



KCTCS
RESPONSE TO SJR 179
DECEMBER 2024

Table of Contents

Letter from the KCTCS President	1
Executive Summary	3
Senate Joint Resolution 179 Response	9
(1) Academic programming and training offerings, including the quality of credentials and program relevancy	12
(2) A comprehensive statewide KCTCS workforce plan which may include financial and academic supports, comprehensive career counseling, and experiential learning elements	17
(3) The KCTCS geographic footprint, including but not limited to the need for mergers and consolidations	27
(4) Single system accreditation versus individual college accreditation	35
(5) Governance reform, including the KCTCS Board of Regents and the 16 college boards of directors	44
(6) The KCTCS funding model and its adequacy, including state appropriations, existing performance funding, the funding of the system office, and modern outcome-based funding structures.....	49
(7) Tuition rates, with a commitment to ensuring affordability and return on investment.....	68
(8) The personnel system for KCTCS employees	82
(9) Effectiveness and affordability of dual credit course offerings.....	84
(10) Transferability of associate’s degrees to four-year institutions	89
(11) Outdated or conflicting statutory language	91
Capital Projects.....	95

SJR 179 Letter from the KCTCS President

The Kentucky Community and Technical College System was established more than 25 years ago with the mission of bringing accessible and affordable higher education to all Kentuckians. The 16 colleges that formed as the result of merging our state's community colleges and technical education programs were tasked with increasing participation in postsecondary education in communities across the state and promoting economic growth by contributing to the state's educated workforce.

Put directly, our collective system works to enhance the quality of life and economic vitality of the Commonwealth by serving as the primary provider of college and career readiness, transfer education, workforce education, and employment training.

To do so, our colleges have had to remain nimble as open access institutions in order to serve every student who walks through our doors, as well as to maintain relevant and industry-focused academic programs that must evolve with Kentucky's economic and workforce needs. While KCTCS has done a commendable job of serving the state's students and workforce, changes over the past nearly three decades have resulted in the need for the system to reset and realign.

Earlier this year, the Kentucky General Assembly passed Senate Joint Resolution 179, which asked KCTCS to examine nearly all facets of the system, including our accreditation and geographic footprint, our governing board, our funding model, our academic programs and student pathways, and our policies and procedures. This resolution provided a framework for transforming our system. It is a once-in-a-generation opportunity to reset, realign, reengineer, and reenergize KCTCS. We were tasked with taking a step back, evaluating ourselves, and building an action plan that ensures we are aligned to Kentucky's needs.

Enclosed in this report is a roadmap for the future of KCTCS that has been built by its presidents, its faculty, its staff, its students, its workforce partners, and its communities.

Throughout this work, we have kept the following decision criteria in mind: the level of disruption involved with each option; the anticipated costs; the anticipated savings, the time it would take for completion and implementation; and the opportunity costs. The needs and success of our students have remained at the forefront of our work. Additionally, we have considered the importance of local college identity in our communities, the expectations of our legislature, and the needs of Kentucky.

KCTCS is the largest provider of postsecondary education in the state, with students ranging from valedictorians to incarcerated populations. We know education is the great equalizer. No matter where our students come from, obtaining a level of higher education affords them a social mobility that changes their lives and career opportunities, positively impacting generations of their family. Providing our students with the affordable, accessible, attainable opportunity to leave KCTCS with a diploma, certificate, or two-year degree and to start their career or their higher education journey is why we do this work.

This resolution asked us to be bold and to think innovatively as we map our future. KCTCS students are resilient, determined, hopeful, and inspired to change their lives through higher education. The recommendations included in this response offer a future-focused pathway for their success and the success of Kentucky's workforce. We thank you for the opportunity to chart this course.

Sincerely,

Dr. Ryan Quarles
KCTCS President

SJR 179 Executive Summary

Introduction and Purpose

In April 2024, the Kentucky General Assembly passed Senate Joint Resolution 179, which asked the Kentucky Community and Technical College System (KCTCS) to carefully examine nearly all facets of the system including its accreditation and geographic footprint, its governing board, its funding model, its academic programs and student pathways, and its policies and procedures. The goal, 27 years after KCTCS was created by Kentucky House Bill 1, was to evaluate the 16-College system and to establish a framework and action plan to ensure that KCTCS is aligned with Kentucky's current postsecondary education, economic, and workforce needs. SJR 179 specified 11 topics to be evaluated and presented KCTCS with the opportunity to build its own roadmap for future success.

The 11 topics included in SJR 179 were:

- (1) Academic programming and training offerings, including the quality of credentials and program relevancy;
- (2) A comprehensive statewide KCTCS workforce plan which may include financial and academic supports, comprehensive career counseling, and experiential learning elements;
- (3) The KCTCS geographic footprint, including but not limited to the need for mergers and consolidations;
- (4) Single system accreditation versus individual college accreditation;
- (5) Governance reform, including the KCTCS Board of Regents and the 16 college boards of directors;
- (6) The KCTCS funding model and its adequacy, including state appropriations, existing performance funding, the funding of the system office, and modern outcome-based funding structures;
- (7) Tuition rates, with a commitment to ensuring affordability and return on investment;
- (8) The personnel system for KCTCS employees;
- (9) Effectiveness and affordability of dual credit course offerings;
- (10) Transferability of associate's degrees to four-year institutions; and
- (11) Outdated or conflicting statutory language.

Methodology

KCTCS utilized in-house experts to research and draft its response to SJR 179. System leadership established five Work Teams to address the main topic areas: governance and organization structure; academic programming optimization; student pathways; affordability; and administrative. These teams were made up of representatives from the Colleges and the System Office.

In addition to independent research, the Work Teams utilized the findings of a comprehensive system review conducted by the Huron Group, as well as the comprehensive higher education study directed by Senate Joint Resolution 98 of the 2023 Regular Session and conducted by the Council on Postsecondary Education. Subject matter experts, peer teams, work groups, and employees and students from across the System were asked to provide feedback throughout this work. With the help of the Kentucky Workforce Innovation Board, KCTCS received input from its workforce partners and, as directed by the

Senate Joint Resolution, the Kentucky Council on Postsecondary Education (CPE) contributed throughout the process.

The SJR 179 Work Teams were led by college presidents who brought options for recommendations to the internal Realignment, Innovation and Advocacy Team (RIA), comprised of four College Presidents and the KCTCS President. The RIA team provided feedback to the KCTCS President, who gave the final recommendation for this report. The KCTCS Board of Regents then reviewed each recommendation and provided its feedback or approval.

In order to work efficiently and consistently within this process, the Work Teams and the System Office President followed a list of five guiding principles when considering each option that emerged from its research: (1) the level of disruption involved with each option; (2) the anticipated associated costs; (3) the anticipated savings; (4) the time it would take for completion and implementation; (5) and the opportunity costs. KCTCS also considered the importance of community identity in the service areas of its 16 Community and Technical Colleges, as well as whether each topic within SJR 179 was in need of realignment.

Recommendations

The SJR 179 Work Teams, College leadership, KCTCS President Dr. Ryan Quarles, and the KCTCS Board of Regents provide the following researched-based recommendations on the 11 topics of SJR 179. These recommendations are summarized below and discussed in detail in this report.

(1) Academic programming and training offerings, including the quality of credentials and program relevancy

- Support third-party validation of academic program quality.
- Improve the structure and uses of Program Advisory Committees.
- Leverage Meta Majors to strengthen AA and AS pathways.
- Increase Program Sharing among Colleges.
- Strengthen Program Reviews in alignment with CPE Program Reviews.
- Work with CPE to streamline the Program Approval process.
- Fully implement the KCTCS Technical Program Alignment process.

(2) A comprehensive statewide KCTCS workforce plan which may include financial and academic supports, comprehensive career counseling, and experiential learning elements

- Lead Robust Collaboration
 - Improve business engagement data sharing between organizations.
 - Develop proactive outreach strategy to address gaps.
 - Develop employer ROI toolkits, employer role clarity, and partnership awareness campaigns.
- Support & Sustain Economic Development
 - Increase TRAINS funding.
 - Support and expand business-facing staff and provide strategic professional development.
 - Invest in instructional designers for program innovation to address emerging skills and advancements in technology.
- Advance Labor Market Responsive Programs & Initiatives
 - Consistently collect and aggregate employer satisfaction data for entry-level talent.

- Strengthen support for untapped talent pipelines including wrap-around support.
- Instructor recruitment, retention, and professional development.
- Invest in statewide sector strategy advisory model.
- Elevate Visibility and Support for Career Pathways
 - Develop a strategy that positions KCTCS as a premier destination for Earn and Learn.
 - Design a comprehensive career development strategy.
 - Refine Dual Credit portfolio.
 - Support seamless transfer processes.
 - Expand and improve coordination between CTCs, ATCs, K-12 and 4-year partners, including cross-organization marketing and continuous improvement.
 - Advance scope or support for non-completers.

(3) The KCTCS geographic footprint, including but not limited to the need for mergers and consolidations

- To optimize educational effectiveness, KCTCS will establish an evaluation criterion and a systematic review process to evaluate the viability of colleges, campuses, and KCTCS controlled instructional sites in consideration of repurposing and revitalizing locations, and potential mergers and/or consolidations.

(4) Single system accreditation versus individual college accreditation

- Preserve college-level accreditation and focus on increasing shared services and seamless integration across the Kentucky Community and Technical College System.

(5) Governance reform, including the KCTCS Board of Regents and the 16 college boards of directors

- Establish a full vote for the faculty, staff and student regents on the KCTCS Board of Regents.
- Adopt a board structure that addresses the inclusion of industry sectors in the board composition.
- Ensure geographic representation by requiring at least one member from each of the seven judicial districts of the Kentucky Supreme Court.
- Maintain the current total number of votes at 11, with 8 appointed votes and 3 elected votes.
- Revise term limits for appointed members to four years with eligibility to be reappointed for one additional term.
- Rename the Boards of Directors to the College Board of Advisors.
- In addition to the five advisory duties now in statute, establish an additional responsibility: Each College Board of Advisors shall convene regularly with the Boards of other KCTCS colleges to monitor and advise on the collaborative workforce development and service sharing plans of the KCTCS colleges in a defined geographic region of the state.
- Eliminate the Nominating Committee process and replace with a model that enables the Governor to appoint some or all members to the College Boards of Advisors based on nominations from the Colleges.
- Ensure that Board appointments reflect the industries that are pivotal to the institution's strategic goals and regional impact.
- Modify and enforce the term limits to align with the Board of Regents. Appointed members would serve 4-year staggered terms and be eligible for reappointment for one successive term.

(6) The KCTCS funding model and its adequacy, including state appropriations, existing performance funding, the funding of the system office, and modern outcome-based funding structures

- KCTCS's state appropriation is not adequate when compared to benchmark comparator states (on a \$/FTE basis).
- KCTCS's state appropriation should be at, or above, the average \$/FTE state appropriation rate of its Benchmark Comparator States
- IF the Kentucky Legislature determines it will set KCTCS's state appropriation at or above the average \$/FTE state appropriation rate of its Benchmark Comparator States, it is then recommended that a modern 100% outcomes-based funding model should be created for KCTCS based on design and implementation elements within the SJR report.
- Utilizing the expanded and updated data set, it appears that the KCTCS System Office staffing levels were—and continue to be—lower than the comparator state systems.
- Allow the KCTCS President to determine the proper staffing levels and subsequent funding levels of the System Office, that would maximize student success, organizational efficiencies, and effective leadership.

(7) Tuition rates, with a commitment to ensuring affordability and return on investment

- KCTCS graduates take loans in small percentages, pay back their loans consistently and receive positive rates of return for their educational investment.
- Expand the credential eligibility and funding for the Work Ready Kentucky Scholarship program to include:
 - All KCTCS Associate of Applied Science degrees (Technical Degrees).
 - Associate of Arts and Associate of Science degrees (Transfer Degrees) in high demand transfer pathways/Meta Majors (such as education, engineering, social work, accounting, etc.).
 - Allow KCTCS students access to the Work Ready Kentucky Scholarship during summer terms.
 - Include a \$1,000 annual stipend for Pell-eligible students.

(8) The personnel system for KCTCS employees

- With careful consideration of the impact on Kentucky Community and Technical College System employees, KCTCS recommends maintaining the current structure of the personnel systems while continuing to monitor organizational effectiveness.

(9) Effectiveness and affordability of dual credit course offerings

- To ensure increased student achievement and greater alignment with Kentucky's workforce needs, KCTCS should be the sole provider of Dual Credit.

(10) Transferability of associate's degrees to four-year institutions

- Building on HB 160 (2011), establish common course numbering for all public Kentucky institutions for 100- and 200-level courses.

(11) Outdated or conflicting statutory language

- 17 statutes have been identified for revision, repeal, or a determination that no action should be taken.

Conclusion

KCTCS was established more than a quarter-century ago by merging Kentucky's community colleges and technical schools. The intended mission for the newly created System was to serve all Kentuckians through affordable and accessible postsecondary education or training, thereby contributing to Kentucky's workforce pipeline and promoting economic growth. Since its inception, the System has successfully worked to enhance the quality of life and economic vitality of the Commonwealth by serving as Kentucky's primary provider of college and career readiness, transfer education, workforce education, and employment training. The time is appropriate for review, reset, and realignment. Utilizing internal experts from throughout the System, from its community of workforce and industry partners, as well as other stakeholders, KCTCS developed researched-based recommendations in response to the 11 topics outlined by SJR 179. These recommendations provide a framework for future of the Kentucky Community and Technical College System, allowing it to remain nimble and responsive to changing workforce needs in Kentucky. Each of these recommendations focuses on student success, service to all Kentuckians, and on creating an educated workforce for the Commonwealth.

SJR 179 Response

Introduction and Background

On April 15, 2024, the Kentucky General Assembly adopted Senate Joint Resolution 179, which called upon the Kentucky Community and Technical College System to “determine and report findings and actions to improve and advance the existing system.”

Passed unanimously by both House and Senate, and signed into law by Governor Beshear on April 19, 2024, SJR 179 was a clarion call for reexamination and change that came at a most opportune time.

The Kentucky Community and Technical College System (KCTCS) was established with considerable fanfare as the centerpiece of the Kentucky Postsecondary Improvement Act (1997), which itself was the first major reorganization of public higher education in Kentucky history. KCTCS became the state’s ninth public postsecondary organization, bringing together 13 community colleges from the University of Kentucky and 23 technical institutions from state government. The mission of the new organization was to expand access to college and workforce readiness, transfer education, and technical training throughout the Commonwealth. Within a year of its founding, KCTCS leadership initiated a series of mergers and consolidations and, throughout the next decade, created a robust and integrated system of 16 independently accredited colleges with more than 70 campuses serving every region of the state.

During its first quarter century, KCTCS achieved a record of remarkable accomplishments:

- KCTCS is the largest provider of postsecondary education in the state, with an annual enrollment of 107,000 students and 45% of the state’s public postsecondary undergraduate students.
- Since the formation in 1998, KCTCS Colleges have served more than 1 million students and have awarded more than 200,000 degrees and credentials.
- In 2022-23 alone, KCTCS Colleges issued 38,000 credentials, leading the nation in credentials awarded, per capita.
- Nearly 80% of credentials were in targeted industry sectors, a testament to the System’s impact on Kentucky’s workforce and economic development.
- KCTCS is Kentucky’s primary provider of workforce education, delivering customized training to more than 1,700 companies annually. Through the Kentucky TRAINS program, KCTCS has supported Kentucky companies on 339 major training projects, a 37% increase over last year.
- KCTCS educates 71% of Kentucky high school students who enroll in Dual Credit classes. In 2023-24, more than 35,000 high school students took Dual Credit classes from KCTCS Colleges.
- 60% of graduates from low-income households at Kentucky’s public institutions receive their credentials from KCTCS.
- KCTCS facilitated the awarding of 4,460 GEDs to incarcerated individuals from 2020 to 2024.
- Multiple KCTCS Colleges have earned nominations for the prestigious Aspen Prize for Colleges of Excellence, awarded every two years for the nation’s best community and technical colleges. Six colleges were nominated during the current cycle: Ashland; Gateway; Hazard; Madisonville; Southcentral Kentucky; and West Kentucky. West Kentucky Community and Technical College is a six-time nominee and three-time ‘finalist with distinction’ for the Aspen Prize.

Despite these and many other achievements, the KCTCS Board of Regents, System leaders, and College leaders acknowledge that the time has come for a thorough examination of the health and viability of the System and its 16 Colleges. In 2021-2023, as KCTCS and the 16 Colleges emerged from the pandemic, the KCTCS Board of Regents initiated several steps toward change and reform, including hiring the Huron Group to conduct an extensive study of System operations.

In June 2023, Huron produced 47 recommendations for change and improvement; the Board immediately prioritized 12 recommendations focusing on space utilization, academic programming optimization, financial and organization assessment, data strategy, and project management. During the same period, after discussing concerns about financial management, the Board voted to ask the State Auditor to conduct a Public Audit of KCTCS budgeting processes. In December 2023, when CPE published its response to Senate Joint Resolution 98, which was an examination of public higher education in southeastern Kentucky, questions about the efficacy of curricular offerings and the structure of local boards were added to the list of issues under consideration.

The most significant step toward change came in October 2023, when the KCTCS Board of Regents hired Dr. Ryan F. Quarles as the new KCTCS President. From his first day on January 1, 2024, Dr. Quarles embraced the Board's commitment to change and committed to a fresh start for KCTCS, declaring this a "once in a generation opportunity" to reimagine, redesign, and reenergize the System for its next quarter century.

President Quarles welcomed both the public audit and a subsequent forensic audit and committed to making reforms – "curing any and all problems" – that might be identified in the reports. After a late January meeting with the College Presidents and legislative leaders reinforced concerns about System effectiveness and the need for significant change, President Quarles worked with the General Assembly to craft a framework for reexamination of a broader range of issues that had emerged from Huron and from SJR 98.

The resulting framework led to Senate Joint Resolution 179, which included:

- (1) Academic programming and training offerings, including the quality of credentials and program relevancy;
- (2) A comprehensive statewide KCTCS workforce plan which may include financial and academic supports, comprehensive career counseling, and experiential learning elements;
- (3) The KCTCS geographic footprint, including but not limited to the need for mergers and consolidations;
- (4) Single system accreditation versus individual college accreditation;
- (5) Governance reform, including the KCTCS Board of Regents and the 16 college boards of directors;
- (6) The KCTCS funding model and its adequacy, including state appropriations, existing performance funding, the funding of the system office, and modern outcome-based funding structures;
- (7) Tuition rates, with a commitment to ensuring affordability and return on investment;
- (8) The personnel system for KCTCS employees;
- (9) Effectiveness and affordability of dual credit course offerings;
- (10) Transferability of associate's degrees to four-year institutions;
- (11) Outdated or conflicting statutory language.

As soon as SJR 179 passed the General Assembly, Dr. Quarles marshalled the System's internal resources to conduct a thorough examination of the eleven key issues. He charged the KCTCS Project Management Office, which had been created in response to a Huron recommendation, to establish an investigative methodology that would include benchmarking best practices, analysis of internal and external data, and careful consideration of the Huron study and CPE's SJR 98 Report. The overall plan was built around an aggressive timeline, including critical reporting dates to the KCTCS Board of Regents, the Kentucky Council on Postsecondary Education (CPE), and the General Assembly, and it systematically involved the President's Leadership Team (PLT) and the President's strategic planning council, known as the Realignment, Innovation and Advocacy (RIA) Team.

Between April 2024 and November 2024, the Kentucky Community and Technical College System engaged in a comprehensive, thorough, and research-intensive response to Senate Joint Resolution 179. To address each of the 11 areas included in SJR 179, items were clustered by topic and assigned to one of five teams: Academic Programming (Item 1), Governance and Organizational Structure (Items 3, 4, and 5), Student Pathways (Items 2, 9, and 10), Affordability (Items 6 and 7), and Administrative (Items 8 and 11). A College President led each team, which was comprised of representatives from among both the Colleges and the System Office.

Continuous input and feedback was sought from a variety of internal and external constituencies throughout the process. An online portal was created, allowing any faculty or staff member to provide input. That input was shared with the appropriate team(s), and anonymized summaries were provided to the KCTCS Board of Regents. Within KCTCS, a variety of Peer Teams exist. Peer Teams are comprised of representatives from each of the 16 Colleges who hold similar positions. Examples include the Academic Council, the Peer Team for each College's Chief Academic Officer; the Student Affairs Council, the Peer Team for each College's Chief Student Affairs Officer; the Business Solutions Team, the Peer Team for each College's Chief Business Affairs Officer; and the Presidents Leadership Team (PLT), the Peer Team for each College's President/CEO. Peer Teams also exist for functional areas, including the Workforce Solutions Peer Team, the Transfer Peer Team, and the Dual Credit Peer Team, among others. Throughout the course of the development of the SJR 179 response, various Peer Teams were consulted and solicited for counsel and recommendations. Throughout the process, the KCTCS Board of Regents were provided with regular status reports and held additional meetings specific to SJR 179. Their leadership and guidance helped to craft the final recommendations.

