



THE
COMPETITIVE
WORKFORCE
INITIATIVE

EXECUTIVE SUMMARY
2022-24



Request for Funding
FY 2022-23: \$17.8 million
FY 2023-24: \$17.8 million

KCTCS is requesting recurring funding to help Kentucky reestablish a competitive workforce through additional educational and training opportunities (credit and noncredit). These investments address the unemployed, underemployed, unskilled, and under-skilled adult. According to the Kentucky Chamber of Commerce, Kentucky has the third lowest workforce participation rate in the nation. This means that many Kentuckians who lost their jobs during the pandemic are not looking for work as compared to others in the U.S. Many of those who are working, are underemployed. Through training or learning new skills, the unemployed and the underemployed could improve their education and skill level resulting in additional earnings for an improved quality of life for themselves and their families. In February 2021, Wallet Hub ranked Kentucky 45th in the nation in educational attainment.

KCTCS is the one institution with the demonstrated track record of delivering the relevant short term educational and workforce programs with the skill sets designed for and required by today's businesses and industries. The colleges of KCTCS offer the speed, agility, and the flexibility in educational programming at the lowest cost while providing the greatest return on investment of Kentucky's tax dollar. The 16 KCTCS colleges awarded 39,458 credentials for the 2020-21 academic year, which included degrees, diplomas, and certificates. KCTCS saw a nearly 5 percent year-over-year increase in Associate in Applied Science degrees, designed to prepare graduates to directly enter the workforce. KCTCS awards 98% of the short-term certificates in Kentucky, trains 82% of Kentucky's skilled trades workers, and awards 66% of Kentucky's nursing and allied health credentials. (Source: Kentucky Council on Postsecondary Education Press Release June 10, 2021 - [Short-term credentials have surged 110% in Kentucky](#))

Over 72% of KCTCS graduates work in Kentucky, which is 30% higher than university graduates. On September 14, 2021, the CPE issued a report that shows higher education pays for college completers from the Kentucky High School Class of 2011, documenting that certificate and diploma holders earned \$37,369 (or 26.8%) higher than high school graduates in the cohort after 8 years in the workforce and associate degree holders earned \$38,268 (or 29.8%) higher. These differences grow even more pronounced over time. (Source: Kentucky Council on Postsecondary Education Press Release September 14, 2021 - [CPE report shows that higher education pays for college completers from Kentucky high school Class of 2011](#))

KCTCS has colleges in communities across the Commonwealth, regularly partners with local businesses and industries, utilizes industry advisory boards to ensure relevancy and rigor of programming and required skill sets, and is uniquely positioned to address Kentucky's skilled workers shortage like no other institution.





The Strategic Priority

This funding will be used to increase the capacity at all credential levels (certificate, diploma, and associate degree) at each of the sixteen KCTCS Colleges. This funding request not only benefits the more than 80,000 KCTCS students statewide, but Kentucky's businesses, industries, and communities across the state.

Recurring funding to raise the KCTCS Colleges to the SREB median of net state appropriations for KCTCS's two-year colleges will:

- 1) Address Kentucky's shortage of skilled workers in Health Care, Advanced Manufacturing, Transportation/Logistics, Business Services/Information Technology, and Construction/Trades.
- 2) Create a catalyst for business and industries located and seeking to locate in Kentucky via access to a highly skilled and trained workforce.
- 3) Support the economic viability of Kentucky through the communities and service regions of KCTCS's 16 Colleges.
- 4) Help minimize tuition increases going forward.
- 5) Align KCTCS Colleges with Kentucky's 4-year sector of public postsecondary education net general fund appropriation levels.

In 2020-21, KCTCS produced 15,135 graduates in targeted industry sector programs, which corresponds to about 40% of the total job demand that requires an associate degree or below. Skills gaps in these key areas would be greatly reduced with additional investment in KCTCS's targeted industry sector training and education programs.



KCTCS Graduates and Job Demand for Kentucky's Targeted Industry Sectors			
Industry Sector	2020-21 Graduates	Estimated Annual Job Demand (Growth + Exits)	Supply Gap
Healthcare	6,722	14,042	7,320
Advanced Manufacturing	2,657	6,604	3,947
Transportation/Logistics	1,113	7,001	5,888
Business Services/ Information Technology	2,985	6,816	3,831
Construction/Trades	1,658	2,816	1,158
TOTAL	15,135	37,279	22,144

Notes: Estimated Annual Job Demand includes positions that need to be filled due to growth and exits (workers transferring between occupations are excluded). KCTCS graduates are unduplicated based on the highest credential earned. If students earned the same level of credential in two or more sectors, they are counted once per sector (total duplication in graduates is less than 3%). Supply Gap was determined by subtracting graduates from estimated job demand.

