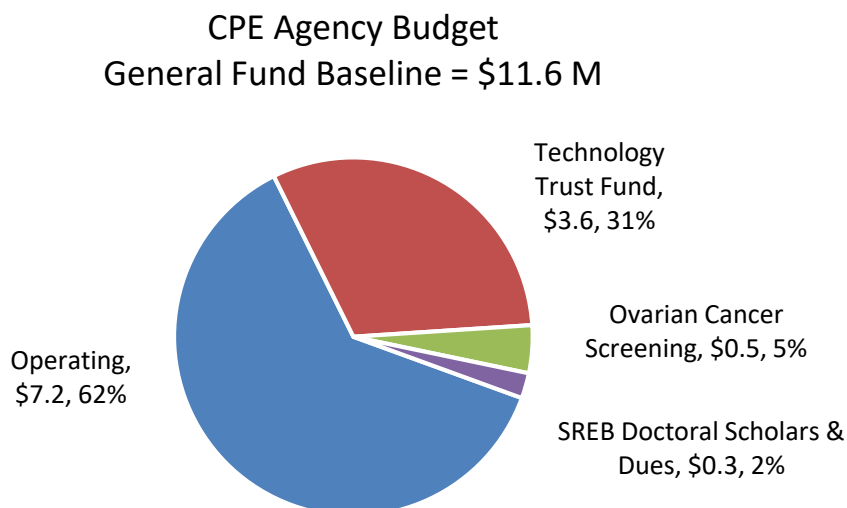
PRESENTER: Shaun McKiernan, Executive Director of Finance and Budget, CPE

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.



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.*

Commonwealth Education Continuum

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 budget request identified by the CEC for 2022-24 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.*

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.

Table 1: General Fund Components of CPE's Agency Budget Request

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

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.

- *Council staff recommends annual, total 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 also be seeking expenditure authority for Governor's Emergency Education Relief Funds in the upcoming biennium, however, that total has not been determined as of this date.*