External stakeholders also played a role in the response. As with the KCTCS Board of Regents, representatives from the Council on Postsecondary Education (CPE) were provided with regular status reports and opportunities to provide feedback. Additionally, the Kentucky Workforce Innovation Board (KWIB) held a feedback session with employers from throughout the Commonwealth in October 2024 to provide input and guidance on the KCTCS Statewide Workforce Plan. Moreover, President Quarles engaged members of legislative leadership to ensure congruence between the intent of SJR 179 and the emerging recommendations contained herein.

The following sections address each of the 11 SJR 179 topics in the order in which they were enumerated in the bill.

(1) Academic programming and training offerings, including the quality of credentials and program relevancy

Introduction

The 16 Colleges of KCTCS regularly evaluate their credential options to ensure congruence between the needs of the respective local economies and the resources available. To aid that assessment, several tools, reports, and data points are evaluated. Examples include an internal System-generated Credential Vitality Report, listing the number of students enrolled in each program; a Suspension Report, summarizing the academic plans and tracks suspended in the prior year; Gray Score Cards, citing labor market data and provided by the Council on Postsecondary Education; and the Postsecondary Feedback Report¹, generated by KY Stats.

While local KCTCS Colleges do their best to respond to the changing demographic and employment needs, outdated processes often delay response time for starting new programs or sunsetting programs no longer needed. Moreover, according to the findings of *The Great Misalignment: Addressing the Mismatch between the Supply of Certificates and Associate's Degrees and Future Demand for Workers*², six regions of Kentucky are reported as having 50% or more misalignment between the production of credentials and the available job openings, with the misalignment varied by sector.

Background

In 2022, the KCTCS Resource Optimization Committee engaged the Huron Group to conduct a comprehensive evaluation of the System's policies, processes, and procedures. The Huron project began in December of 2022. To guide the work, representatives from throughout the Colleges and System Office were solicited and assigned to various groups, including Executive Sponsors, an Optimization Steering Committee, a Compensation Steering Committee, and four Workstreams: Space Utilization Assessment, Academic Programming, Financials & Organizational Assessment, and Compensation & Equity Study. The engagement with Huron concluded in April of 2024.

From the Huron engagement, 16 opportunities were identified related to Academic Programming Optimization. The KCTCS Academic Council, which is comprised of the Chief Academic Officers from each of the Colleges and select System Office personnel, prioritized three key projects, which incorporated seven of the 16 opportunities into Phase 1. Those three projects included: Program Portfolio Process Improvement (APO 1), Modality Trends Assessment (APO 2), and Course Sharing Pilot (APO 3). Collectively, these projects address both the quality of credentials and program relevancy.

Academic Programming Optimization (APO) Project 1: Program Portfolio Process Improvement

Initial Charge: Improve core academic processes that help Colleges make efficient and informed decisions about the future of their program portfolio (for new as well as existing programs).

1 <https://kystats.ky.gov/Latest/PSFR>

2 <https://cew.georgetown.edu/cew-reports/greatmisalignment/#resources>

Outcomes: New tools were developed to streamline the process for program activation and program suspension. A comprehensive [SharePoint site](#) was created that educates individuals on the curricular processes, while also providing Chief Academic Officers with a series of automated workflows that allow consistency in program activation and suspension, with specific attention paid to the process and timing required for external accrediting bodies and the Council on Postsecondary Education (CPE). The team is also providing input to CPE while CPE redesigns their program approval processes, which will expedite the approval process and position the Colleges to be even more responsive to employer needs.

Academic Programming Optimization (APO) Project 2: Modality Trends Assessment

Initial Charge: Conduct a study of enrollment patterns among courses offered online and in-person across KCTCS to evaluate how students' preferences are changing. Share results with Colleges to inform future scheduling decisions.

Outcomes: New tools have been developed that provide Chief Academic Officers with up-to-date enrollment information, informing Colleges of student preferences and allowing for adjustments in course delivery. These tools include a new data dashboard and daily reports delivered to each Chief Academic Officer via e-mail. In addition, a new feature has been added to the student information system (PeopleSoft) which allows Colleges to indicate a rationale for keeping a section of a course that would normally be considered "low-enrolled." While Colleges were already doing this, the new process supports consistency and easier reporting to internal and external stakeholders.

Academic Programming Optimization (APO) Project 3: Course Sharing Pilot

Initial Charge: Develop and execute a course sharing pilot by selecting a specific course or subset of courses to share across multiple Colleges. When developing the pilot, KCTCS should keep in mind the importance of establishing revenue and cost-sharing rules.

Outcomes: Building on the success of existing course and program sharing among some Colleges, broad input was solicited from the College leaders responsible for academics, student affairs, financial affairs, and the College Presidents. An official, intentional sharing pilot was launched for the Fall 2024 semester, which included six Colleges, building on the strong examples of program sharing that already exist within the System. Consensus has already coalesced with the notion that the greater return on investment will be in *program sharing* rather than individual *course sharing*. Program sharing has the potential to increase efficiency, to increase student access, and to reduce the barriers of offering programs, most notably identifying qualified individuals for difficult-to-fill faculty positions.

Current State

In April of 2024, the Kentucky General Assembly passed Senate Joint Resolution 179³. Building upon the work of the Academic Programming Optimization teams, a new team was formed to address the legislature's request for a response to the quality of credentials and program relevancy.

3 <https://apps.legislature.ky.gov/record/24RS/sjr179.html>

Academic Optimization Project #4

In 2022, KCTCS Leadership had already identified the need to conduct a comprehensive update to the shared System-wide curriculum inventory. As a result, the 2022-2026 KCTCS Strategic Plan includes the Objective 2.2 to “Strengthen industry and transfer partnerships to enhance programs and improve speed to work to ensure a skilled talent pipeline to grow Kentucky’s economy.” To implement this objective, Action Plan Strategy 2.2.2 specifies: “Review/revise all general education and technical program/course competencies to ensure relevancy and alignment with transfer and workforce requirements.” This directive set in motion the development of a Technical Program Alignment process emphasizing academic programs are meeting business/industry and transfer standards and needs. Implementation of the process began in August 2024 and follows the timeline below.

Academic Year	KCTCS Technical Program
2023-24	Pilot with Volunteer Curriculum Committees
2024-25	Manufacturing/Construction
2025-26	Miscellaneous: Agriculture Technology, Criminal Justice, Education, Environmental Science Technology, Human Services, Mining, Paralegal
2026-27	HealthCare
2027-28	Business & IT/Transportation and Logistics
2028-29	Manufacturing/Construction
2029-30	Miscellaneous: Agriculture Technology, Criminal Justice, Education, Environmental Science Technology, Human Services, Mining, Paralegal
2030-31	HealthCare
2031-32	Business & IT/Transportation and Logistics

KCTCS Technical Program Alignment Process

KCTCS Technical Program Alignment is an internal process that will take place the academic year prior to the academic program’s designated CPE Program Review year. During the alignment year, specified KCTCS Curriculum Committees will be tasked with reviewing and aligning the credentials under their oversight according to the prescribed process that includes aligning competencies (credential skill sets) with applicable licensing requirements, program accreditation standards, and/or professional association standards and obtaining business/industry validation for all credentials and corresponding competencies (skill sets).

2024-25 Implementation

The specified Technical Program Curriculum Committees, specifically committees overseeing Manufacturing and Construction programs in 2024-25, will work collaboratively to review and align credential competencies (or skill sets) with applicable licensing and professional standards. Certificates

will be revised to ensure each is fully embedded in the higher credential of diploma or associate of applied science. Embedding ensures that students who complete a certificate and decide to continue or return later to upskill can do so seamlessly with all credits applicable to the higher credential. In a few instances, certificates that lead to a specific state licensure are not embedded in a higher credential.

Proposed revisions to credential competencies (skill sets) will be shared with business and industry members of College Program Advisory Committees for validation through a review and feedback process. Additionally, state-wide professional organizations will be asked to provide feedback on credential competencies.

Business and industry partners providing feedback will be asked questions on quality and relevancy of credentials, specifically the following items:

- How credential competencies (skill sets) meet standards and needs, meet with some revisions, does not meet, OR there is no demand for the credential in their region
- The job title(s) that a new hire with the credential would have
- Any state license or certification needed in combination with the KCTCS credential for employment
- Any emerging skills that will need to be addressed by the program in the next 1-3 years

All business and industry feedback will be compiled by program and reviewed by respective Curriculum Committees and College leadership to guide decision making, specifically:

- To inform revisions to curriculum to ensure graduates possess the skills needed by business/industry
- To ensure the College offers credentials aligned with regional workforce needs
- To align credentials more closely with jobs as listed in the Standard Occupational Classification System that provides income information for associated careers
- To identify the value of external program accreditation to improve outcomes for students
- To inform future planning based on emerging skills identified

Beginning in 2025-26, updated program competencies (skill sets) that have been validated by business and industry will be published on the KCTCS website and accessible to all KCTCS stakeholders. The final competencies will also be provided to the business and industry partners who provided feedback. Those business and industry partners will be invited to have their business or industry organization name added to the KCTCS Program page as a partner who has reviewed and validated the curriculum.

The academic year following the internal KCTCS Program Alignment process, the specified programs will conduct the CPE Program Review process. Under the authority granted by KRS 164.020 (16)⁴, the Kentucky Council on Postsecondary Education (CPE) requires KCTCS institutions to participate in a statewide program review. The purpose of these reviews is to ensure that academic programs are consistent with state priorities and that public resources are used effectively for the greater good of the Commonwealth. Colleges analyze and report specifically on program quality, success, outcomes, and impact.

4 <https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=53677>

Opportunities Identified through Evaluating Quality and Relevance Processes

In the development and implementation of the alignment process, opportunities for additional improvements impacting program quality and relevancy are being identified.

- Opportunity to improve the use of Program Advisory Committees by establishing consistency in the facilitation the committees across the System to maximize the partnerships for the benefit of KCTCS students, faculty, and state business and industry partners.
- Opportunity to streamline KCTCS's program and course inventory for efficiency and clarity. Currently, curriculum is shared but many curriculum decisions are College-centric. As a result, the curriculum inventory is more complex than it needs to be for students, business/industry partners, and transfer institutions.
- Opportunity to strengthen Career Services availability System-wide.

Recommendations:

- Support third-party validation of academic program quality
- Improve the structure and uses of Program Advisory Committees
- Leverage Meta Majors to strengthen AA and AS pathways
- Increase Program Sharing among Colleges
- Strengthen Program Reviews in alignment with CPE Program Reviews
- Work with CPE to streamline the Program Approval process
- Fully implement the KCTCS Technical Program Alignment process

(2) A comprehensive statewide KCTCS workforce plan which may include financial and academic supports, comprehensive career counseling, and experiential learning elements

Kentucky's Economic Vitality: Current State to Future State

Over the past four years, more than \$28.7B in private investments have flowed into the state, creating more than 51,200 new jobs for Kentuckians⁵. Like most of the United States, Kentucky is struggling to meet the unprecedented demand for talent. According to a recent U.S. Chamber of Commerce report, Kentucky companies have access to 74 workers for every 100 jobs available, leaving the state's economy with a significant shortage of workers⁶. In 2021, the Kentucky Chamber released *20 Years in the Making: Kentucky's Workforce Crisis*, which demonstrated that the available workforce has been "trending downward since 2000 and has remained consistently below national averages and neighboring states both before and after the pandemic."⁷ The report describes the complexity of workforce participation, underscoring the impact of public health, addiction, incarceration, childcare access, and demographic changes.

Amplifying this problem, in less than a decade, the U.S. economy will require a higher-skilled workforce. By 2031, 72% of jobs in the U.S. will require postsecondary education and/or training⁸. With respect to Kentucky's educational attainment, 27.9% of the population have earned a bachelor's degree, while 11.4% have completed a graduate degree, both below U.S. national averages. Of all jobs in Kentucky, 63% (1,302,000 jobs) will require some postsecondary training beyond high school in 2031⁹. In considering middle-skill jobs alone, defined as those that require more education and training than a high school diploma but less than a four-year college degree, an additional 58,000 positions will be added to Kentucky's economy, bringing the total jobs in this category to 708,000. According to the Council on Postsecondary Education, in 2022 just under 10% of Kentucky's population had attained an associates degree¹⁰. If this trend persists into 2031, the Commonwealth will have a shortage of nearly 300,000 middle-skilled professionals to meet labor demands.

While Kentucky has rich workforce assets, the state has struggled with a historical lack of coordination and no cross-organizationally endorsed vision for workforce success. This has created an environment in which employers struggle to navigate the ecosystem. As referenced in KCED's *Collaborative Blueprint created by and for Kentucky's Economic Developers*, partners must "collaborate to set workforce

5 https://kwib.ky.gov/Documents/WIOA_Plan_in_Federal_Review-2024-05-29_Approved-Kentucky_PYs_2024-2027.pdf

6 <https://www.uschamber.com/workforce/understanding-kentuckys-labor-market>

7 <https://www.kychamber.com/news/2021/10/01/kentucky-chamber-foundation-releases-report-20-years-making-kentucky%E2%80%99s-workforce>

8 <https://cew.georgetown.edu/cew-reports/projections2031/>

9 <https://cew.georgetown.edu/cew-reports/projections2031/>

10 <https://cpe.ky.gov/ourwork/60x30.html#:~:text=Between%202010%20and%202020%2C%20Kentucky,a%20bachelor's%20degree%20or%20higher>

priorities and widely communicate goals and define roles between economic developers and workforce leaders.¹¹ The 2024-2027 WIOA state plan affirms this imperative noting that “the workforce development system must serve as an ecosystem.¹²” According to Dunn and Bradstreet, there are currently 196,000 Kentucky businesses. The workforce system served 37,000 of these companies last year while KCTCS is partnered with 3,000. To expand that partnership portfolio, a coordinated approach is imperative.

With a global workforce shortage, talent is a critical factor in the decision for businesses to locate, expand, or remain in the Commonwealth. Workforce assets should be at the forefront of Kentucky’s pitch to prospective companies and support for current companies. It is imperative that companies receive unified concierge services when considering whether to locate or expand in Kentucky. To respond to this challenge, KCTCS collaborated with the Cabinet for Economic Development, the Kentucky Chamber, the Education and Labor Cabinet, the Council on Postsecondary Education, and other partners to develop a Statewide Workforce and Talent Team (SWATT) approach by drafting a shared mission and vision for business service delivery.

While collaboration between workforce and education organizations is essential, so is the deliberate design of public-private partnerships. KCED’s *Kentucky’s Collaborative Blueprint* also underscores the importance of private sector integration into workforce development activities. Education providers cannot solve the talent pipeline and economic alignment challenges alone. Businesses must not only signal their talent supply needs but should also engage in deep and meaningful partnerships with institutions. By clearly articulating goals, businesses and education providers can effectively and efficiently co-create talent solutions. This will ensure that businesses have access to a broad range of resources and can more effectively develop cross-agency workforce strategies.

Working with core partners, the Kentucky Community and Technical College System is positioned to address this critical shortage. *Kentucky’s Collaborative Blueprint* highlighted a focus group participant’s comment that “the community technical college system is the best kept secret.¹³” With an annual enrollment of 100,000 students in 2024, KCTCS is the state’s largest provider of skilled talent. While half of graduates of Kentucky’s four-year institutions leave the state¹⁴, the majority of KCTCS graduates continue to live and work in the Commonwealth.

Over the past 25 years, KCTCS has been collaborating with partners to develop innovative solutions to expand Kentucky’s skilled talent pipelines. For example, one of the most critically underutilized labor pools are those Kentuckians with some college but no credential. In their 2024 dataset, the National Student Clearinghouse identified 547,638 Kentuckians under the age of 65 in this demographic. The National Student Clearinghouse also reported that Kentucky has a re-enrollment rate of 2.3%¹⁵. This population, which may be working in part-time, lower-skilled jobs, is a prime talent pool that could be more effectively educated, upskilled, and embedded into the middle-skill labor force. In the Fall of 2023, KCTCS responded to this opportunity by launching Education First Employers, an effort to provide earn-

11 https://cedky.com/cdn/11818_Full_report_Print_.pdf

12 <https://kwib.ky.gov/Documents/Kentucky%20WIOA%20State%20Plan%20Brief%20.pdf>

13 https://cedky.com/cdn/11818_Full_report_Print_.pdf

14 https://cedky.com/cdn/11818_Full_report_Print_.pdf

15 <https://nscresearchcenter.org/some-college-no-credential-dashboard/>

and-learn opportunities at scale with employers paying competitive wages and supporting their workers through upskilling and obtaining in-demand credentials. With a network of more than 50 companies statewide and a partnership with Family Scholar House to provide wrap-around support, KCTCS seeks to recruit an underutilized, low-skilled labor force and to assist those individuals in reaching their full potential in the economy. This initiative can impact re-enrollment rates, prevent students from dropping out, and support individuals to earn and learn simultaneously and successfully.

The following workforce plan highlights existing assets that can expand the capabilities of Kentucky's workforce, positioning the Commonwealth to successfully attract, retain, and develop sufficient talent, thereby sustaining the growing economy. The KCTCS Workforce Plan is organized into commitments. Each commitment has thematic anchors, an overview of existing assets, and identified gaps and recommendations. These commitments are aligned with the pillars identified in *2024-2027 Combined Workforce Innovation and Opportunity Act (WIOA) State Plan* which includes employer engagement, education attainment, workforce participation, and resource alignment.¹⁶ The plan is also grounded in the findings of *Kentucky's Collaborative Blueprint*¹⁷. In developing this workforce plan, key leaders from the Education and Labor Cabinet, the Cabinet for Economic Development, the Kentucky Department of Education, the Kentucky Chamber of Commerce, and the Council on Postsecondary Education were consulted. The Kentucky Association of Manufacturers and the Kentucky Hospital Association also provided feedback. Additionally, the Kentucky Workforce Innovation Board provided an opportunity for business partners to share their feedback, which was incorporated into the final plan.

Middle-skill jobs require a postsecondary credential less than a baccalaureate degree. Depending on the job in question, individuals may earn certificates, college diplomas, and/or associate degrees to demonstrate their mastery of the appropriate skills. Low-skill and no-skill jobs are those that require no such credential. Middle-skill jobs are best aligned to the wages and career stability that sustain the economic vitality of Kentucky. With an increased focus on middle-skills employment, KCTCS is committed to continuing to support, sustain, and develop programming and strategic alignment to Kentucky's economic interests and long-term growth.

Kentucky's Collaborative Blueprint, presented by the Kentucky Cabinet for Economic Development, provides the strongest clarity regarding how Kentucky can position itself. The industry sectors identified in the Blueprint provide stable, family-sustaining wages. Moreover, these industries have the opportunity to grow and expand because of their cultural fit with their respective regions throughout the state. While the industries create the jobs, KCTCS is committed to developing the talent to fill those jobs by providing credentials of value. The role of KCTCS is to educate and train prospective and incumbent employees, ensuring that employers have individuals with the correct skills. Identifying individuals must be a collaborative effort between employers, KCTCS, and other agencies.

In addition to preparing individuals for middle-skill employment, KCTCS is also well-positioned for those students pursuing continued education, either through the attainment of a baccalaureate or graduate degree, upskilling through customized training, or through assessment. Additionally, many KCTCS Colleges also provide robust Adult Education programs, which provide GED attainment, English-language learning programs, and preparatory classes for those who wish to pursue a credential for middle-skill employment.

16 <https://kwib.ky.gov/Documents/Kentucky%20WIOA%20State%20Plan%20Briefer%20.pdf>

17 <https://ced.ky.gov/lp/blueprint>

The primary mission of the Comprehensive KCTCS Workforce Development Plan is to:

- Develop, with business and industry partners, training and education programs that produce credentials of value to their workforce needs.
- Integrate programs and services to inspire, develop, and support Kentuckians needing access and opportunity to enter the workforce and to strengthen their position within the workforce to build a better life.
- Improve data integration and analysis across KCTCS and with state agencies that are focused on workforce and economic development.
- Partner with the education and training assets of Kentucky to elevate awareness of workforce programs and services provided, attracting more Kentuckians into postsecondary education and middle-skills jobs.

Key Terms

- Workforce Ecosystem: Network of organizations supporting talent attraction, retention and development. Includes K-12, public assets, Education and Labor Cabinet, Kentucky Cabinet for Economic Development, Chambers, key non-profits, career centers, and higher education partners.
- Public-Private Partnerships: Structured relationships between education institutions and employers.
- Career Pathways: A mapped series of education and training steps toward industry-aligned skills, credentials, and career advancement.
- Earn and Learn: Opportunities for students to work while pursuing credentials. Jobs are often aligned to student pathways.
- Middle-skill Jobs: Jobs requiring more education and training than a high school diploma but less than a four-year college degree.
- Business Services: Consultations with companies to recommend talent attraction, retention and development solutions available in the workforce system.

KCTCS Workforce Development Plan and its Evolution from the KCTCS Strategic and Action Plans

This plan is a natural extension of KCTCS Strategic Plan Goal 2: *Increase Employment Success*. KCTCS has been focused on economic and workforce development since its inception under the Kentucky Postsecondary Education Improvement Act of 1997. In 2017, the Kentucky Workforce Innovation Board (KWIB) updated Kentucky's Targeted Industry Sectors (TIS). Since the 2016-17 academic year, KCTCS has increased graduate production in programs aligned to the Targeted Industry Sectors by 70.8%, with substantial increases in graduates across all key sectors:

- Advanced Manufacturing: +101.0%
- Business Services/IT: +71.5%
- Construction: +70.5%
- Healthcare: +46.9%
- Transportation/Logistics: +173.6%

These gains were strategic and purposeful. After completing a comprehensive environmental scan in 2021, and engaging employer partners and other key stakeholders, KCTCS ensured a renewed focus in workforce development. One of the three core goals included in the KCTCS 2022-2026 Strategic Plan was to Increase Employer Success. That goal includes appropriate strategic objectives and action plan strategies.