Sources: KCTCS official data as reported to CPE; Kentucky Center for Statistics, 2018-2028 KY Occupational Outlook, Retrieved 9/8/2021 from: https://kystats.ky.gov/Reports/Tableau/2021_OCC

To address this supply gap, KCTCS projects, (based on the current number of graduates and credentials produced annually) with this additional funding the number of annual graduates and credentials could be increased as noted in the table on the next page.



Projected Growth of KCTCS Graduates and Credentials Awarded with Additional Funding by Targeted Industry Sector (TIS) and Credential Level		
TIS/Credential Level	Projected Annual Increase in Graduates	Projected Annual Increase in Credentials
Healthcare	719	920
Associate of Applied Science	203	203
Diploma	53	84
Certification	464	633
Advanced Manufacturing	284	811
Associate of Applied Science	77	79
Diploma	11	66
Certification	196	667
Transportation/Logistics	119	331
Associate of Applied Science	12	12
Diploma	6	10
Certification	101	309
Business Services/Information Technology	319	758
Associate of Applied Science	90	90
Diploma	1	6
Certification	228	662
Construction/Trades	177	482
Associate of Applied Science	25	25
Diploma	15	28
Certification	138	429
TOTAL	1,619	3,302

Notes: KCTCS graduate projections are unduplicated based on the highest anticipated credential earned. KCTCS credentials are duplicated counts of credentials earned within each credential level and industry sector.

Source: KCTCS official data as reported to CPE.

This request was formulated based on the growing need for skilled workers in these industries and the insufficient number of trained graduates currently being produced.

Career and technical education costs significantly more than general education offerings. Skilled instructional personnel require competitive salaries and modern technology to train the advanced skills desired by today's businesses and industries. Adult students also need wrap-around support services like tutoring, counseling, transportation, and child support offered at alternative times and meeting the student at his or her level and on his or her schedule.

While career and technical education programming and training is costly, the economic, social, and demographic returns to Kentucky's communities in terms of solid middle-class jobs, lower crime, less social welfare, and community involvement are immeasurable.



Basis for Additional Funding

Historically, KCTCS has had to offset diminishing state appropriations with higher tuition. The limited increases in KCTCS's tuition had to be used to meet ever increasing fixed and unavoidable costs. This remained true even after internal reallocation and elimination of almost 800 positions in recent years. As a result, no new funding has been available help address the skills gap and reinvest in high wage/high demand career and technical educational programming. (**Note:** to help remain affordable for all Kentuckians, KCTCS did not increase tuition in FY 2015-16, nor FY 2021-22.)

This request will provide funding to target career and technical programing and the needed wrap-around services for the areas of Health Care, Advanced Manufacturing, Transportation/Logistics, Business Services/Information Technology, and Construction/ Trades. This request was formulated based on identified service area needs by each of KCTCS's Colleges to serve current unmet business and industry demands.



SREB Benchmark for Comparison Purposes

As an independent informative source for comparison, KCTCS Colleges' state appropriation is significantly below the median state appropriation funding for two-year colleges in the Southern Regional Education Board (SREB - the SREB works to improve public education at every level with informed information by policy makers per independent, accurate data, and proven practices to accomplish greater outcome).

This request highlights the most recent year SREB data that is available, 2019-20, and that KCTCS Colleges currently rank 12th in state appropriation funding per full-time equivalent (FTE) student (at \$3,174) among the 16 SREB states (the SREB average is \$3,629). This difference is \$455 per FTE student and equates to \$17.8 million annually. When compared to the median state appropriations per FTE for SREB states, KCTCS Colleges fall even further behind at \$747 per FTE student. This difference in funding equates \$29.2 million annually.

In relative comparison, Kentucky's other public postsecondary education institutions enjoy a much higher net general fund state appropriation. This has led to KCTCS having one of the highest net tuition and fee revenues among the SREB states – the third highest in 2019-20. Even with the heavier reliance on tuition and fee revenue, KCTCS Colleges rank 13th in total revenues for educational and general operations per full-time equivalent student among all SREB states.

Summary

Despite this disproportionate funding, KCTCS Colleges ranked 2nd in credentials awarded per capita and 8th in the number of credentials awarded in the nation (FY 2019-20). Funding this request will increase Kentucky's educational attainment, strengthen its workforce, and promote its attractiveness for new businesses and industries all the while bettering communities in every region of the Commonwealth.





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