KCTCS currently tracks two key performance indicators to evaluate success and promote continuous improvement: Targeted Industry Sector (TIS) Credentials and Post-KCTCS Outcomes (% of non-returning graduates who transfer or obtain employment with an income above the Federal poverty threshold) one-year post-completion. Additionally, the following metrics were implemented in May 2024:

- TIS Enrollment
- Total Companies Served through Customized Training
- Student Ratings on Career Development
- KCTCS-TRAINS Projects, Companies, and Enrollment
- Number of Employer Partnerships, Businesses Engaged, and Education First Employers

KCTCS Workforce Development Plan

The KCTCS Workforce Development Plan is built on four core commitments:

- (1) Lead Robust Collaboration
- (2) Support and Sustain Economic Development
- (3) Advance Labor Market Responsive Programs and Initiatives
- (4) Elevate Visibility and Support for Career Pathways

Each Commitment is supported by a rationale statement, a goal statement, a list of anchors, existing assets, and a listing of observed gaps and future state recommendations.

Commitment: Lead Robust Collaboration	
Goal: Improve employer & student/job seeker experience navigating the workforce ecosystem.	
Anchors Ecosystem Partnerships High Impact Public Private Partnerships General Assembly Relationships and Communication	
Assets	Gaps & Recommendations
<ul style="list-style-type: none"> • SWATT – Statewide Workforce and Talent Team • External Engagement Teams • Partnership Asset Mapping 	<ul style="list-style-type: none"> • Improve business engagement data sharing between organizations. • Develop proactive outreach strategy to address gaps. • Development of Employer ROI toolkits, employer role clarity, and partnership awareness campaigns.

Education and workforce organizations cannot solve the complex workforce shortage alone. Employers, educators, and workforce professionals must work together to streamline resources and deploy targeted strategies to ensure Kentuckians have the skills needed for our economy’s jobs.

Existing Assets:

The Statewide Workforce and Talent Team (SWATT) is a group of organizations committed to improved coordination and delivery of workforce development solutions and services to Kentucky employers. SWATT partners include the Education and Labor Cabinet (ELC), Kentucky Cabinet for Economic Development (KCED), the Kentucky Chamber of Commerce, Kentucky Hospital Association (KHA), Kentucky Association of Manufacturers (KAM), Kentucky Center for Statistics (KY Stats), the Kentucky Department of Education (KDE), the Council on Postsecondary Education (CPE), and the Kentucky Community and Technical College System (KCTCS). The Statewide Workforce and Talent Team (SWATT) is responding directly to feedback from Kentucky employers to design and pilot a comprehensive approach to provide workforce solutions to employers. This unified strategy is intended to improve coordination, responsiveness, and results among partners, ultimately driving workforce participation and business growth.

KCTCS External Engagement Teams discuss gaps, challenges, opportunities for collaboration, and strengthen relationships based on available data, allowing for consistent communication between faculty and staff at the Colleges who have strong partnerships with employers. Team meetings provide time for relationship managers to share upcoming meetings, events, new initiatives, and critical updates, allowing Colleges to work cross-functionally to address gaps in partnerships.

In 2021, KCTCS began the process of Partnership Asset Mapping to account for systemwide employer partnerships. As of September 2024, more than 3,000 companies have been identified who actively work with KCTCS to co-create talent attraction, retention, and development solutions. By engaging with KCTCS for activities like job shadowing and designing robust apprenticeship programs, companies support the expansion of talent pipelines and improve students’ in-demand skills. KCTCS is using this asset map to strategically expand partnerships to increase responsiveness to both companies and students.

Commitment: Support & Sustain Economic Development	
Goal: Expand upskilling and better serve emerging economic needs.	
Anchors Unified Business Services Customized Training Program Development at Business Speed	
Assets	Gaps & Recommendations
<ul style="list-style-type: none"> • TRAINS • Workforce Solutions – Business Services • New Industry-Driven Programs • KCTCS Facilities 	<ul style="list-style-type: none"> • Increase TRAINS funding. • Support and expand business-facing staff and provide strategic professional development. • Invest in instructional designers for program innovation to address emerging skills & advancements in technology.

To ensure that Kentucky has the skilled talent to meet the needs of the growing economy, KCTCS must work with economic developers and be prepared to develop and revise programs to address skills gaps.

Existing Assets:

TRAINS Funding is provided by the Legislature to support training for Kentucky companies. KCTCS also allocates a portion of its annual funding to support new businesses. Even with a recent internal KCTCS allocation of \$2M, funding is still not sufficient to support Kentucky companies’ extensive talent development needs when expanding operations.

Each of the 16 KCTCS Colleges maintains a Workforce Solutions division that serves as a direct service provider to companies across Kentucky. Access to a skilled and sustainable talent pipeline is the greatest challenge faced by businesses today. Through a consultative approach, KCTCS ensures that companies in the Commonwealth can remain competitive by training their new employees to reach full productivity more rapidly while retaining incumbent employees through upskilling opportunities. Workforce Solutions staff also work to connect companies with relevant academic programs to support curriculum alignment, experiential learning, and employer recruitment strategies.

Through TRAINS funding, KCTCS supports the development of New Industry Driven Programs. These program offerings position Kentucky to respond rapidly to local labor market needs, beta test programs, and ultimately develop innovative solutions to address occupational shifts in preparation for the future of work. New Industry Driven Programs must demonstrate proven labor market demand, employer engagement, and program sustainability.

KCTCS facilities, located throughout the Commonwealth, serve as catalysts for economic activity by providing space for skill assessment, education and training, employment fairs, and student recruitment events. KCTCS facilities also provide meeting spaces for business and industry partners, chambers of commerce, economic development recruitment activities, and supplier conferences. Some facilities have also been able to provide office space for new greenfield projects while the company’s facilities were constructed.

<p>Commitment: Advance Labor Market Responsive Programs & Initiatives</p> <p>Goal: Strengthen talent pipelines and supply chain feedback channels.</p> <p>Anchors Data-Informed Program Development & Maintenance Industry-Supported Faculty Attraction, Retention & Development External Program Validation</p>	
Assets	Gaps & Recommendations
<ul style="list-style-type: none"> • Program Alignment Tool (PAT) & Actionable LMI • Program Advisory Committees • Program Sharing Among Colleges • KCTCS Technical Program Alignment Process 	<ul style="list-style-type: none"> • Consistently collect and aggregate employer satisfaction data for entry-level talent. • Strengthen support for untapped talent pipelines including wrap-around support. • Instructor recruitment, retention, and professional development. • Invest in statewide sector strategy advisory model.

In collaboration with employers and state agencies, KCTCS will continue to monitor labor market information to inform program offerings, while designing solutions that meet the needs of today’s workforce.

Existing Assets:

The new KCTCS Program Alignment Tool (PAT) is an interactive dashboard that aligns academic programs with industry needs throughout Kentucky. PAT incorporates data on graduate production (both KCTCS and four-year institutions), labor market demand, and labor market outcomes to provide a comprehensive analysis of how well KCTCS programming meets the needs of local employers. Information gleaned from the tool informs planning efforts for new program development and facilitates the assessment and systematic review of academic programs as required by the Kentucky Council on Postsecondary Education (CPE) and the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC).

Program Advisory Committees, comprised of appropriate employer representatives, meet with KCTCS Colleges semi-annually to review success metrics and to ensure alignment between the skills being taught and the skills needed in the workplace.

Each of the 16 KCTCS Colleges engage in various levels of Program Sharing. Program Sharing allows Colleges to respond to local employer demand for high-cost programs or programs where identifying qualified faculty members proves difficult. Program Sharing allows Colleges to collaborate throughout the System while balancing the limited resources available. Each of the KCTCS Colleges is committed to increasing Program Sharing in areas where sharing is feasible and appropriate.

The KCTCS Technical Program Alignment Process has been developed to coincide with the Council on Postsecondary Education’s (CPE’s) 4-year Program Review Process. One year prior to a program’s review with CPE, employers aligned with the program will conduct an intensive review of each of the program’s competencies to ensure alignment with industry needs. This exhaustive process is much more in-depth than the input traditionally received through Program Advisory Committees.

Commitment: Elevate Visibility and Support for Career Pathways	
Goal: Increase of students in in-demand pathways, improve KY's skillsets, credential attainment and improve employment outcomes.	
Anchors Seamless & Affordable Pathways Career Navigation Earn and Learn Opportunities	
Assets	Gaps & Recommendations
<ul style="list-style-type: none"> • Transfer • Dual Credit • WorkReady • Career Exploration and Connectivity Resources • Earn and Learn 	<ul style="list-style-type: none"> • Develop a strategy that positions KCTCS as a premier destination for earn and learn. • Deploy and enhance a comprehensive career development strategy. • Refine dual credit portfolio. • Support seamless transfer processes. • Expand and improve coordination between CTCs, ATCs, K-12 and 4 years including cross-organization marketing and continuous improvement. • Advance scope of support for non-completers.

Robust talent pipeline management requires a comprehensive roadmap that begins in high school and leads individuals through a structured and streamlined pathway through postsecondary education and into the workforce.

Existing Assets:

The transferability of courses to 4-year institutions is set forth in [KRS 164.2951\(2\)](#), which states that the Council on Postsecondary Education, in collaboration with the public universities and community and technical colleges, shall: (a) Facilitate the development and implementation of a statewide agreement for alignment of Kentucky Community and Technical College lower-division associate of arts and associate of science coursework that shall be accepted and fully credited to related bachelors degree programs by all public universities.

Dual Credit courses allow a student to earn high school credit and college credit simultaneously. Council on Postsecondary Education (CPE) data show that students who take Dual Credit courses are more likely to enroll in college, have a higher GPA, persist at higher levels, and obtain credentials than their counterparts who do not take Dual Credit. Both Kentucky statute and CPE policy govern Dual Credit.

The Work Ready Kentucky Scholarship Program is designed to ensure that all Kentuckians who have not yet earned a postsecondary degree have affordable access to an industry-recognized certificate, diploma, or associate of applied science degree and, for students with intellectual disabilities enrolled in comprehensive transition and postsecondary programs, affordable access to meaningful credentials to prepare for competitive integrated employment.

KCTCS employs a suite of career exploration and connectivity resources designed to assist students in their selection of programs and courses aligned to their academic and workforce goals. These support services provide students with individualized mentoring opportunities, as well as participation in college programs designed to support groups of students with similar interests and goals.

KCTCS has a wide range of opportunities for students to simultaneously work (Earn) and pursue a credential (Learn). These jobs are often aligned to student pathways and range from apprenticeships to micro-internships. Examples of statewide Earn and Learn brands include Education First Employers and KY FAME.

- Education First Employers are a statewide network of companies who partner with KCTCS to recruit students to simultaneously earn and learn. These companies provide tuition assistance and competitive wages. Not only do they offer opportunities for prospective students who may have previously had to choose between working and pursuing education, they also hire current KCTCS students and promote enrollment and upskilling to their current employees who may not be using their tuition benefits. This program is intended to expand enrollment, increase credential completion, and improve hiring and retention at partner companies.
- The Kentucky Federation for Advanced Manufacturing Education (KY FAME) is a partnership of manufacturers whose purpose is to implement a career pathway through apprenticeship-style educational programs that sustain a pipeline of highly skilled advanced manufacturing technicians. The program, which began at Bluegrass Community and Technical College with Toyota Motor Manufacturing Kentucky, has grown beyond the borders of the Commonwealth. FAME is now a national network of employers and institutions. Currently, FAME USA includes 40 chapters in 16 states. It boasts a 90% employment placement rate with more than 450 employers. Since 2012, more than 2,100 students have graduated from a FAME program.

Recommendations:

- Lead Robust Collaboration
 - Improve business engagement data sharing between organizations.
 - Develop proactive outreach strategy to address gaps.
 - Develop employer ROI toolkits, employer role clarity, and partnership awareness campaigns.
- Support & Sustain Economic Development
 - Increase TRAINS funding.
 - Support and expand business-facing staff and provide strategic professional development.
 - Invest in instructional designers for program innovation to address emerging skills and advancements in technology.
- Advance Labor Market Responsive Programs & Initiatives
 - Consistently collect and aggregate employer satisfaction data for entry-level talent.
 - Strengthen support for untapped talent pipelines including wrap-around support.
 - Instructor recruitment, retention, and professional development.
 - Invest in statewide sector strategy advisory model.
- Elevate Visibility and Support for Career Pathways
 - Develop a strategy that positions KCTCS as a premier destination for Earn and Learn.
 - Design a comprehensive career development strategy.
 - Refine Dual Credit portfolio.
 - Support seamless transfer processes.
 - Expand and improve coordination between CTCs, ATCs, K-12 and 4-year partners, including cross-organization marketing and continuous improvement.
 - Advance scope or support for non-completers.

(3) The KCTCS geographic footprint, including but not limited to the need for mergers and consolidations

Background: the System’s Historic Commitment to Serving “All Regions of the Commonwealth”

The Postsecondary Education Improvement Act of 1997 – known at the time as House Bill 1 – charged the Kentucky Community and Technical College System with statewide delivery of four distinct types of educational programming:

- two-year associate degree programs designed for transfer to four-year institutions;
- technical and semi-professional programs of two years or less, including applied science associate degrees, diplomas and certificates;
- courses in general education, including adult education, not necessarily designed for transfer or technical training; and
- services to Kentucky’s employers including customized training to improve the knowledge and skills of Kentucky workers.

The legislation went on to specify nine uplifting goals and objectives, including developing “a pool of educated citizens to support the expansion of existing business and industry and the recruitment of new business and industry,” enhancing “the flexibility and adaptability of Kentucky workers in an ever-changing and global economy through continuing education and customized training” and improving “the quality of life for Kentucky’s citizens.”

The phrases “all regions of the state,” “all regions of the Commonwealth,” and “communities throughout Kentucky” were interwoven throughout the legislation. House Bill 1 made it clear that KCTCS was a statewide organization with responsibility to serve every section of the state.¹⁸

A Clear Focus on Geographic Footprint

From the beginning the KCTCS Board of Regents and its System leadership believed it had a responsibility to expand access to higher education and workforce training throughout the entire state, from “Pikeville to Paducah, from Harlan to Henderson” as leaders sometimes phrased it. “No Kentuckian should have to drive more than 30 minutes to reach a KCTCS campus” was a common refrain. The geographic footprint was the entire Commonwealth of Kentucky, and the mission was to be accomplished through the thirteen community colleges and fifteen technical institutions which HB1 had transferred to the new System from the University of Kentucky and state government.

But these 28 institutions, as they were then constituted, did not serve the entire Commonwealth. In the early days, the Board of Regents and System leaders were acutely aware of gaps in coverage and actively sought opportunities to serve previously unserved communities. Leaders embraced the section of HB1 that mandated that Pike County be included in the service area of Prestonsburg Community College, for

¹⁸ Kentucky Revised Statutes 164.580 Kentucky Community and Technical College System -- Curricula -- Goals -- Degree programs.

example.¹⁹ By 2000, the System opened a new campus in Pikeville. In 1999, the new KCTCS President, Dr. Michael B. McCall, secured funding for a technical training facility in Shelby County. In 2002, the project became part of the new Shelby County Campus of Jefferson Technical College. The concern for serving the entire state also drove KCTCS to become an early participant in the Kentucky Virtual University, another creation of House Bill 1. Within two years, KCTCS was the largest provider of online courses in the Commonwealth.

The Consolidation Effort of 2000-2005

Alongside the enthusiasm for serving all regions of the state was a concern for efficiency and effectiveness through mergers, consolidations, and greater inter-college collaboration. In April 1999, within four months of President McCall's first day on the job, the Board of Regents adopted a resolution encouraging the System to consolidate functions, services, and programs to better serve students and communities. For the eleven regions where two or more community and technical colleges existed in proximity, the resolution urged consolidation, but made clear that the process must include the support of faculty, staff, and community; a public information forum to solicit public comments; and final Board approval of a detailed memorandum of agreement.²⁰

In June 2000, in a leadership retreat at Lake Barkley State Park, McCall and the College Presidents designed a framework for bringing the 28 institutions into 16 administrative districts across the Commonwealth. In December 2000, the Board of Regents formally approved the district structure as a first step toward ensuring "effective and efficient operations" and creating a System that was not only comprehensive in programming (transfer and technical) but also comprehensive in geographic reach.

These actions set the stage for a series of consolidations, beginning in 2000 with the Board of Regents' approvals of the unification of Madisonville Community College and Madisonville Technical College (now Madisonville Community College) and then the unification of Southeast Community College and Cumberland Valley Technical College (now Southeast Kentucky Community and Technical College) in 2002.

Soon to follow were approvals of detailed merger plans for Owensboro Community College and Owensboro Technical College (now Owensboro Community and Technical College); Somerset Community College, Laural Technical College and Somerset Technical College (now unified as Somerset Community College); Ashland Community College and Ashland Technical College (now Ashland Community and Technical College); Prestonsburg Community College and Mayo Technical College (now Big Sandy Community and Technical College); and Paducah Community College and West Kentucky Technical College (now West Kentucky Community and Technical College). These consolidations were completed in 2003 and, in each case, the merged institutions sought and obtained single accreditation with the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), an approach endorsed by the KCTCS Board of Regents in June 2001.

In all these cases, the consolidations involved mergers of two and sometimes three colleges, each with decades of history and identity as separate institutions. Consolidating administrative structures and

19 Kentucky Revised Statutes 164.594 Service area of Prestonsburg Community College to include Pike County.

20 Margaret Lane, *Metamorphosis: Kentucky Community and Technical College System - 10th Anniversary 1998-2008* (KCTCS, 2008), 34-35; *Chancellor's Office, Kentucky Community and Technical College System Milestones*, (KCTCS, 2023), 1-2.

integrating programs and services was a daunting task. Yet the progress was such that Aims McGuinness of the National Center for Higher Education Management Systems, hired by CPE to evaluate the effects of HB1, cited the mergers as a validation of the ambitious goals of House Bill 1. McGuinness credited KCTCS with developing a “coordinated network providing access and links to the economy and quality of life of every region in Kentucky” and establishing a “practical, step-by-step process of melding a disparate, uncoordinated, disconnected set of institutions into a cohesive network.”²¹

The consolidations continued in 2004, when Elizabethtown and Maysville merged their community and technical colleges, and 2005, when the institutions in the Louisville region were unified as Jefferson Community and Technical College. Bluegrass Community and Technical College also joined the System in 2005, consolidating Lexington Community College, which was transferred to KCTCS from the University of Kentucky in 2004, and Central Kentucky Technical College, which joined KCTCS in 1998.

Henderson Community College did not have an existing Kentucky Tech institution in its service area with which to merge. Nor did Hopkinsville Community College, though control of the Regional Technical Center building had been transferred to Hopkinsville from Madisonville Technical College in 2000. Both Henderson and Hopkinsville retained their SACSCOC accreditation but were challenged to add technical programs in response to local needs. Without an infusion of new funding, both colleges struggled to immediately become comprehensive community and technical colleges, and instead utilized efficiencies, internal reallocations, partnerships and grants to add technical programs over time.

Northern Kentucky and Bowling Green Technical Colleges were the only two of the original 15 technical colleges without a community college in the service area. Along with Lexington Community College, which evolved from Lexington Technical Institute in 1984, Northern Kentucky and Bowling Green shared the distinction of developing into comprehensive institutions with the entire range of technical, general education and transfer programs. Northern Kentucky, now Gateway Community and Technical College, achieved SACSCOC accreditation in 2008. Bowling Green, now Southcentral Kentucky Community and Technical College, was accredited by SACSCOC in 2009.

The System at High Tide: 16 Colleges - 70 Campuses - 147,000 students

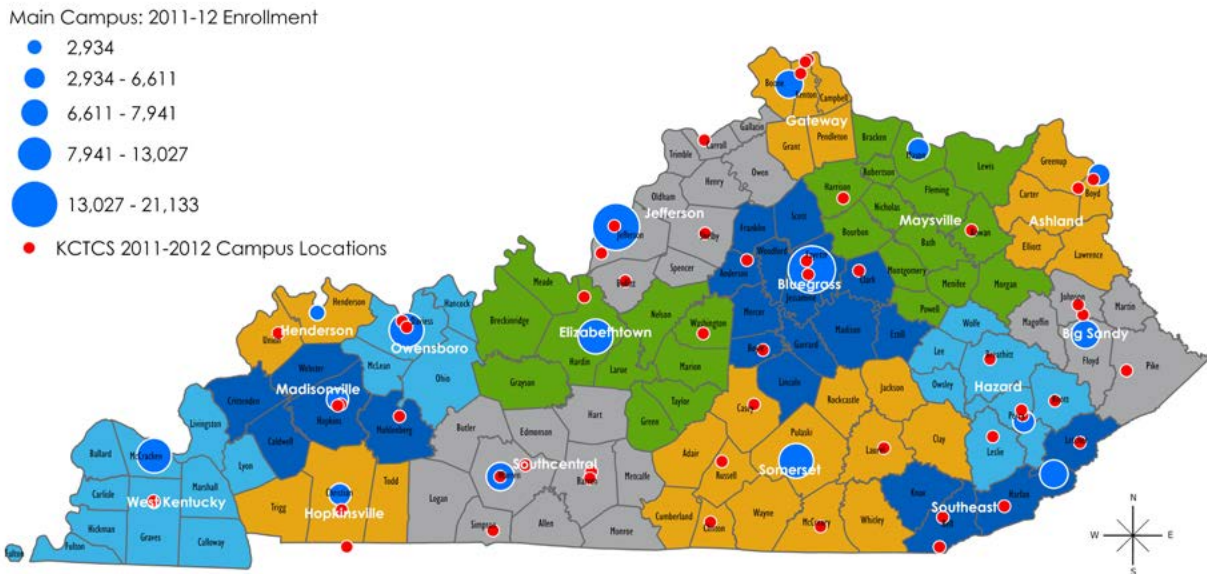
By the end of the period of consolidation in 2005, KCTCS had experienced remarkable growth, from an annual unduplicated enrollment of 72,567 in 2000 (the inaugural year) to 115,058 in 2005-06. At that time, the 16 colleges and their satellite campuses totaled 65. By 2008, when enrollment reached 126,281, two more campuses had been added, bringing the total to 67.

By 2011, when System enrollment reached an all-time high of 147,317, KCTCS had grown to a robust network of 16 independently accredited colleges and 70 campuses, aggressively delivering on its House Bill 1 mission to provide access throughout the Commonwealth to “a two-year course of general studies designed for transfer, the training necessary to develop a workforce with the skills to meet the needs of new and existing industries and remedial and continuing education to improve the employability of citizens.”²²

21 Aims C. McGuinness, Jr., “An Assessment of Postsecondary Education Reform in Kentucky,” National Center for Higher Education Management Systems, October 2002, 1-4.

22 Council on Postsecondary Education, “Postsecondary Education Improvement Act of 1997,” a summation prior to the launch of CPE’s 2011-2015 Strategic Plan, April 2010, 1.

KCTCS Enrollment Clusters Enrollment 2011-12



Emergence of a More Self-Critical View of College and Campus Viability

In the period from 2015 through 2019, annual enrollments levelled out to approximately 107,000. In 2020-2021, when the pandemic cut across higher education, KCTCS enrollment fell to 92,672, the first dip below 100,000 since 2003. In 2021-22 enrollment recovered modestly to 94,272. This decline, along with the unanticipated impact of performance funding on smaller, more rural institutions, refocused the attention of the Board of Regents, System leaders, and College leaders on issues of college and campus viability.

In the Spring of 2022, the KCTCS Board of Regents created a Resources Optimization Committee (ROC) specifically to review issues related to the fiscal health of campuses and programs. Among the key questions considered by the ROC was: In times of declining enrollments and ever tighter budgets, when online and Dual Credit made up a growing proportion of the instructional program, did the System need, and could it afford to maintain, the robust network of campuses and facilities that developed during an earlier era of growth and expansion?

That question led the ROC to recommend, and the Board to authorize, the hiring of the Huron Consulting Group to conduct a broad and intensive study on a range of efficiency and effectiveness issues, including several relating to administrative effort and campus space utilization. Beginning in the Summer of 2022 and continuing through Spring of 2024, the Huron Group engaged staff and faculty across the System in intensive analysis of space utilization, finance and organizational structure, and academic programming. The result, reported to the Board of Regents in July 2023, was a series of 47 recommendations, fifteen of them specific to space utilization and an additional six focused on spans and layers of administrative structure. The Board chose to focus initially on twelve areas, three of which (substandard space management, organizational spans and layers, and administrative effort) led to greater scrutiny of campuses and facilities across the System.

Also in 2023, in response to Senate Joint Resolution 98, the Council on Postsecondary Education (CPE) examined the geographic reach and adequacy of public higher education in eastern Kentucky. In the process, CPE questioned the effectiveness of KCTCS in delivering needed programs and training in this and other underserved regions of the state. While the response to SRJ 98 did not recommend mergers and consolidations, it did raise concerns about the composition of local boards, program value and relevance, financial health, and system versus individual college accreditation. Each of these topics related to geographic footprint and the potential for reorganization of KCTCS assets in the region.

The Governance and Organizational Structure Team’s Research Methodology

Given this background, it is no surprise that Dr. Ryan Quarles, the new KCTCS President, continuing his commitment to address any concerns that emerged from Huron and SJR 98, embraced SJR 179’s call to examine geographic footprint and the potential for mergers and consolidations.

Immediately after passage of the resolution on April 15, 2024, President Quarles created the Governance and Organizational Structure Team and charged it with evaluating the need for mergers and consolidations, as well as options to be considered regarding accreditation and Board governance, which are described in Sections 4 and 5, respectively, in this report.

With the initial help of Dr. Paul Friga, a higher education consultant with the Association of Governing Boards (AGB), the Governance Team examined the macro-trends currently reshaping the national higher education landscape. Collectively, universities and colleges are overbuilt by at least 20%, and that excess capacity, along with rising financial pressures and declining enrollment, is spurring a wave of consolidations, mergers, and closures. Closures currently occur at a rate of one per week, usually involving smaller private institutions rather than public community colleges. Nevertheless, broader structural reform, often including mergers and consolidations, is sweeping across state higher education systems, including those in Connecticut, West Virginia, Maine, Pennsylvania, Wisconsin and Oklahoma.²³

In some cases, these structural changes involve the merger of multiple community and technical colleges. In 2020, seven institutions in the Dallas County Community College District were merged into the unified Dallas College. In 2023, twelve independent colleges in Connecticut were consolidated under the new Connecticut State Community College. Both the Dallas and Connecticut examples were rich sources of information on the advantages and disadvantages of consolidation and merger.²⁴

After four months of research and careful analysis, from mid-April through early August, the Governance and Organizational Structure Team made several observations relevant to geographic footprint and mergers and consolidations in the Kentucky Community and Technical College System:

23 Paul Friga, “The Macro-Higher Education Environment,” Power Point presentation, Special Meeting of the KCTCS Board of Regents, May 2024, 5-21.

24 Joe May, “A Journey to One: Transforming a Community College District of Seven Colleges into One Unified Accredited Institution,” Power Point presentation, Special Meeting of the Board of Regents, May 2024; John Maduko, “Connecticut State Community College: Opportunities and Challenges,” Presentation to the President’s Leadership Team, May 2024.

The Enrollment Cliff Is Not An Immediate Concern

Research by the KCTCS Office of Research Planning and Assessment (ORPA) indicates that while the declining pool of high school seniors is an undeniable national trend, it will have a moderate and manageable impact on KCTCS enrollment. ORPA projections, based on location-specific data from the Kentucky Council on Postsecondary Education (CPE) and the U.S. Census Bureau, suggest steady enrollment through 2030-31 with slight shifts up and down throughout the period. Nine colleges in urban areas and along the I-65 corridor can actually expect enrollment gains. Seven colleges may experience varying decreases over the period, but some of these will benefit from the growth around the new I-69 interstate corridor. Overall, ORPA's model predicts KCTCS enrollment will remain flat with a slight 0.2% increase over the seven-year timeframe.²⁵

As of November 1, 2024, credit-seeking enrollment is surging across the 16 colleges, with an overall increase of 6.8% for Fall 2024 compared to Fall 2023. The System has achieved a 10 year high in for-credit enrollment. Every KCTCS College is experiencing growth in credential seeking enrollment; all Colleges are experiencing increases in tuition and fee revenue, and tuition and fees for the System are up 9.4% over last year.²⁶

The Fiscal Health of KCTCS Colleges

KCTCS closely monitors the health of the 16 Colleges and uses evaluation tools like the Compositive Financial Index and CPE's College Stress Test to strengthen its reviews. In addition, KCTCS develops ad hoc financial reports for each College to evaluate and audit each College's financial health. Each quarter, KCTCS reports College quarterly financial reports to the Board of Regents, along with changes in net revenue and annual fund balances to monitor and review each College's continued financial stability. The reports are also reviewed in the System's annual audits and during each College's SACSCOC accreditation.

The overall assessment is that while a few Colleges have not benefited from performance funding and struggled with enrollment, the enrollment increases of the last two years have boosted tuition revenue and improved reserves. All Colleges are in sound financial condition; the current situation does not warrant steps toward college mergers or campus closures.

The Risks of Moving Quickly Toward Mergers include:

- The substantial initial costs – as much as \$2,500,000 per merger – would take years to recover through structural efficiencies. The Chancellor of Dallas College cautioned the team about the delusion of assuming administrative savings.
- The loss of local identity is foundational for these community-based institutions. Mergers can deplete the reservoir of goodwill that Colleges have built over many decades. As the President of Connecticut State Community College warned, a threat to merge or close a campus can be perceived as a “declaration of war” on a community.

25 KCTCS Office of Research and Planning, “Enrollment Cliff: Research Brief,” Prepared for the KCTCS Board of Regents, June 2024, 7-18.

26 KCTCS Office of Research and Planning, “Enrollment and Tuition Revenue: Fall 2024 compared to Fall 2023,” November 18, 2024, 1.

- The likelihood of losing the support of local donors and foundations, along with the creation of confusion among students and external stakeholders. With time, these problems can be addressed, but the short-term impact can be significant.

The Underrealized Value of Shared Services and Program Collaboration

Considering the recommendations of the Huron Study, an internal analysis revealed opportunities for increasing efficiency and effectiveness through a more robust program of shared services. This work, however, is not new, as strong collaborations and examples of shared services have been in place for many years.

It is through the sharing of services and programs that real improvements in the student experience can be made. Indeed, KCTCS has already implemented many System-wide, student-friendly services, including common applications and admissions processes, common course numbering, and seamless internal transfer policies. Additional strengths lie in areas where two or more colleges work together to meet regional economic and workforce development needs through shared programs and services. Strategies recommended by Huron, like regional pods and Centers of Excellence, hold great promise, as do the expansion of existing College-to-College partnerships, including the HealthForce Kentucky initiative, which involves five KCTCS Colleges in Western Kentucky; the shared Medical Laboratory Technician program between Southcentral Kentucky Community and Technical College and West Kentucky Community and Technical College; or the joint allied health programs shared between Hazard Community and Technical College and Southeast Kentucky Community and Technical College. In fact, all 16 Colleges already engage in some level of course or program sharing.

In other components of this report, KCTCS is recommending strategies to ensure that Colleges work together to meet regional economic development needs. These methods include:

- Charging the College Boards of Advisors with responsibility to collaborate in regional planning of workforce development and the sharing of services (see Section 5);
- Ensuring a balanced regional representation on the Board of Regents, guaranteeing at least one member from each of Kentucky's seven judicial districts. (see Section 5);
- Providing representation of key industry sectors on both the Board of Regents and College Boards of Advisors (see Section 5);
- Strengthening regional collaboration to deliver workforce programs and training (see Section 2);
- Ensuring that the design and organization of System Office operations strengthen services and support to Colleges in each region (See Section 6).

Overall Conclusion

The Governance and Organizational Structure Team's analysis of enrollment, financial, and demographic data does not indicate an immediate need for College consolidations. There is insufficient cause at the present time to initiate the closure, merger, or consolidation of Colleges, especially in this time of growth and increasing demand for workforce training and educational access.

However, the Team's research does confirm the need to (1) develop policies and procedures for monitoring the fiscal health and viability of institutions and (2) support advance planning when circumstances may necessitate repurposing or closing instructional sites.

Recommendation:

To optimize educational effectiveness, KCTCS will establish an evaluation criterion and a systematic review process to evaluate the viability of colleges, campuses, and KCTCS controlled instructional sites in consideration of repurposing and revitalizing locations, and potential mergers and/or consolidations.

Implementation:

KCTCS will develop a rigorous review system for monitoring the fiscal health of the Colleges, campuses and instructional sites. The new system will include criteria thresholds and timelines that will trigger decision-making about the consolidation, repurposing, or closure of campuses or facilities, and detail how these changes will be carried out. Once in place, the review system will provide an additional means of monitoring space utilization and optimizing the use of resources. It will also provide a framework to ensure that the KCTCS geographic footprint – the location of physical campuses augmented by online delivery and onsite workforce training – continues to align with the changing needs of communities in every region of the Commonwealth.

Evaluation Tools

During the research process, the Governance and Organizational Structure Team identified multiple tools and criteria which can be used in developing the proposed evaluation criterion and a systematic review process. Two of these instruments are already in use at KCTCS:

The Composite Financial Index (CFI) uses four core ratios in its assessment of an institution's fiscal health:

- *Primary Reserve* – a measure of the level of financial flexibility
- *Viability* – a measure of the organization's ability to cover debt with available resources
- *Return on Net Assets* – a measure of overall asset return and performance
- *Net Income Ratio* – a measure of the operating performance (net operating reserves)

The Council on Postsecondary Education's (CPE) College Stress Test is a tool designed to facilitate an institution risk assessment. Over an eight-year period, the test monitors factors like total entering students, tuition income to instructional costs ratio, and state and local appropriations in constant base year dollars. Institutions are assigned Market Stress Test Scores at three stress levels: *minimal risk*, *moderate risk*, and *substantial risk*.

Utilizing multiple measures for analysis will prevent overreliance on one instrument or criteria for decision-making. Additional criteria which could become part of a comprehensive approach for data analysis and decision-making may include:

- Unrestricted Fund Balance (Annually on June 30)
- Operating Budget Multi-Year Trends (Revenues/Expenses)
- Private Giving Support
- Gift Account Balances (Restricted/Unrestricted)
- Endowment Market Values (Restricted/Unrestricted) [College-Held / Officially-Recognized Foundation Held]
- Legacy Gifts / Planned Gifts (Revocable and Irrevocable)
- Enrollment Trends (multi-year, college-wide and by satellite campuses)
- Demographic Cliff Monitoring (annual analysis of feeder elementary/middle school/CTC populations as part of regular Strategic Enrollment Management/SEM processes).

(4) Single system accreditation versus individual college accreditation

Senate Joint Resolution 179 provides KCTCS with a welcome opportunity to address a significant and often controversial question that has been before the System for the past three years. In 2021, as the System and its 16 Colleges emerged from the pandemic, System leaders and the KCTCS Board of Regents grappled with the fiscal realities of the “new normal.” The realities included the 12% enrollment declines of 2020-21 and 2021-22 and the necessity of focusing on issues of efficiency and effectiveness, constantly looking for innovative ways to optimize resources and ensure long-term viability.

In this context, the idea of moving from individual College accreditation to single System accreditation seemed a promising new option. Recent national studies, like the “Framework for Action” published by the National Center for Higher Education Management Systems (NCHEMS), argued that the traditional method of accrediting institutions on a stand-alone basis was outmoded and potentially a roadblock to building effective, workforce responsive state-wide systems. And while college-based accreditation was still the norm across the country, single-system accreditation was gaining traction.²⁷

But was it feasible to consider such a dramatic reshaping of the accreditation system for KCTCS and its 16 Colleges? What would be the advantages and disadvantages, the opportunities and challenges of implementing a change of this magnitude?

Single Accreditation and the Board of Regents

In the Spring and Summer of 2021, the recently confirmed KCTCS President and the Chair of the KCTCS Board of Regents conducted a listening tour of the 16 Colleges, and often included single accreditation as a point of discussion in their campus forums. In the Board of Regents meeting that September, the Regents “discussed opportunities that KCTCS could become more efficient in [its] offerings and procedures,” and “asked if they could initiate the process of merging the 16 Colleges of KCTCS into one singly accredited institution.”²⁸

The Board charged the KCTCS Chancellor to provide information on the issue at the upcoming December meeting. While the bulk of the meeting concentrated on other matters, discussion of an item titled “Information: Accreditation” led to a brief but spirited dialogue about the advantages of what moving to single accreditation might bring to the System, as well as the risks, costs and disruption such a change would pose. The information item also described the Board of Regents statutory authority to implement single accreditation, noting that while the Board had the ability to initiative the change, the road to completion would involve other entities, including SACSCOC and the Kentucky General Assembly.²⁹

27 National Center for Higher Education Management Systems, “A Framework for Action: Public Higher Education Systems and Accreditation,” March 2021, 1-4; Aims C. McGuinness, Jr., “State Higher Education Structures and Institutional Accreditation,” NCHEMS, March 2021, 8-11.

28 KCTCS Board of Regents, “Meeting Notes,” Versailles, Ky., September 17, 2021.

29 KCTCS Board of Regents, “Information: Accreditation,” Versailles, Ky., December 2021; Williams, “State Institution Single Accreditation Costs and Opportunities,” November 2021, 1-3.

The stage was set for the March 2022 Board of Regents meeting, a watershed event in the recent history of the System, where two major presentations on accreditation topped the agenda. The first presentation came from Dr. Sue Ellspermann, President of Ivy Tech College of Indiana, one of the nation's leading community and technical college systems and the only one, to date, that had attained accreditation as a state-wide organization rather than its individual campus locations.

The second presenter was Dr. Sally Johnstone, President of NCHEMS, the organization that had advised on the creation of KCTCS during the Special Session of 1997 and over the next 15 years had provided CPE and the Commonwealth periodic updates on the progress of KCTCS and the broader postsecondary reform. And as noted above, NCHEMS was the publisher of the "Framework for Action" report which documented the increase of singly accredited college systems.

Dr. Ellspermann's presentation, titled "The Power of a Singly-Accredited Community College System," described Ivy Tech's accomplishments since 2016 when the Indiana General Assembly required the System to become more workforce-aligned. The achievements included a state-wide strategic plan and capital campaign; an internal performance funding system tied to "metrics that matter" like student completions and high-skill, high demand workforce training and the rapid expansion of Associate Degree Nursing, Dual Credit, and early college programs. Equally impressive were a host of operational efficiencies, like statewide bookstore contracts, and the centralization of HR functions, payroll, and financial aid processing. Dr. Ellspermann believed that these and other achievements were directly related to the single system accreditation first attained in 1991.³⁰

In her presentation, NCHEMS President Johnstone shared the stories of three institutions that had recently moved from independent college accreditation to a system approach. Two were urban multi-campus institutions: Dallas College, which consolidated seven independent institutions in 2020; and the three community colleges in Seattle, which were currently considering single accreditation under a unified governing board. The third example was Connecticut's recent effort to achieve state-level accreditation for 12 formerly independently accredited colleges. In each of the three cases, Dr. Johnstone described the daunting challenges the institutions faced along the way. The proposed Connecticut system, for example, was four years into an arduous five-year approval process with its accreditor, the New England Commission of Higher Education. At several points, Dr. Johnstone noted the demand for process integration and shared services which drove those changes (things like common admissions practices and common curriculum, legal services, and IT support) had already been achieved by KCTCS.³¹

Following the presentations, and after remarks by several College Presidents, the Board authorized the creation of an ad hoc team consisting of the Chancellor, four College Presidents, two appointed Regents and a faculty and staff Regent to examine the single accreditation option, and to prepare a report for the next Board meeting. This group, known as the Resource Optimization Committee, recommended at the June 2022 meeting that KCTCS hire an outside consulting firm to research a range of issues around space utilization, administrative streamlining, optimization of academic programming, and financial and organizational assessments. Single accreditation, though not mentioned explicitly in the Board action, was understood to be part of the analysis of ways to identify and adopt multiple efficiencies and improvements across the System.

30 Sue Ellspermann and Dean McCurdy, "The Power of a Singly-Accredited Community College System," Power Point presentation, Hazard, Ky., KCTCS Board of Regents, March 2022.

31 Sally Johnstone, "Case Studies in Single System Accreditation," Hazard, Ky., KCTCS Board of Regents, March 2022.

On September 15, 2022, the Board of Regents discussed the Request for Proposals for hiring the consulting group. In November, System leadership approved a major contract with Huron Consulting Group to assess the “current state of operations organization-wide, with a focus on identifying opportunities for resource and program optimization.”

The Huron Group and Single Accreditation

Over the next six months, Huron engaged 2,300 staff and faculty members across KCTCS in interviews, focus groups, and townhalls, gathering information on space utilization, academic programming, finance and organizational structure, all in an effort to “identify opportunities to improve business operations, cross-campus collaboration and overall efficiency in alignment with the system’s strategic plan.” The result, reported to the Board of Regents in a planning retreat on June 5-6, 2023, was a 227-page slide deck analyzing a series of 47 opportunities, fifteen of them related to space utilization, fourteen to academic programming, fifteen to financial and organizational matters and three to “additional considerations.” (Other major components of Huron’s work, reported in the Fall, studied Human Resources, Compensation, and Equity.) The Huron analysis estimated that the identified initiatives, once implemented, represented potential financial opportunities ranging from \$18.9 to \$42.1 million through a combination of revenue generation and cost savings.³²

Although the Huron Group included “consideration of single accreditation” among its 47 opportunities, the idea appeared in the “additional considerations” category. The report devoted only two high-level slides to the subject. One provided an overview of the current state of accreditation at KCTCS and its 16 Colleges. A second slide noted five issues to take into account when considering single system accreditation and listed nine peer systems, six of which (Louisiana, North Carolina, Virginia, Tennessee, West Virginia and Wisconsin) relied upon college-based accreditation and three (Ivy Tech, Dallas College and Lone Star College) which used organization-wide accreditation.³³

A major outcome of the Board discussions in June 2023 was the adoption of a plan to prioritize twelve specific Huron opportunities related to space utilization, academic programming optimization, financial and organization assessment, data strategy, and project management. Single accreditation was not among the twelve key issues, and it did not occupy center stage as development work on the twelve priorities began in the Fall.³⁴

The CPE Response to Senate Joint Resolution 98

Single accreditation was mentioned prominently, if briefly, in the Council on Postsecondary Education’s response to Senate Joint Resolution 98, published in December of 2023. In examining the adequacy of public higher education in Eastern Kentucky, CPE questioned the effectiveness of KCTCS in delivering needed programs and training in this and other underserved regions of the state. Alongside concerns about local college advisory boards and program value and relevance, the report raised questions about system versus individual college accreditation.

32 Huron Consulting Group, “Final Report,” Power Point Presentation, KCTCS Board of Regents Retreat, June 2023.

33 Huron, “Final Report,” 118-119.

34 “Action Item: Huron Project Recommendations,” Paducah, Ky., KCTCS Board of Regents, June 2023.

The Executive Summary of the CPE response noted that “Consideration should be given to pursuing single SACSCOC accreditation for the KCTCS System as one potential strategy to ease administrative burdens for institutions associated with various accreditation processes and increase program alignment among campuses.” And later, in the supplement containing the Ernst and Young “Synthesis of Kentucky stakeholder input and state comparative analysis,” the SJR 98 response suggested that “a single SACS accreditation for KCTCS (rather than the sixteen separate accreditations currently in place with KCTCS) could enable the system to streamline the accreditation process and reduce operational redundancies. It also could create greater efficiency and consistency in academic program offerings and student support services.”³⁵

Single Accreditation and the New KCTCS Leadership

Single accreditation was a topic of interest during the KCTCS presidential search in the Summer and Fall, when candidates often answered questions about the issue in public forums. The issue remained “top of mind” into the early months of 2024, when Dr. Ryan Quarles began his tenure as President of the Kentucky Community and Technical College System.

When the “single system accreditation versus college accreditation” issue appeared as Topic 4 in SJR 179, President Quarles welcomed the inclusion. While creating the research structure for the 11 SJR topics, he made single accreditation Priority 1 and urged the newly formed Governance and Organizational Structure Committee to move forward quickly with its examination of the issue. A preliminary recommendation on single accreditation versus retaining independent accreditation for the 16 Colleges would be made early in the process, providing direction for research and decision-making on the other ten topics.

The Governance and Organizational Structure Committee

The Governance and Organizational Structure Team was chaired by a college president with extensive experience leading visiting teams with SACSCOC, and it included two other presidents, one with expertise in mergers and consolidations in higher education and another who had served in four state systems, including Ivy Tech College of Indiana. Other team members included the Executive Director of the Project Management Office, a representative of the Office of General Counsel, a college vice president, two deans, and senior members of the faculty and staff.

Dr. Quarles charged the Governance and Organizational Team with conducting a high-level assessment of accreditation models, with special attention to single system accreditation versus individual college accreditation. The team’s initial challenge was to identify the potential advantages and disadvantages for each model and to include crucial factors like academic quality; financial sustainability, including estimated costs/expenses for a complex governance change; student outcomes; community responsiveness; and the timelines for transition. Because the Team also had responsibility for researching SJR Topic 3 on mergers and consolidations and Topic 5 on board governance, the charge to the Team encompassed the evaluation of best practices in institutional restructuring and governance reform.

35 Kentucky Council on Postsecondary Education, *Findings and Recommendations Pertaining to SJR 98: A Report submitted to the Kentucky General Assembly in fulfillment of the requirements of Senate Joint Resolution 98*, (December 2023), 10, 118, 147; Ernst & Young, LLC, “Synthesis of Kentucky Stakeholder Input and State Comparative Analysis” (November 2023), 54, 106.

The Research Agenda

The Governance and Organizational Structure Team's research was extensive, and included:

- study of the macro-trends affecting the higher education landscape, facilitated by Dr. Paul Friga from the Association of Governing Boards;
- evaluation of state-level governance models in community and technical college systems, assisted by Jee Hang Lee, President and CEO of the Association of Community College Trustees;
- consultation with the leadership of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) and examination of the potential to affiliate with other national accrediting agencies;
- review of extensive feedback from the KCTCS Faculty and Staff SJR 179 Survey on single system accreditation versus individual college accreditation;
- examination of the literature on mergers and consolidations in higher education;
- case studies of recent large-scale efforts toward single accreditation, including:
 - Dallas College, whose founding Chancellor Dr. Joe May presented to the President's Leadership Team (PLT) and Board of Regents on the transition of the seven colleges of the Dallas Community College District into a unified, singly accreditation institution;
 - Connecticut State Community College, whose founding President Dr. John Makudo presented to PLT and to the Board of Regents about the challenges of bringing twelve formerly independent colleges into a singly accredited state-wide system;
 - IVY Tech College of Indiana, which had functioned as a singly accredited institution since 1991 and was the focus of the March 2022 Board of Regents meeting;
 - Texas State Technical College, a ten-campus, geographically dispersed institution which achieved single accreditation in 2014;
 - Seattle Colleges (Seattle Central College, North Seattle College, and South Seattle College), three state-supported public institutions seeking single accreditation with the Northwest Commission on Colleges and Universities.

Work Team Process and Timeline

From its organizational meeting on May 1, 2024, through the presentation of its recommendations to a Special Meeting of the Board of Regents on October 31, 2024, the Governance and Organizational Structure Team conducted thirteen working sessions, six extended presentations and feedback sessions with the President's Leadership Team, four presentations to the Board of Regents (special and regular meetings), two consultations with the President/CEO and Vice President for Substantive Change at SACSCOC, and four presentations to the President's strategic planning group, known as the Realignment, Innovation and Advocacy (RIA) Team. The Team's research on single system accreditation versus individual college-based accreditation continued throughout the period, with cycles of proposal, feedback and revision at each stage of the process.

A major decision point in the work arrived in late July, when the Governance Team Chair presented a White Paper containing the Team's preliminary recommendations to Dr. Quarles and the RIA Team. Drawing on three months of focused research on the advantages and disadvantages of single system accreditation compared to individual college accreditation, the Team presented three strategic options for complex governance change to "address the evolving needs of our students, faculty and communities while positioning our institution for future success." Each option offered "distinct pathways to achieve our goals, with varying degrees of consolidation and changes to accreditation."

Option 1. Merge/consolidate 16 colleges into one existing college with single accreditation and maintain 16 campuses/colleges. After successful merger and accreditation, devote additional analysis to considerations of repurposing, revitalizing and/or closing individual facilities at the 16 campuses/colleges.

Option 2. Under the current individually accredited 16 college structure, consolidate administrative structures through the implementation of enhanced shared services across all functional areas/activities.

Option 3. Based on further analysis and research, merge/consolidate selected colleges into single institutions and reaccredit the merged institutions via substantive change. After successful merger/consolidation, consider repurposing, revitalizing, and/or closing individual facilities at the selected campuses/colleges.

The White Paper systematically analyzed both the potential strengths and weaknesses and the pros and cons of each option. The White Paper also provided detailed attention to the estimates of costs and financial impact, as well as the timeline for implementing such a complex governance change. Following a presentation on the White Paper, Dr. Quarles asked the four Presidents on RIA to share initial thoughts on the three options. He then proposed that RIA reconvene the following week, providing time for further study of the report and supporting materials.³⁶

On August 8, 2024, the four Presidents on RIA shared more detailed observations about the advantages, disadvantages, risks, and opportunities of the two leading concepts: (1) merger/consolidation of 16 colleges into one existing college with single accreditation while maintaining 16 campuses/colleges, and (2) maintaining individually accredited 16 colleges while consolidating administrative structures through enhanced shared services across all functional areas/activities. Discussion of the Governance and Organizational Team's third option – to “merge/consolidate selected colleges into single institutions and reaccredit the merged institutions via a substantive change” – made clear this was the most disruptive and least feasible of the paths moving forward. As a practical matter, only options 1 and 2 remained under consideration.

Dr. Quarles then summarized his own thoughts and conclusions. After months of intensive study and careful consideration, it was time to discontinue discussion of single System accreditation in favor of the second option: maintaining accreditation for each of the 16 Colleges while implementing a robust action plan to “consolidate administrative structures through the implementation of enhanced shared services across all functional areas/activities.”

Dr. Quarles shared his rationale for adopting this approach, including five key decision criteria: level of disruption; anticipated associated costs; anticipated savings; time it would take for completion and implementation; and opportunity costs. In connection with opportunity costs, Dr. Quarles asked what major improvements and initiatives would have to be postponed or rejected due to the time, energy, and resources required for the disruptive, three-year process of pursuing single accreditation?

36 Sarah Ballard and Scott Williams, “Preliminary Recommendations: Governance and Organizational Structure Team,” August 1, 2024, 1-9.

Dr. Quarles also expressed concern about the impact of single accreditation on the local identities of the Colleges and the potential for related negative effects on local donors, foundations, and community goodwill. He provided details on these and other factors, and identified significant issues, including accountability measures, healthcare workforce priorities, and criteria for evaluating the need for future consolidation of campuses, which would require focused attention as the full SJR 179 action plan developed.³⁷

Following the August 8, 2024, RIA meeting, Dr. Quarles communicated the decision to the Presidents, the internal KCTCS community, and the Board of Regents.³⁸ In these official communications, he stated his decision in a form that became the official recommendation for Topic 4 of the SJR 179 Report:

Recommendation:

Preserve college-level accreditation and focus on increasing shared services and seamless integration across the Kentucky Community and Technical College System.

In subsequent presentations to the Board of Regents, Dr. Quarles and the Governance Team Chair presented additional arguments in favor of the shared services option rather than transitioning to single accreditation. These key points included:

- the absence of student outcomes data showing that single accreditation is beneficial for students;
- evidence from IPEDS that KCTCS retention and graduation rates already exceed those of the institutions with single accreditation;
- case studies showing initial loss of student enrollment, local college identity, and community support when colleges merged under single accreditation;
- the greater return on investment in not merging, saving potentially \$8.5 million in initial costs and gaining a potential economic impact of \$8.9 million through additional shared services;
- the assurance that accreditation issues are addressed by individual Colleges rather than impacting the collective, merged system;
- The ability to build upon the multiple efficiencies and successful shared service models already in place within KCTCS, such as a common student information system, admissions processes and common transcripts; academic program collaboration, curriculum alignment and common course numbering; legal, payroll, finance, information technology, human resources, and system-wide bookstore contracts. KCTCS had unified these and other services in its first 25 years, in stark contrast to recent single accreditation efforts where the absence of system cohesiveness often drove the decision and shared services had to be created from the ground up.

An important additional argument was the ability to build upon the 17 organizational and service opportunities described in the Huron Administrative Activity Study (HAAS). While avoiding the disruption of a massive, multi-year reorganization under single accreditation, the Huron initiatives focus energy and attention on increasing systemwide collaboration, streamlining administrative processes, promoting operational effectiveness, and ensuring consistency in academic standards. Several Huron initiatives have been implemented or are well underway.

37 President's Realignment, Innovation and Advocacy Team, "Meeting Summary," August 8, 2024.

38 Ryan F. Quarles, "An Important Update on SJR 179," August 12, 2024.

The success of shared services depends on detailed planning and a commitment to action by leadership at the System and across all 16 Colleges. Along with the initiatives in other sections of this report, the preservation of college-level accreditation and a laser focus on increasing shared services and seamless integration will provide a framework for a significant reset, reorganization, and realignment of the System for the challenges and opportunities of the next 25 years.

Prior to the Special Meeting of the Board of Regents on October 31, 2024, the Governance and Organizational Structure Team joined with the Affordability Team to address a recurring question about the relative efficiency and effectiveness of the Kentucky Community and Technical College System compared to Ivy Tech College of Indiana. The results of that research are presented below in two charts, one comparing the two systems on eight key measures of effectiveness and efficiency, and the other showing the top 20 state systems over the last ten years in terms of per capita production of credentials.

IVY TECH vs KCTCS		
Ivy Tech	Enrollment	KCTCS
164,377	Total Enrollment	101,077
Effectiveness		
37%	College Graduation Rate (IPEDS)	44%
8,131	Students Earning Associate Degrees	8,897
31,550	Total Credentials Conferred	39,920
Efficiency		
\$2.02	State Approp \$/Net Tuition \$	\$1.70
\$1,183	State Financial Aid \$/Credential	\$1,958
\$8,878	State Approp \$/Credential	\$4,911
\$11,334	Institutional Salary \$/Credential	\$8,506
\$13,284	Total Revenue (Appr+Net Tuition)/ Credential	\$7,792

The overall conclusion is that KCTCS excels on effectiveness indicators like college graduation rates and degrees and credentials conferred. A similar story is told by the efficiency metrics on state appropriations/net tuition, state appropriation per credential, and institutional salary per credential. Most significantly, KCTCS has consistently been among the top three state systems in terms of per capita production of degrees, diplomas and certificates. For the past ten years, the System has ranked in the top three states in the nation; for the last three years, KCTCS ranks first in the nation³⁹.

39 KCTCS/ORPA, "50 State Credentials."

State Credentials Per Capita by Rank and Academic Year										
Rank Per Capita	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
1	New Mexico	New Mexico	New Mexico	New Mexico	New Mexico	New Mexico	New Mexico	Kentucky	Kentucky	Kentucky
2	Kentucky	Washington	Washington	Kentucky	Kentucky	Kentucky	Kentucky	New Mexico	California	New Mexico
3	Washington	Kentucky	Kentucky	Washington	Wyoming	California	California	California	Arkansas	Arkansas
4	Wyoming	Arizona	Mississippi	Mississippi	Mississippi	Arkansas	Arkansas	Mississippi	New Mexico	California
5	Arizona	Wyoming	Arizona	Wyoming	Washington	Mississippi	Mississippi	Arkansas	Utah	Mississippi
6	Louisiana	Mississippi	Wyoming	Kansas	California	Kansas	Kansas	North Carolina	Mississippi	Kansas
7	Iowa	Iowa	Kansas	Arizona	Kansas	Wyoming	North Carolina	Wyoming	Kansas	Utah
8	Kansas	Kansas	Iowa	Iowa	Arizona	Washington	Arizona	Kansas	Wyoming	Iowa
9	Arkansas	Louisiana	Arkansas	North Carolina	North Carolina	North Carolina	Wyoming	Utah	North Carolina	Wyoming
10	Mississippi	Arkansas	Louisiana	California	Iowa	Arizona	Washington	Florida	Iowa	North Carolina
11	Illinois	Illinois	Illinois	Arkansas	Wisconsin	Iowa	Iowa	Washington	Arizona	Arizona
12	Minnesota	North Carolina	Georgia	Georgia	Arkansas	Wisconsin	Florida	Iowa	Wisconsin	Wisconsin
13	Florida	Florida	Florida	Wisconsin	Georgia	Florida	Wisconsin	Georgia	Illinois	Illinois
14	Wisconsin	Wisconsin	North Carolina	Florida	Illinois	Georgia	Georgia	Wisconsin	Florida	Indiana
15	North Carolina	Georgia	California	Illinois	Florida	Illinois	Illinois	Arizona	Indiana	Georgia
16	Georgia	Minnesota	Wisconsin	Louisiana	Louisiana	Louisiana	Indiana	Indiana	Georgia	Alabama
17	Oregon	California	Minnesota	Minnesota	Oregon	Alabama	Louisiana	Illinois	Washington	Louisiana
18	California	Oregon	Oregon	Texas	Texas	Oregon	Texas	Texas	Alabama	Florida
19	Nebraska	Nebraska	Texas	Oregon	Minnesota	Texas	Alabama	Alabama	Texas	Washington
20	Hawaii	Texas	Virginia	Colorado	Indiana	Indiana	Utah	Minnesota	Minnesota	Texas

(5) Governance reform, including the KCTCS Board of Regents and the 16 college boards of directors

Unlike several other elements of SJR 179, the concern with Board Governance did not have roots in the discussions of the compelling need for change which animated Board of Regents meetings in the immediate aftermath of the pandemic. Board Governance was also not a focus of the Huron Group’s broad-based evaluation of KCTCS policies, processes, and procedures in 2022-23. Throughout the history of KCTCS, the Board of Regents in its several iterations was acknowledged as one of the great strengths of the System.⁴⁰ The local college boards of directors, whose roles had been established as part of House Bill 1 in 1997⁴¹, were viewed as a vital connection between the 16 Colleges and the communities they served.

Board governance, however, was a focus in the Kentucky Council on Postsecondary Education’s (CPE’s) response to Senate Joint Resolution 98. SJR 98 directed CPE to evaluate the efficacy of Kentucky’s postsecondary governance structure, with particular attention to the feasibility of a new four-year public university in southeastern Kentucky, as well as the impact of potentially narrowing the scope of KCTCS to technical education and training only. In this context, Ernst and Young, LLC, CPE’s consultant on the project, took a comprehensive look at the role of KCTCS Colleges. While the analysis affirmed the importance and positive impact of the region’s community and technical colleges, it raised specific issues about local board governance that may “create barriers to developing and maintaining a strong, unified system.”⁴²

After extensive interviews with stakeholders across the region, Ernst and Young urged consideration of two major steps toward change and improvement of the college boards of directors:

- “a clearer articulation of the [respective] roles of the system’s board of regents and the local campus boards of directors and a potential restructuring of those local boards.” While considered to be advisory in nature, the local boards in fact play a significant role in “presidential searches and appointments and budget approval, responsibilities reserved for a system’s board of regents.”⁴³
- “an assessment of the roles and responsibilities of local CTC Boards of Directors.” In this instance, Ernst and Young suggested “transitioning the local boards into multi-campus advisory boards to help drive collaboration and regional developments.”⁴⁴

40 Kentucky Revised Statutes, 164:350 General powers and duties of boards of regents

41 Kentucky Revised Statutes, 164:600 Boards of directors for community and technical colleges

42 Kentucky Council on Postsecondary Education, “KCTCS-Related Recommendations,” *Findings and Recommendations Pertaining to SJR 98: A Report submitted to the Kentucky General Assembly in fulfillment of the requirements of Senate Joint Resolution 98* (December 2023), p. 1.

43 CPE, *Findings and Recommendations Pertaining to SJR 98*, p. 117; Ernst & Young, LLC, “Synthesis of Kentucky Stakeholder Input and State Comparative Analysis” November 2023, pp. 2, 25.

44 CPE, *Findings and Recommendations Pertaining to SJR 98*, pp. 9, 117 and especially 144-147; E&Y, “Synthesis of Kentucky Stakeholder Input,” p 2.

To further improve the local boards, Ernst and Young also recommended:

- establishing strict term limits and processes for local board members;
- creating “rules to ensure geographic and political balance on the boards and representation for key constituencies (faculty, staff, employers)”;
- mandating “regular and comprehensive broad training for both Board of Regents and the local boards”; and
- addressing the “slow and opaque nature” of board member appointments due to multi-layered “complex nomination processes.”⁴⁵

Published in December 2023, the SJR 98 response created an awareness among Board of Regents leaders and the new KCTCS President about the need to examine issues around board governance, especially at the local level. When SJR 179 included the issue as a topic for analysis and development of action steps, KCTCS President Ryan Quarles welcomed it as another opportunity to improve KCTCS operations and renew, refresh, and reset the System and its Colleges for the future.

President Quarles assigned the Board governance issue to the Governance and Organizational Structure team. Along with the related topics of geographic footprint and system versus college accreditation, board governance became the subject of six months of extensive research and discussion.

Work Team Focus on Board Governance

The Governance and Organizational Structure Team focused its early research on seven state systems comparable to KCTCS: Minnesota, Louisiana, Alabama, North Carolina, Indiana, Virginia, and Tennessee. Jee Hang Lee, President and CEO of the American Association of Community College Trustees, described the inner workings of board governance in these peer systems in presentations to the President’s Leadership Team on May 21 and 22, 2024, and to the Board of Regents at its Special Meeting on May 30, 2024.⁴⁶

While examining these systems, the Team expanded its research to five additional systems with strong workforce and economic development missions: the Technical College System of Georgia; the Wisconsin Technical College System; Colorado Community College System; Washington State Community and Technical College System; and the Connecticut State Colleges and University System, which oversees the recently created Connecticut State Community College. The Team’s research also included three large multi-campus community colleges in Texas: Dallas College; Tarrant County College in Ft. Worth, TX; and Lone Star College in Houston, TX. Prompted by SJR 98 questions about local boards, the Team also examined the Boards of Directors, with attention to strengths, weaknesses, and ideas for improvement.

From its organizational meeting on May 1, 2024, through the presentation of its recommendations to a Special Meeting of the Board of Regents on October 31, 2024, the Governance and Organizational Structure Team vetted its ideas through six presentations and feedback sessions with the President’s Leadership Team, four separate presentations to the Board of Regents, and four presentations to the

45 CPE, *Findings and Recommendations Pertaining to SJR 98*, pp. 144-145; E&Y, “Synthesis of Kentucky Stakeholder Input,” p. 24.

46 Jee Hang Lee, “Overview of Community College Governance Models: Presentation to the KCTCS Board of Regents,” May 31, 2024.

President's strategic planning group, known as the Realignment, Innovation and Advocacy (RIA) Team. The Team's research on Board governance continued throughout the period, with cycles of proposal, feedback, and revision at each stage of the process.

RECOMMENDATIONS RELATED TO THE KCTCS BOARD OF REGENTS

Governance Reform Proposals: Board of Regents Representation

Recommendation: Establish a full vote for the faculty, staff and student regents on the KCTCS Board of Regents, meaning that there would be one faculty representative, one staff representative, and one student representative. These three representatives will be elected by their respective constituencies.

Rationale: The current practice of having six elected members on the Board of Regents – two faculty, two staff, and two students each with one-half vote – traces back to the two distinct sets of institutions that were brought together during the creation of KCTCS in 1997. To accommodate what were thought to be the separate interests of the former University of Kentucky community colleges and the former Ky Tech institutions, the framers of the Postsecondary Education Improvement Act (HB 1) established two branches, each with their own executive officers, personnel rules, and faculty senates, each with their own faculty, staff, and student representatives on the Board of Regents.

The separate branches were unified during the mergers of co-located community and technical colleges between 2000 and 2005, as were the administrative structures and faculty senates. 20 years later, the only remnant of the two-branch structure is the six-member, one-half vote practice on the Board of Regents. None of the System's comparator institutions – neither the regional universities in Kentucky nor the 12 peer systems across the country – use half votes for board members. In fact, only three of the comparator state systems have student members, and only one has faculty or staff members.

Recommendation: Adopt a board structure that addresses the inclusion of industry sectors in the board composition. Statutory guidance should encourage nominations from industries that are pivotal to the institution's strategic goals and regional impact.

Rationale: Industry representation is critical to ensure that board membership reflects the workforce and economic development interests that are pivotal to the System's strategic goals. Many peer systems require industry representation to foster industry relationships. Supporting industry representation on the KCTCS Board, with at least one Regent representing a Kentucky Workforce Investment Board's high-demand industry sector(s), will help guarantee that the System and the Colleges remain responsive and aligned to the changing needs of the Commonwealth.

Recommendation: Ensure geographic representation by requiring at least one member from each of the seven judicial districts of the Kentucky Supreme Court.

Rationale: Current statutes limit to three the number of Regents who can come from a single Kentucky Supreme Court District (KRS 164.321). However, there is no requirement that every Supreme Court district be represented on the Board. For KCTCS to fulfill its mission of serving the entire Commonwealth of Kentucky, it is important that every region of the state have strong representation on the Board. Many peer systems ensure balanced regional representation, either through gubernatorial appointments (8) or congressional or college district representation (3).

Governance Reform Proposal -- Board of Regents Size

Recommendation: Maintain the current total number of votes at 11, with 8 appointed votes and 3 elected votes. This revises the number of elected seats from 6 with a half-vote to 3 with a full vote. While this reduces the total number of seats from 14 to 11, final vote total remains the same at 11.

Rationale: This aligns the KCTCS Board of Regents with Kentucky's regional universities with 11 members, comprised of 8 Governor appointed Regents and 1 staff, faculty, and student each elected by their respective constituencies.

While there continue to be a variety of opinions related to Board size, the final recommendation represents the exhaustive research conducted by the Governance and Organizational Structure Team.

Governance Reform Proposal – Board of Regents Term Limits

Recommendation: Revise term limits for appointed members to four years with eligibility to be reappointed for one additional term. Include language that allows for a term extension for elected chair in the last year of the term. Retain current term limits of three years for faculty and staff representatives and one year for the student representative. Faculty and Staff Regents may be reelected for one successive term.

Rationale: More frequent appointments, along with representation from industries that are pivotal to the System's strategic goals, will ensure healthy turnover in Board membership and enable the KCTCS Board, the System, and the Colleges to remain nimble and responsive to the changing needs of the Commonwealth. The overall idea for revising Board governance is to take this crucial "once in a generation" opportunity to align both the Board of Regents and the local College boards with best practices around the country. Seven of the 12 peer systems, including those with the strongest workforce systems, have moved away from the traditional six-year terms for their state governing boards. Five of the peer systems rely on four-year terms. This is the opportunity for KCTCS to do the same.

As with Board size, there are also a variety of opinions related to term limits. This final recommendation represents the exhaustive research of the Governance and Organizational Structure Team.

RECOMMENDATIONS RELATED TO LOCAL COLLEGE BOARDS

Recommendation: Rename the Boards of Directors to the College Board of Advisors, clarify the roles and responsibilities and provide strong onboarding training.

Rationale: This addresses the issue identified in the CPE SJR 98 Report that the roles and responsibilities of local advisory boards are not clearly delineated from those of the Board of Regents. Renaming the Board of Directors to Board of Advisors emphasizes the consultative and advice-giving functions of the local Boards. The required training will emphasize the functional differences between the local boards and those of the KCTCS Board of Regents. The local boards will continue to have an important consultative role in the five areas listed in the current statute: reviewing the college's annual and biennial budget requests, providing input on the college strategic plan and the president's annual

performance review, and advising the KCTCS president on the appointment of new college presidents. But these functions will be clearly articulated as advisory in nature, with the final authority resting with the Board of Regents.⁴⁷

Recommendation: In addition to the five advisory duties now in statute, establish an additional responsibility: Each College Board of Advisors shall convene regularly with the Boards of other KCTCS colleges to monitor and advise on the collaborative economic and workforce development and service sharing plans of the KCTCS colleges in a defined geographic region of the state.

Rationale: The addition of statutorily required regional meetings addresses the suggestion in the CPE SJR 98 Report to engage the local college boards in regional economic workforce and economic development and institutional collaboration.

Recommendation: Eliminate the Nominating Committee process and replace with a model that enables the Governor to appoint members to the College Boards of Advisors based on nominations from KCTCS.

Rationale: This addresses the issue cited in the CPE SJR 98 Report about the overly complicated, two-layered appointment process which is the main cause of board seats going unfilled for extended periods.

Recommendation: The College Board of Advisors will consist of ten members: seven appointed by the Governor and one faculty, one staff, and one student representative elected from their respective bodies. Board appointments should reflect the industries that are pivotal to the institution's strategic goals and regional impact. All members of the College Board of Advisors should reside in the College's service area.

Rationale: The expectation that members of the College Board of Advisors bring local industry experience and reside in the college service area responds to the CPE SJR 98 concern that college programs and services align with regional economic development needs.

Recommendation: Maintain the current membership structure of ten members, seven appointed and three elected. Modify and enforce the term limits to align with the Board of Regents. Appointed members would serve 4-year staggered terms and be eligible for reappointment for one successive term. Elected faculty and staff members serve 3-year terms and can be elected for only one successive term. Elected student members serve a 1-year term.

Rationale: The four-year term with one successive appointment addresses the concern in the CPE SJR 98 Report that local board term limits are not strictly observed, which prevents the healthy turnover of membership and allows Boards to become out-of-touch with the changing needs of the community. Four-year appointments, coupled with ensuring that board members reflect the industries that are pivotal to the institution's strategic goals and regional impact, will keep the College Advisory Boards nimble, responsive, and in tune with workforce and economic development demands.

⁴⁷ Following feedback from CPE, KCTCS is considering several possible names for these bodies. Some members of CPE have suggested removing the word "board" from the name to reduce confusion of governance. Possible considerations include College Advisory Councils.

(6) The KCTCS funding model and its adequacy, including state appropriations, existing performance funding, the funding of the system office, and modern outcome-based funding structures

Background

Senate Joint Resolution 179 directed KCTCS to analyze the following items related to funding and affordability:

- KCTCS funding model and its adequacy, and examine modern outcomes-based funding structures;
- Tuition rates and a commitment to affordability and return on investment (addressed in Topic 7); and
- Funding of the KCTCS System Office

The research goal is to determine Kentucky's appropriation ranking in the United States, determine whether the Commonwealth's funding and tuition affordability is adequate through the lens of a student's return on investment, and to leverage recommendations for future improvements, which could result in a modern outcomes-based funding model. Additionally, options will be examined for current and future funding options of the KCTCS System Office.

To ensure a high level of objectivity, several terms in Senate Joint Resolution 179 required working definitions to be created that could then be analyzed against external sources for state-to-state comparisons. To conduct this analysis, the following definitions will be used to determine funding adequacy and tuition affordability.

- **Funding adequacy:** KCTCS's state appropriations are equal to, or above the average state appropriations, on a dollar/full-time equivalent (\$/FTE) basis, amongst the 20 states whose community college revenue sources are limited to state appropriation and tuition only (this includes Kentucky).
- **Tuition affordability:** KCTCS per credit hour tuition rate being equal to or less than the average state tuition rate in states whose community college revenue sources are limited to state appropriation and tuition only.

To make these determinations on whether current KCTCS funding is adequate and tuition rates are affordable, a 2024 national higher education database (also used in the 2023 Senate Joint Resolution 98 study) is utilized to compare states. Initial research reviewed funding methodologies in all 50 states. To establish the "Benchmark Comparator States," the field was narrowed to those states whose funding sources consist only of state appropriation and tuition, resulting in 20 Benchmark Comparator States. The other 30 states have additional funding sources, primarily local property tax, which impacts both tuition rates and level of state funding. The inclusion of a third revenue source offsets/decreases the amount of tuition and state appropriation are needed to support the total cost of education, when compared to the amount that is funded by only two streams of revenue.

Current State of Funding Adequacy

American community colleges were founded on the principles of open-doors and open-access to local and regional residents. These colleges became engines providing an affordable, postsecondary alternative to their costlier four-year counterparts while nimbly supporting communities and their unique workforce needs. Funding for the Kentucky Community and Technical College System is similar to many states: a combination of tuition revenue and state appropriations. Unlike Kentucky, however, 30 states combat the rising cost of higher education with a third revenue stream—local property tax appropriations.

For states like Kentucky, the lack of a third revenue stream increases pressure on the other two sources: tuition revenue and state appropriations. To alleviate this pressure, tuition rates and/or appropriations must compensate. If state appropriations fail to keep pace with rising labor, insurance rates, and increasing operational costs, tuition costs rise, shifting the cost burden to the student. For example, Kentucky is in the top 20 states with the highest average tuition and fees. This is illustrated in examining tuition and fee data. Of the 20 states with the highest average tuition and fee rates, two-thirds did not receive local property tax support. In contrast, of the states with lower average tuition and fees, two-thirds of those states did receive local property tax appropriations.

Beyond considering tuition increases, state appropriation models need to consider current national trends on funding costs increases. For states with no local property tax, supporting the performance of colleges' output with performance metrics becomes increasingly important. Otherwise, state appropriation lags and the students shoulder the burden, impacting their families and taxpayers.

Funding Model Research

After determining the Benchmark Comparator Group, research turned to a high-level view of the various funding models within higher education performance/outcomes-based funding. Two distinct components of most funding models were discovered, as well as two methodologies in how funds flow through, or are allocated/calculated, by models.

Within funding models examined in this study, there are two components of state appropriation that, together, determine the total appropriation for an institution:

- (1) Base funding is one component that can be made up of one calculation, or a collection of several calculations added together, designed to support basic institutional operations, but are typically not connected to student performance metrics like retention and graduation. Base funding metrics are commonly based on enrollment, square footage, and actual costs to operate academic programs. Base funding provides resources to support the core personnel, facilities, instructional, and operations costs to “open the doors” each day irrespective of student performance.
- (2) Performance funding is a second component that can consist of any number and variety of focus areas related to measurable outcomes. Metrics used within performance funding typically include, but are not limited to, retention, credentials conferred, job placement rates, and targeted populations reaching specific milestones such as earning 15, 30, or 45 credit hours. Ideally, individual metrics should be in alignment with the state's and institution's overall workforce plan.

The Kentucky Community and Technical College System currently receives a single appropriation comprised of two separate components: base and performance funding. For ease of conversation, the following dollar amounts will be rounded to the nearest million-dollar amount to display the concept.

KCTCS received \$210,000,000 in total state appropriations for 2023-24. The base funding was an allocation of \$187,000,000 and the performance funding was a calculation of roughly \$23,000,000.



The term “allocation” was intentionally used in relation to base funding because there currently exists no mathematical formula or metric used to determine that amount in Kentucky’s model. The base funding allocation is determined by what KCTCS received in the previous funding cycle. In other terms, it could be considered a “roll forward” amount.

Research shows there are two main methodologies of using funding models in the United States, both of which are called performance funding or outcomes funding.

- (1) The first method distributes a defined amount of funds across multiple higher education institutions through a series of metrics. This creates competition among institutions for a limited funding pool. In this model, an institution can increase their individual performance but still lose funding as other institutions may have seen larger increases proportionally.
- (2) The second method is more open-ended. It utilizes metrics with varying funding increments attached to each metric that fund performance outcomes individually, rather than comparatively. In this model, institutions are funded solely by their unique performance compared to themselves in previous years, regardless of and unassociated with other institutions.

The term “calculation” was used for performance funding because that portion of the total appropriation uses a series of performance metrics (or outcomes) to determine how much of the legislatively appropriated funds (that are directed to the performance funding model) are distributed between each of the eight public universities and KCTCS.

Kentucky’s Funding Model Compared to Other States

When comparing Kentucky’s funding mechanisms and levels to other states, there are similarities and significant differences. For instance, many states utilize both base and performance funding components; however, the proportion of total appropriated dollars differs between the base and performance components. In all funding models reviewed, the base portion constitutes more than 50% of the total appropriation and the performance portion constitutes less than 50%. For KCTCS, the base allocation (which is not outcomes based) makes up 89% and the performance portion makes up 11% of its total appropriation.

One significant difference between Kentucky and many other states is there is no mechanism to calculate the base of the Commonwealth's allocation other than history. This means there is no methodical way to work toward an increase and no accountability for having earned it. There is protection offered, however, as the Kentucky General Assembly has agreed that the base appropriations will not be reduced from one year to the next, barring significant revenue shortfalls.

Unlike calculating base funding, the use of performance metrics to calculate performance funding is similar to most states. There is an endless array of metrics that can be included, but the state's workforce plan priorities and alignment with the community college's mission should be key components. Importantly, while many (if not all) states use a model to distribute funds to community colleges, "how the model operates" is paramount to whether community college performance is awarded individually or competitively.

Specifically, several states, including Kentucky, first define a maximum amount of funds that will be allocated to higher education institutions through the performance model. Once the amount is decided, it is then "pushed through" the metrics within the model for distribution. Because the amount of funds is defined before it enters the model, that is the maximum amount that can be earned by all the higher institutions to which it is directed. By default, this creates a model in which KCTCS and the universities must worry less about how their individual institution performed comparing itself to the previous year, and be more concerned about "outperforming" the other institutions in the model so they can receive a higher percentage of the defined amount of funds flowing through the model. This model rewards relative success rather than establishing outcomes on which institutions focus. This inadvertently creates real situations where a college or university can perform better than it did the year prior on a variety of outcomes metrics (graduation, retention, job placement of graduates, etc.) but still lose funds because the other institutions in the model performed more strongly. This, by default, does not fund the performance of each institution, rather it creates a competition for which one can perform the best. In this environment, there tend to be few winners who see increases in performance funding and many losers who see decreases in performance funding. It is mathematically impossible for all institutions to improve their performance year-over-year and receive more funding unless the amount of funds pushed through the model increases.

Because these institutions must proportionally outperform all the other institutions to receive a larger portion of the defined funds, this feature of the model means an institution cannot predict the model's future financial output, even if they know their own institution's performance outcomes. This makes it nearly impossible for an institution to conduct accurate long-term programmatic investment planning that could lead to increased enrollment and service to industry.

KCTCS's Funding Levels Compared to Other States

Finally, and most significantly, research uncovered disparities in comparing Kentucky to other states' direct appropriations when using a standard national metric, the State Higher Education Executive Officers database.⁴⁸ The SHEEO database makes possible a comparison of the number of dollars appropriated per full-time-equivalent (FTE) between Kentucky and all 50 states and was used as an official data source in Senate Joint Resolution 98. The findings of the study, conducted by EY-Parthenon

48 "State Higher Education Finance Report," State Higher Education Executive Officers, May 7, 2024, <https://shf.sheeo.org/report>.

and presented by the Kentucky Council on Postsecondary Education (CPE), concluded Kentucky’s community and technical colleges were the 6th worst funded in the United States on a dollar per FTE basis.⁴⁹

The term “full-time equivalent” (FTE) is used commonly in higher education. It references roughly how many “full-time equivalent students” an institution served in one year. It is calculated by adding the total number of credit hours in which students at an institution enrolled in an academic year, and then dividing it by 30, which represents a full load of 30 credit hours for the year. Since not all students enroll in 30 credit hours per year, this metric allows for including part-time students into the calculation to create an “apples-to-apples” comparison metric that can be used for enrollment, tuition analysis, funding comparisons, and other factors, across all types of colleges and universities.

The SHEEO database allows drilling into more specific comparisons, including the 16 states of the Southern Regional Educational Board (SREB) or the “20 Benchmark Comparator States” that also do not receive local property tax appropriations. Having a third funding stream significantly changes the comparison because local property tax support influences tuition rates and state appropriation rates. The effect produced is often lowering both tuition rates and state appropriation. An analogy is two roommates sharing the cost of a \$1,000/month apartment in which they each pay \$500/month. If a third roommate moved in, the monthly rent would be shared by each roommate, and each would pay \$333/month. In this analogy, the three roommates are analogous to the three forms of funding support: state appropriation, tuition, and local property tax. The addition of a third funding source (i.e. another roommate), reduces the burden of the other two sources. Finally, and most significantly, research uncovered disparities in comparing Kentucky to other states’ direct appropriations when using a standard national metric.

Chart #1: State Appropriated Dollars Per FTE

2023	State Appropriated Dollars per FTE
Kentucky	\$ 4,887
All 50 States	\$ 6,341
SREB	\$ 5,330
SREB with no Local Tax	\$ 6,733
All States with no Local Tax	\$ 8,484

Chart #1 illustrates Kentucky’s funding per FTE compared to all 50 states, SREB states, the SREB states without local property tax support, and finally all states with no local property tax support.⁵⁰ As data demonstrates, Kentucky lags behind all groupings.

49 “Findings and Recommendations pertaining to SJR 98,” Kentucky Council on Postsecondary Education, 2023, <https://cpe.ky.gov/data/reports/SJR98report.pdf>.

50 SHEEO, “State Higher Education Finance Report”

Chart #2: 20 Benchmark Comparator States - Appropriation \$/FTE for States with No Local Property Tax Support for Community Colleges

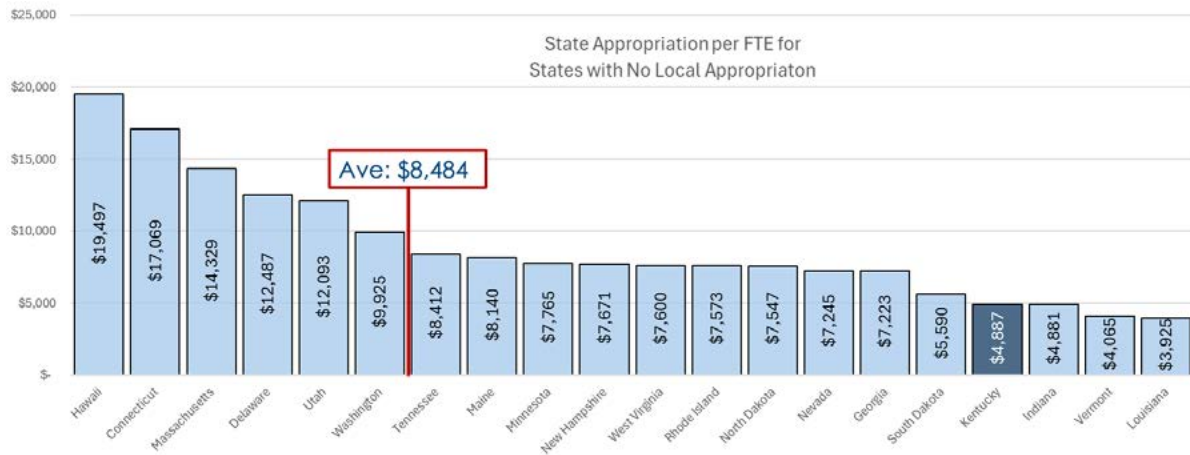


Chart #2 illustrates dollars appropriated per FTE of the 20 Benchmark Comparator States, as well as the weighted average of the group.⁵¹ Kentucky is highlighted in dark blue, and the weighted average of all 20 states is denoted in the red box.

Chart #3: 20 Benchmark Comparator States - Ranked by Cost-of-Living Index Score

State	\$/FTE Appropriation Funding	Cost of Living Index
Hawaii	\$ 19,497	188.4
Massachusetts	\$ 14,329	139.9
Washington	\$ 9,925	115.8
Vermont	\$ 4,065	113.8
New Hampshire	\$ 7,671	112.3
Maine	\$ 8,140	111
Connecticut	\$ 17,069	110.7
Rhode Island	\$ 7,573	109.4
Utah	\$ 12,093	105.2
Nevada	\$ 7,245	102.6
Delaware	\$ 12,487	100.5
Minnesota	\$ 7,765	95.3
Kentucky	\$ 4,887	93.1
Louisiana	\$ 3,925	91.6
North Dakota	\$ 7,547	91.3
South Dakota	\$ 5,590	91.2
Georgia	\$ 7,223	90.9
Tennessee	\$ 8,412	90.8
Indiana	\$ 4,881	90.3
West Virginia	\$ 7,600	84.3

51 SHEEO, “State Higher Education Finance Report.”

Chart #3 accounts for cost-of-living comparisons of the 20 Benchmark Comparator States using a composite Cost of Living Index created by the Council for Consumer and Economic Development. States are ranked from highest to lowest based on their composite index score, along with the respective state appropriation per FTE. This is divided into quartiles denoted by color.⁵²

Chart #3 shows Kentucky ranks 8th lowest for cost-of-living, placing it in the 2nd lowest quartile. Ranked in this manner, Chart #4 expands on Chart #3's findings by creating an average dollar per FTE within each quartile. As the chart indicates, Kentucky lags behind all four quartiles for average dollar per FTE student.

Chart #4: 20 Benchmark Comparator States - Cost of Living Quartile Average Appropriation reflected in dollars per FTE

Quartiles of 20 Benchmark States	Low	High		Ave \$/FTE of the Quartile	% Ky Lags Behind
Top Quartile	112.3	188.4		\$ 11,097	-56%
Third Quartile	102.6	111		\$ 10,444	-53%
Second Quartile	91.3	100.5		\$ 7,322	-33%
Bottom Quartile	84.3	91.2		\$ 6,741	-28%

52 SHEEO, "State Higher Education Finance Report"; The Council for Community and Economic Research, "Cost of Living Data Series", 2024, <https://meric.mo.gov/data/cost-living-data-series>.

Adequate Funding Determination

Senate Joint Resolution 179 directed KCTCS to determine “funding adequacy.” Last year’s Senate Joint Resolution 98 study found that Kentucky’s community and technical colleges were the 6th worst funded in the nation. While KCTCS has seen slight increases in state appropriations over the last few years, national data in multiple SJR studies conclude that KCTCS’s state appropriated dollars per FTE is not adequate when compared to benchmark comparator states.

Despite this conclusion, KCTCS has continued to increase its performance by focusing on quality enhancement and increasing efficiencies. Indeed, KCTCS outcomes are strong:

- Graduation, persistence, and retention rates at KCTCS colleges are often higher than the national average. In 2023-2024 KCTCS’s three-year graduation rate was 47.2% while the national average graduation rate for community college students was 22%, according to the National Student Clearinghouse (NSC). In the same period, KCTCS had a two-year persistence rate of 65.4% while the national average for community colleges was 62.6% (NSC). KCTCS also outperformed its national peers in fall-to-spring retention rates at 71.6% for KCTCS and 55% for community colleges nationwide. Additionally, 1 out of every 2 KCTCS colleges has been selected by the prestigious Aspen Institute’s College Excellence Program for nation-leading retention and graduation rates, and outcomes after graduation.⁵³
- For nearly every year of the last decade, the Kentucky Center for Statistics’ Postsecondary Feedback Report has consistently documented that job placement rates of KCTCS graduates into Kentucky companies exceed the rates of undergraduate student placement rates from all of Kentucky’s public and private colleges and universities.⁵⁴
- As documented in Chart #5, KCTCS has ranked first in the nation in credentials conferred per capita for the last three years, and in the top three positions nationally each year for the last decade. This metric is evidence of excelling in meeting the 1997 statutorily mandated mission of KCTCS.⁵⁵

53 Kentucky Community and Technical College System Office of Research and Policy Analysis, “50 States Credentials Conferred per Capita”, 2024 ; The Aspen Institute, “College Excellence Program”, 2024, <https://www.aspeninstitute.org/programs/college-excellence-program/>.

54 Kentucky Center for Statistics, “Tableau Report – Postsecondary Feedback Report”, 2024, <https://kystats.ky.gov/latest/PSFR>.

55 KCTCS/ORPA, “50 State Credentials.”

Chart #5: State Credentials Per Capita by Rank and Academic Year

State Credentials Per Capita by Rank and Academic Year										
Rank Per Capita	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
1	New Mexico	New Mexico	New Mexico	New Mexico	New Mexico	New Mexico	New Mexico	Kentucky	Kentucky	Kentucky
2	Kentucky	Washington	Washington	Kentucky	Kentucky	Kentucky	Kentucky	New Mexico	California	New Mexico
3	Washington	Kentucky	Kentucky	Washington	Wyoming	California	California	California	Arkansas	Arkansas
4	Wyoming	Arizona	Mississippi	Mississippi	Mississippi	Arkansas	Arkansas	Mississippi	New Mexico	California
5	Arizona	Wyoming	Arizona	Wyoming	Washington	Mississippi	Mississippi	Arkansas	Utah	Mississippi
6	Louisiana	Mississippi	Wyoming	Kansas	California	Kansas	Kansas	North Carolina	Mississippi	Kansas
7	Iowa	Iowa	Kansas	Arizona	Kansas	Wyoming	North Carolina	Wyoming	Kansas	Utah
8	Kansas	Kansas	Iowa	Iowa	Arizona	Washington	Arizona	Kansas	Wyoming	Iowa
9	Arkansas	Louisiana	Arkansas	North Carolina	North Carolina	North Carolina	Wyoming	Utah	North Carolina	Wyoming
10	Mississippi	Arkansas	Louisiana	California	Iowa	Arizona	Washington	Florida	Iowa	North Carolina
11	Illinois	Illinois	Illinois	Arkansas	Wisconsin	Iowa	Iowa	Washington	Arizona	Arizona
12	Minnesota	North Carolina	Georgia	Georgia	Arkansas	Wisconsin	Florida	Iowa	Wisconsin	Wisconsin
13	Florida	Florida	Florida	Wisconsin	Georgia	Florida	Wisconsin	Georgia	Illinois	Illinois
14	Wisconsin	Wisconsin	North Carolina	Florida	Illinois	Georgia	Georgia	Wisconsin	Florida	Indiana
15	North Carolina	Georgia	California	Illinois	Florida	Illinois	Illinois	Arizona	Indiana	Georgia
16	Georgia	Minnesota	Wisconsin	Louisiana	Louisiana	Louisiana	Indiana	Indiana	Georgia	Alabama
17	Oregon	California	Minnesota	Minnesota	Oregon	Alabama	Louisiana	Illinois	Washington	Louisiana
18	California	Oregon	Oregon	Texas	Texas	Oregon	Texas	Texas	Alabama	Florida
19	Nebraska	Nebraska	Texas	Oregon	Minnesota	Texas	Alabama	Alabama	Texas	Washington
20	Hawaii	Texas	Virginia	Colorado	Indiana	Indiana	Utah	Minnesota	Minnesota	Texas

KCTCS has demonstrated the capacity to provide leadership in outcomes despite working with less appropriation than comparator states and asserts that it could reach more Kentuckians in an equally effective manner if appropriation met the Benchmark Comparator Group average.

Affordability Recommendation #1A:

KCTCS's funding should be at or above the average dollar per FTE state appropriation rate of its Benchmark Comparator States, increasing the amount from \$4,887 per FTE to \$8,484 per FTE.

Desired/Future State for Funding Adequacy

The directive within Senate Joint Resolution 179 was to review “modern outcomes-based funding structures.” This section of the report will outline those findings and highlight components that should be the components of a new model. If Kentucky adopts these best practices, it will require bold steps in setting a vision and remodeling a funding structure that truly rewards performance rather than competition. The Kentucky General Assembly and KCTCS will both have to make agreed-upon investments in supporting performance for its collective future.

Researchers reviewed funding models from across the nation, spoke with numerous representatives in multiple states, and attended conferences focused on community funding models. Modern outcomes-based funding models—most recently implemented in 2023 in Texas—have moved in the direction of emphasizing the following qualities of a funding model⁵⁶:

- Be logical and easy to understand for all constituents, which are core tenants for transparency
- Align with the overall workforce plan for supply/demand, targeted populations, and high demand economic and industry sectors

56 Texas Higher Education Coordinating Board, “Community College Finance”, October 23, 2024, <https://www.highered.texas.gov/community-college-finance>.

- Promote performance and accountability through outcomes
- Provide stability for future investments in organizational infrastructure
- Create predictability and allow for multi-year planning of future responsiveness to industry needs (creating new programs, sunseting low demand programs, and scaling up existing high demand programs)
- Create accountability for the institution and legislature – both must be partners

Additionally, a successful modern outcomes-based funding model generates resources to be innovatively invested in strategic activities that lead to a nationally competitive workforce and relieve strains on the public infrastructure. In other words, a well-educated workforce is more likely to be employed, to pay taxes, and to engage in community services and charitable giving while less likely to commit crimes, utilize social services, and engage in unhealthy lifestyles. A funding model that rewards the following outcome, as seen in other states with modern models, will lead to a more well-educated populous:

- Increase Dual Credit participation
- Increase college-going rates
- Increase the attainment of credentials of value
- Increase transfer rates into high demand fields where Kentucky jobs require a bachelor's degree (i.e., Engineering, Accounting, K-12 Education, Social Work, etc.)
- Increase the job placement and workforce participation rate in Kentucky companies
- Produces a strong return on investment for students and the Commonwealth

Outcomes-based Funding Model Principles:

In the creation of a proposed modern outcomes-based funding model, certain principles would need to be agreed upon:

- (1) A new KCTCS funding model would become Kentucky's first higher education funding model based 100% on outcomes.
- (2) The funding model calculates the amount of funds the legislature will appropriate to KCTCS, not limiting the appropriation to previous allocations, as is currently the practice in Kentucky and some states.
- (3) It would require KCTCS to be separated from the existing higher education funding process, which presently includes Kentucky's eight public universities, and creating a separate funding model solely for KCTCS.
- (4) The model's funding levels should be recalculated at least every other legislative funding cycle to reflect inflation, comparator adjustments, national average dollars per FTE target, etc.
- (5) KCTCS funding will be solely based on its own outcomes from one year to the next; not based on, or in comparison to, any other Kentucky public higher education institution.
- (6) The overall goal for KCTCS funding would be to reach at least the Benchmark Comparator State average dollars per FTE, as seen previously in Chart #2.
- (7) The model's components would be a combination of base funding and performance funding, each of which would be based on outcomes metrics.

Performance Funding: Modern Outcomes-based Model Metrics

A key distinction on modern outcomes-based funding models is the reversal of how models have previously been used. A modern funding model should be open-ended and calculated, meaning the model will incorporate a series of agreed-upon outcomes metrics, each of which is worth an agreed-upon dollar amount per outcome point. These will be calculated before the performance data is put through the model.

Once KCTCS's outcomes for each metric are inserted in the model, the dollar amount for each metric is multiplied by the KCTCS outcome data, resulting in a total dollar amount awarded for that metric. The model will then repeat that process for all metrics and culminate in a total appropriation amount for KCTCS. For example, if one metric is focused on funding output of "associate degrees awarded," and each associate degree conferred is worth \$500, and KCTCS produces 10,000 associate degrees in one year, then the funding output for that metric will be $\$500 \times 10,000 = \$5,000,000$. The following year, then, KCTCS would be funded \$5,000,000 for that metric. If that output increases the following year, funding would also increase. Conversely, if output declines in the following year, funding would decrease accordingly.

Metrics utilized on the performance section of the new model should support retention, completion and certification of students who enroll. Metrics could include, but are not limited to:

- Retention progression points, such as students earning 15 credit hours
- Credentials/Certifications of Value
- Licensure
- Job placement in Kentucky companies
- Any other metrics aligned with the KCTCS Workforce Plan

Modern outcomes-based funding models also create a priority or "premium" funding for the cost to educate higher risk populations. The premium would be additional funding, such as 25% higher funding for a high-risk student completion versus a lower risk. This premium recognizes that some populations require more resources and support due to academic and non-academic barriers. Populations that may be more expensive to support and retain include:

- Academically Underprepared who complete 15 credit hours
- Financially Disadvantaged who complete 15 credit hours
- Adult Students Aged 25+ who complete 15 credit hours
- Adult Reentry (prisons and jails) who complete 15 credit hours

Modern outcomes-based models also include metrics with funding premiums for successful outcome points for targeted populations. The premium recognizes that these populations are critical to Kentucky's future and require additional support services at an additional expense.

- Dual Credit students completing 9 credit hours in a postsecondary career pathway
- Transfer Students completing 15 credit hours and transferring to a KY public university prior to completing an associate's degree
- General Education Diploma (GED) graduates who matriculate and complete 15 credit hours
- Customized industry training in non-credit programs/services

Base Funding: Modern Outcomes-based Model Metrics

Modern outcomes-based funding models also include “base funding,” but they utilize outcomes metrics to calculate the size of the base appropriation. As previously mentioned, “base funding” typically recognizes that every institution must support a minimum level of infrastructure to serve the students who enroll. Research has found that in a base calculation, enrollment appears to be the predominate outcome used for the calculation. Enrollment is both an outcome and indication of performance, but enrollment is more often used in the “base” portion of models, whereas retention and completion-related metrics are used more in the “performance” portions of the model.

In the proposed model, base funding would consider examining two metrics: fixed operational costs based on annual FTE enrollment and variable costs based on the actual costs to education by program.

- Fixed operational costs: Utilizing a predetermined dollars per FTE provides funding for the base infrastructure required to operate facilities, maintain software systems, process financial aid, deliver instruction, and the like, for students who enroll. Each FTE would be worth an agreed-upon dollar amount, and when the annual KCTCS FTE is inserted into the model, it would be multiplied to create the first half of the base calculation. For example, if the predetermined amount was \$2,500 per annual FTE, and KCTCS enrolled 45,000 annual FTEs, the model would calculate $\$2,500 \times 45,000 = \$112,500,000$ for the portion of the base appropriation.
- Variable costs of academic and technical disciplines: This portion of the base funding calculation would require KCTCS to calculate actual differential cost to educate students in each academic discipline, recognizing that some programs are more expensive to operate than others. The model would fund a percentage of the costs per enrollment (i.e., 15%-25%). Once costs were finalized for each discipline, KCTCS enrollment in each discipline would be submitted, and the model would multiply enrollment by the cost per enrollment by program. For example, if it costs KCTCS \$166 per enrollment to teach mathematics and it teaches 100,000 mathematics enrollments, the model would multiply $20\% \times \$166 \times 100,000 = \$3,320,000$. Once all discipline costs and enrollments within are multiplied, their cumulative total would account for this portion of the Base appropriation.
- Once the fixed operational cost calculation is added to the variable instruction costs, the base calculation would be complete.

A visual representation of the components of the proposed model can be found in Chart #6. The two boxes in blue denote the two halves of the Base portion of the model, and the four green boxes illustrate metrics found in modern outcomes-based funding models.

Chart #6: Potential Modern Outcomes-based Metrics in Base and Performance Model



Affordability Recommendation #1B

If the Kentucky Legislature determines it will adopt Affordability Recommendation #1A, it is then recommended that a modern 100% outcomes-based funding model should be created for KCTCS based on design and implementation elements within this report.

KCTCS System Office Funding

Senate Joint Resolution 179 directs KCTCS to make recommendations for methods of funding the KCTCS System Office. The KCTCS System Office budget currently encompasses two primary areas. One area is System Office personnel, and the other is system-wide contracts used to support the entire system but managed primarily by staff at the System Office in Versailles. While the administrative structure of KCTCS may evolve over time, the goal of this study is to consider a variety of options for how to manage and fund the administrative personnel structural needs within the KCTCS System Office irrespective of the organizational changes that emerge after the SJR 179 study is complete.

In conducting research for funding the KCTCS System Office, two topics will be explored that impact its funding. First, past budgeting practices were analyzed to determine how operational funds were historically allocated to the System Office staffing needs. Second, recent staffing levels at the KCTCS System Office were studied to determine to compare its size to similar community and technical college system offices. At the conclusion of these two analyses, several research options emerged on how KCTCS could move forward in funding its System Office staffing needs. After careful consideration, one KCTCS System Office funding option was selected, along with a suggested guiding practice, that the KCTCS President and the 16 local College Presidents could use in determining the appropriate amount of administrative personnel to effectively carry out leadership, organizational support, and compliance functions.

Past KCTCS System Office Budgeting Practices

All organizations have leadership, organizational support, and compliance functions, which can be heavily centralized, decentralized, or distributed across the organization in a variety of manners. In higher education, these functions comprise the administrative structure or “administration” of a postsecondary institution. Specifically, in community and technical colleges, the administrative structure begins with vision and policy from the President and Board of Regents and carries through the organization along cascading levels of supervisory positions. In smaller organizations, the administrative structure can be more condensed. A variety of methods fund these varied administrative structures:

- Dedicated funding allocations solely focused on administration,
- Vertical budgeting practices where budgets develop along functional lines (i.e., all finance/business affairs share a unit budget), and
- Integrated funding across units; and a variety of other methods

For budgeting purposes, KCTCS separates itself organizationally into 17 units comprised of 16 Colleges and one System Office. In private industry, the KCTCS System Office would be analogous to the organization’s “headquarters.” Each unit creates its own budget that becomes part of the larger KCTCS budget managed by the centralized administrative structure, called the System Office, and is approved as a single organizational budget by a governing body, the KCTCS Board of Regents. Additionally, there are mandated programs (The Kentucky Fire Commission, for example) that have stand-alone operational budgets but do utilize aspects of KCTCS administrative infrastructure and services. These mandated programs receive restricted funds from the legislature through the overall KCTCS appropriation, but those funds can only be used by those programs for their personnel and operational costs and cannot be used by KCTCS for general, system-wide operational expenditures. The staff funded through these mandated programs have been excluded from this analysis.

Historically, KCTCS has funded its System Office in one of two methods. From 1997 to approximately 2018, the System Office administrative structure and personnel structure operated at the KCTCS President’s discretion, and budgetary support calculations were determined between the KCTCS President and the KCTCS cabinet officers. Appropriations from the Kentucky General Assembly for the 16 local Colleges were sent to KCTCS, the funds needed to support the KCTCS System Office administrative budget were allocated from the overall appropriation, and the remaining funds were distributed to the 16 KCTCS Colleges proportionally.

In approximately 2018, the KCTCS President changed the funding methodology and began distributing 100% of the legislative appropriation to the 16 Colleges via a funding formula, and then proportionally charged each College their respective share to support both system-wide contracts and the KCTCS System Office personnel and operational needs.

The method used from 1997 to 2018 lacked transparency or perceived equity, while the replacement model provided greater transparency and utilized a formula for distribution. Nevertheless, the combination of the formula and the lowered overall funding allocated to KCTCS created perceived inequitable distributions across the 16 Colleges. However, neither funding methodology required either the Colleges or System Office to identify a set of guiding principles that recommended an appropriate size of administrative staffing support for the Colleges or System Office. As a result, questions have arisen as to whether the System Office staffing was too large, too small, or sufficient to support KCTCS in its current organizational structure.

System Office Staffing Level Analysis

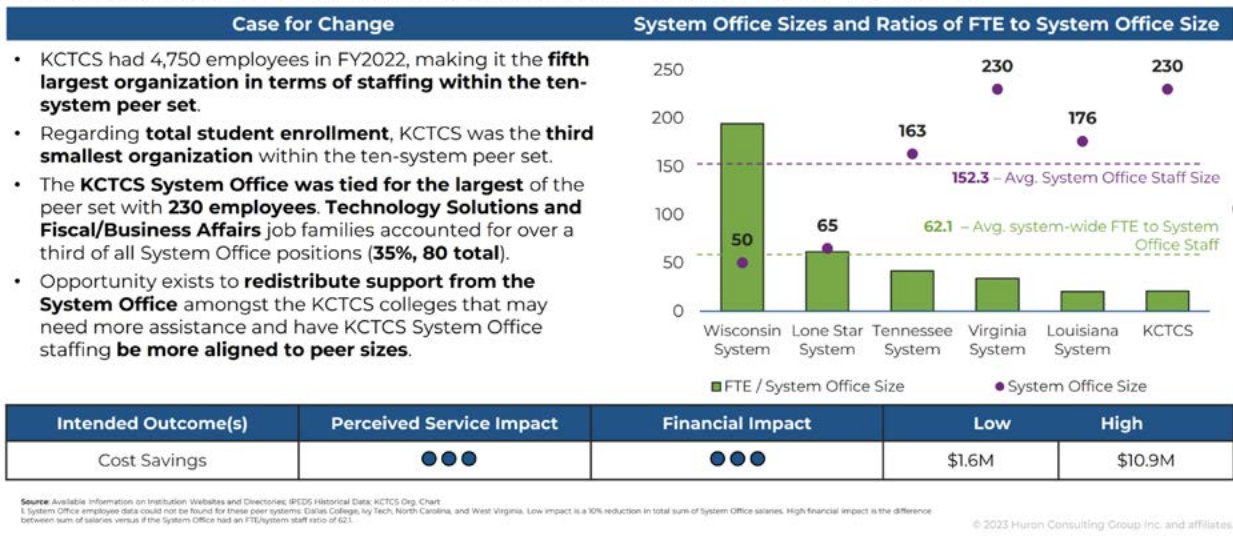
In 2022, KCTCS and its Board of Regents conducted a national request for proposals for a consultant to conduct studies related to KCTCS efficiency opportunities. The KCTCS Board of Regents awarded this contract to Huron Consulting Group (Huron). As part of Huron’s analysis, they were asked to compare the KCTCS System Office staffing levels to other similar state community and/or technical college systems, to inform KCTCS whether their staffing levels were below, equal to, or above averages seen in other similar community and technical college systems.

That portion of the analysis culminated in a presentation in September 2023 to the KCTCS Board of Regents, shown in Chart #7.⁵⁷

Chart #7: Huron Consulting Group System Office Staffing Study

Staffing Comparison with Peers

Based on comparisons of KCTCS organization staffing to peer systems¹, opportunity exists to redistribute System Office staffing to be more in line with peer-set norms.



To demonstrate their findings, Huron selected five other community and technical college systems they identified as similar in mission and design to KCTCS. The Huron data concluded that of the six systems studied (including KCTCS), the average system office staffing size of 152.3 employees. Huron stated that the KCTCS System Office “was tied for the largest of the peer set with 230 employees” employed at the KCTCS System Office, as stated in Chart #7.

Upon further review during this SJR 179 study, KCTCS identified Huron’s data collection technique in the bottom left portion of Chart #7. Magnified in Chart #8, Huron explains that in order to determine the staffing levels at each institution, they relied solely on each system’s website-based staff directory.⁵⁸ The

57 Huron Consulting Group, “Presentation to the KCTCS Board of Regents”, September 2023.

58 Huron Consulting Group, “Presentation to the KCTCS Board of Regents”, September 2023.

authors of the Senate Joint Resolution 179 study found no evidence that Huron contacted officials at each system office to determine if their respective staff directories were correct, up-to-date, or whether their websites identified staff members clearly enough to determine which were employees of their system office versus employees at their college campuses.

Chart #8: Magnified Section of Huron’s System Office Staffing Chart (found in Chart #7)

Intended Outcome(s)	Perceived Service Impact
Cost Savings	● ● ●

Source: Available Information on Institution Websites and Directories; IPEDS Historical Data; KCTCS Org. Chart
 1. System Office employee data could not be found for these peer systems: Dallas College, Ivy Tech, North Carolina, and West Virginia. Low impact is a 1 between sum of salaries versus if the System Office had an FTE/system staff ratio of 62.1.

Consequently, KCTCS researchers attempted to validate Huron’s findings. Instead of relying on web staff directories for each community and technical college system, KCTCS researchers contacted the human resource departments at each, to determine accurate staffing levels. As a result, the human resource offices at the comparison state system offices reported staffing levels inconsistent with Huron’s results. Chart #9 illustrates that while some of Huron’s data was similar to the data Senate Joint Resolution 179 researchers found (Virginia being slightly incorrect by only 7.8%), other data was incorrect by amounts that would significantly influence the overall study average.⁵⁹ Specifically, staffing levels at Tennessee’s System Office were 62.6% incorrect, and Lone Star’s System Office data was incorrect by a magnitude of 1,070%. When reviewing accurate system office staffing averages selected by Huron and presented in Chart #9, Senate Joint Resolution 179 study researchers found the average staffing levels are 293.7 staff per system office, not the 152.3 claimed by Huron.

Additionally, Lone Star College noted that their system is a metropolitan serving institution covering the northern half of Houston. As a result, the colleges within their system are all within a one-hour drive from their system office, which allows them to centralize staff at their system office which would not be possible if their system served an entire state as KCTCS does. Also, while the Wisconsin Technical College System (WTCS) stated they do have one system office and 16 colleges to serve the entire state, they are not like KCTCS because the WTCS System Office does not have shared services (requiring additional staffing) like KCTCS does. Therefore, they have lower staffing levels in Wisconsin (Huron reported 50 staff for WTCS).

These findings illustrate that Huron should not have included Lone Star College and the Wisconsin Technical College System in this study because they are structurally dissimilar to Kentucky’s, Virginia’s, Tennessee’s, and Louisiana’s community and technical college systems.

59 Kentucky Community and Technical College, “Community and Technical College System Office Staff Comparison Study, July-October, 2024.

Chart #9: System Office Staffing Level Study – SJR 179 Study versus Huron Study

Community College Systems	SJR 179 Study Data	Huron Study Data
	# of Full-time System Office Staff	# of Full-time System Office Staff
Virginia	248	230
KCTCS	230	230
Tennessee	265	163
Louisiana	186	176
Lone Star	778	65
Wisconsin	55	50
Average System Office Staffing Level	293.7	152.3

Because Lone Star and Wisconsin systems should not have been included in Huron’s analysis, Senate Joint Resolution 179 researchers expanded their study to include three additional state community and technical college systems that, like Kentucky, have a system office with shared services. Those organizations were Indiana, Alabama, and South Carolina. Upon review of this expanded system office staffing analysis (Chart #10), it was determined that KCTCS’s System Office staffing levels were—at the time of the 2023 Huron Study—lower than comparator states.⁶⁰ At the time of the 2024 SJR 179 study, the KCTCS System Office staffing levels have decreased from the 230 staff (noted in the 2023 Huron study) to 203, as of the September 2024 KCTCS Board of Regents meeting. This level of staffing is well below the average of the KCTCS peer systems used in the SJR 179 study.

Chart #10: Expanded System Office Staffing Level Study – SJR 179 Study versus Huron Study

College Systems	SJR 179 Study Data	Huron Study Data
	# of Full-time System Office Staff	# of Full-time System Office Staff
Virginia	248	230
KCTCS	203	230
Tennessee	265	163
Louisiana	186	176
Indiana	462	N/A
Alabama	164	N/A
South Carolina	270	N/A
Lone Star	excluded from study	65
Wisconsin	excluded from study	50
Average	260.7	152.3

60 KCTCS, “System Office Staff Comparison”.

KCTCS System Office Staffing Determination

Utilizing this expanded and updated data set, it appears that the KCTCS System Office staffing levels were, and continue to be, lower than the comparator state systems, regardless of whether the comparator group was from the 2023 Huron study or the 2024 SJR 179 study.

Desired/Future State of System Office Funding

It is important to remember that the desired future state of KCTCS System Office staffing and funding will be heavily influenced by the organizational structure resulting from the Senate Joint Resolution 179 recommendations on Governance, Accreditation, and Mergers/Consolidations. If KCTCS remains similar in structure to its current state with a centralized System Office and sixteen individually accredited Colleges, it may remain in a familiar administrative structure and resulting budgeting needs. The goal of the organizational design would be to implement administrative operations creating high degrees of functionality in supporting system-wide leadership, operations, and student success, while maximizing resource efficiency.

It is also important to remember that the level of administrative personnel needed to responsibly manage the KCTCS organization falls within the leadership purview of the KCTCS president, regardless of the administrative structure. Combining the review of past practices and current research, the following options emerged as ways to appropriately staff and consequently budget for System Office personnel who are employed to support organization-wide functions in leadership, student and organizational success, support, governance, compliance, and accountability.

System Office Funding Recommendations

Presidential Discretion

The first option arising from the research is to continue funding the System Office as part of the larger organizational administrative infrastructure, as it is now, and leave the decision of how much to spend from the KCTCS appropriation on System Office personnel to the KCTCS President. In other words, it would operate similarly to how it currently operates as part of the total KCTCS Annual Budget. The KCTCS President will have the authority to decide the personnel needs of System Office in support of total organizational operations. Like all community and technical college systems, the governing board conducts a national search for a highly qualified and experienced leader. With that comes elevated levels of vetting and background checks for evidence of effective management and budgeting practices. Once selected, the leader needs the freedom to organize and manage the organization to meet its mission effectively.

Incorporate an Administrative Structure Metric/Industry Standard

A second option to determine funding for staffing levels and organizational design is to use an organizational design “best practice” or a metric, such as a percentage of total budget, which would determine funding boundaries for “administrative operations.” The KCTCS System Office and all local Colleges could apply this metric to better guide their leaders in understanding if their staffing and budgeting decisions are remaining within the parameters seen in other successful industries. For example, if the best practice is that no more than 15% of the organization’s total budget should fund administrative operations, this can be applicable to both the System Office and each College. The infusion of a best practice throughout all levels of KCTCS would allow the KCTCS President and local

College Presidents the flexibility to hire the staff needed while providing guidelines on total allowable expenses for those administrative positions. This would require a standard definition of what qualifies as “administrative operations,” as well as which budget the percentage would be applied to (i.e., public funds or total budget). These percentages already exist in various industries, ranging from 3% to 30%.

At the conclusion of this research, the Senate Joint Resolution 179 researchers recommend the first option, Presidential Discretion, for the future state of KCTCS System Office Funding. Allowing the highly qualified KCTCS President to determine the proper staffing levels required to manage the KCTCS System Office effectively and efficiently is the appropriate outcome, informed by the advice of the Board of Regents, Cabinet, and College Presidents. Additionally, the SJR 179 researchers encourage both the KCTCS President and College Presidents to examine industry standards and best practice research to support decision-making leading to maximized organizational efficiencies.

Determinations and Recommendations

- KCTCS’s state appropriation is not adequate when compared to benchmark comparator states (on a \$/FTE basis).
- KCTCS’s state appropriation should be at, or above, the average \$/FTE state appropriation rate of its Benchmark Comparator States
- IF the Kentucky Legislature determines it will set KCTCS’s state appropriation at or above the average \$/FTE state appropriation rate of its Benchmark Comparator States, it is then recommended that a modern 100% outcomes-based funding model should be created for KCTCS based on design and implementation elements within the SJR report.
- Utilizing the expanded and updated data set, it appears that the KCTCS System Office staffing levels were—and continue to be—lower than the comparator state systems.
- Allow the KCTCS President to determine the proper staffing levels and subsequent funding levels of the System Office, that would maximize student success, organizational efficiencies, and effective leadership.

(7) Tuition rates, with a commitment to ensuring affordability and return on investment

Current State of Tuition Affordability

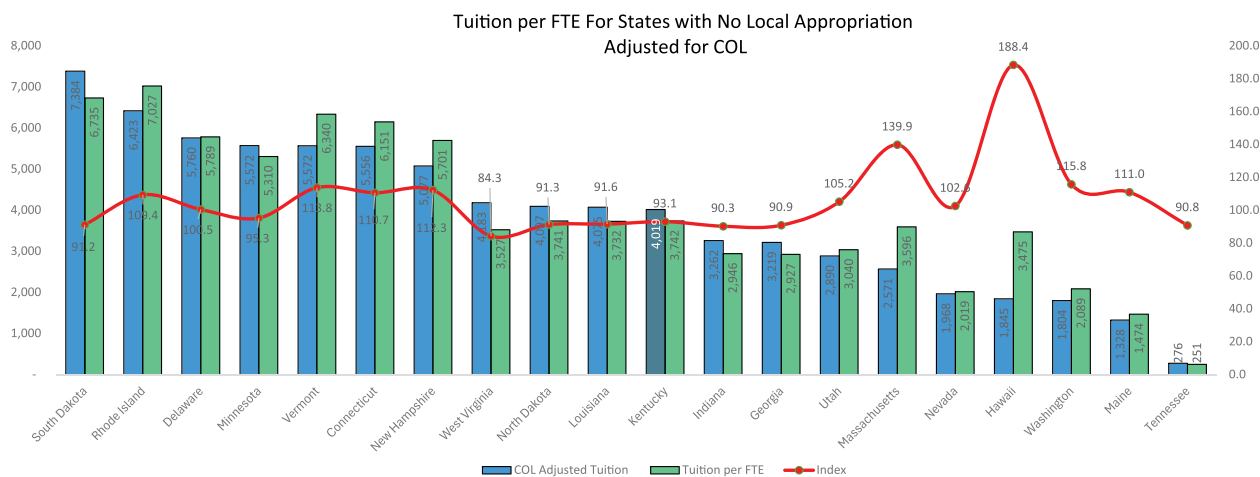
In this section, an analysis of KCTCS’s current tuition rates will be conducted. This analysis will utilize multiple methods to determine:

- Whether the per credit hour tuition rate is below, at, or above the national and Benchmark Comparator States average tuition rates
- Whether KCTCS students’ unmet financial need has a positive or negative impact on student success
- Whether loan debt compared to career earnings returns justify the cost of a KCTCS education
- Recommendations for enhancing KCTCS’s affordability and workforce expansion through tuition affordability enhancements

Tuition Analysis Research

In considering students’ cost of entry with the Benchmark Comparator Group, KCTCS’s average tuition rates, per FTE, adjusted for cost of living, ranks Kentucky as 10th lowest, placing it the middle of the group (Chart #11). In other words, when comparing tuition and cost of living, KCTCS affordability for students is better than the top half of its comparator states.⁶¹

Chart #11: Tuition Rate Comparison



Other findings show that, year-to-year, KCTCS increased tuition at a lower-than-average rate compared to similarly funded institutions. Additionally, a higher percentage of students received federal Pell grants at KCTCS compared to averages for comparable 2-year colleges. KCTCS has kept net tuition affordable, which is particularly important to low-income students.

61 SHEEO, “State Higher Education Finance Report”; The Council for Community and Economic Research, “Cost of Living Data Series”, 2024, <https://meric.mo.gov/data/cost-living-data-series>.

Unmet Financial Need Analysis

During the student’s time in college, net cost (the full cost of attendance, less scholarships and need-based aid) is a more accurate reflection of the unmet need a student will experience while enrolled. In other words, unmet financial need is the amount students pay after accounting for their expected family contribution and any non-debt aid.

As is shown in Chart #12, on average, KTCSS Colleges have a lower net cost than the average net cost of Kentucky’s public universities.⁶² Although the Council on Postsecondary Education is establishing a different metric(s) to replace URM (under-represented minorities), it is used here since it is the metric that was used historically by the Kentucky Postsecondary Education Data Systems (KPEDS).

Chart #12: Unmet Financial Need – KTCSS compared to Kentucky Public Universities

INSTITUTION	2017-18	2018-19	2019-20	2020-21 Baseline	2021-22	2022-23
KTCSS						
Overall	\$6,264	\$6,290	\$5,952	\$5,852	\$6,137	\$6,098
URM	\$7,216	\$7,243	\$6,871	\$6,683	\$6,938	\$6,803
Low-Income	\$7,267	\$7,303	\$7,001	\$6,967	\$7,367	\$7,431
Statewide (Public Universities)						
Overall	\$10,291	\$10,287	\$10,309	\$10,212	\$9,691	\$9,359
URM	\$10,314	\$10,321	\$10,216	\$10,430	\$12,390	\$9,458
Low-Income	\$10,516	\$10,536	\$10,509	\$10,732	\$14,018	\$13,500

Source: Kentucky Postsecondary Education Data System (KPEDS)

Unmet financial need is the exact dollar amount value where affordability affects enrollment behavior. Dr. Chris Ledford, Associate Director of Data and Advanced Analytics at the Kentucky Council on Postsecondary Education (CPE), and his associates have developed a predictive model to identify the affordability thresholds that influence retention rates. This model is based on 12 years of student data (n=200,000) at all Kentucky institutions. Colleges and universities can use the model to adjust financial aid awards to enable better student outcomes, including retention and graduation rates. What CPE found was that for each \$1,000 increase in unmet financial need over time, there is approximately 2.5% or greater decrease in retention likelihood. The tipping points for thresholds are identified in Chart #13.⁶³

62 Kentucky Council on Postsecondary Education, “Investigating the Financial Tipping Point: The Effect of Unmet Financial Need on Retention of First-time, In-state Students at Kentucky Public Colleges and Universities, 2023, <https://www.cpe.ky.gov/data/reports/unmetneedreport-2023.pdf>.

63 CPE, “Investigating the Tipping Point”

Chart #13: Student Unmet Need as a Factor of Retention

Table 4. Unmet Need Endangers Retention of Students from Vulnerable Populations						
Unmet Need Amount	Retention Likelihood: 4-Yr. Comps, AY 2020-21			Retention Likelihood: 2-Yr. Institutions, AY 2020-21		
	All Students	URM	Low-Income	All Students	URM	Low-Income
Zero Unmet Need	87%	87%	92%	74%	73%	82%
\$5,000 Unmet Need	82%	79%	85%	63%	59%	65%
\$10,000 Unmet Need	75%	69%	75%	50%	42%	44%
\$15,000 Unmet Need	67%	57%	62%	38%	28%	25%
\$20,000 Unmet Need	58%	43%	46%	26%	17%	12%

Research on KCTCS students has revealed several findings about how students manage unmet financial need. These methods vary depending on the student’s personal life demands, including work and children. To reduce financial unmet needs, students will rely on savings, wages, or take out loans.

- Twenty-nine percent (29%) of parenting KCTCS students used their personal savings to pay for college and 56% used employment wages as a resource. Only 3%, however, paid for college solely with their savings and wages.⁶⁴
- KCTCS students have families and tend to work more than is recommended by the Lumina Foundation. Lumina recommends that students work no more than 10 hours per week to be academically successful. Trellis Strategies conducted a study of KCTCS students in 2022-2023, however, that showed 63% of parenting KCTCS students work at least 40 hours per week and 43% of non-parent students work at least 40 hours per week.⁶⁵
- In 2022-2023, the majority (69.7%) of KCTCS students who graduate do so without debt. Below are Charts #14, #15, and #16 from the Kentucky Council on Postsecondary Education (CPE) 2024 Report on Kentucky Undergraduate Student Debt Levels which show the average debt for all KCTCS graduates is \$4,138. Only one-third of these graduates (30.3%), however, took out loans. Loans averaged \$13,644 per borrower. Comparable data for the public four-year institutions in Kentucky are that the average debt of all four-year graduates was \$18,674. Over half of the graduates (56.0%) took out loans that averaged \$33,317 per borrower. Five- and Ten-Year Trends for Undergraduate Degree and Credential Completers at Public Universities and KCTCS can be found at <https://cpe.ky.gov/data/reports/debtreport-2024.pdf>.

64 Fletcher, C., Cornett, A. & Willems, A. “Student Financial Wellness Survey Fall 2023 Report: Parenting Students at Kentucky Community and Technical College System”, May 2024, (Trellis Strategies).

65 Fletcher, C. et al. *Student Financial Wellness*.

Chart #14: Average Amount of Federal and Private Loans for all KCTCS Undergraduate Completers (including students with zero debt)⁶⁶

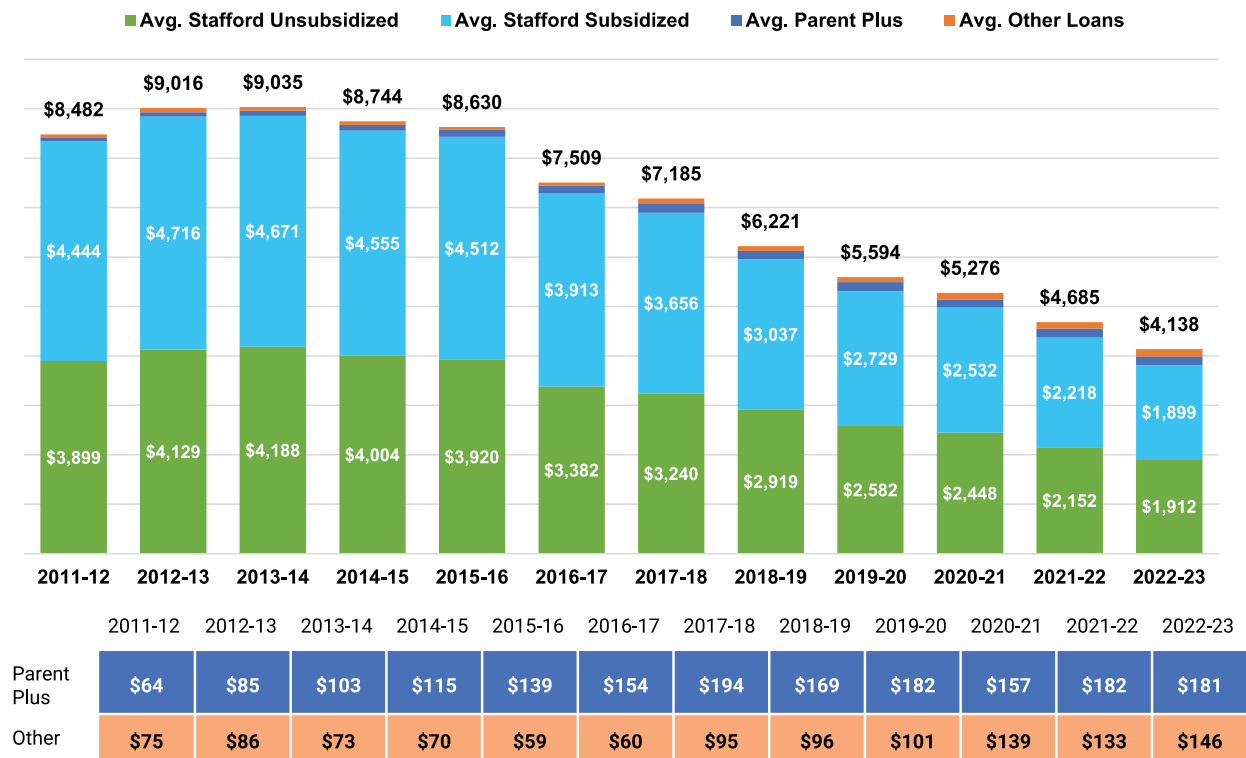
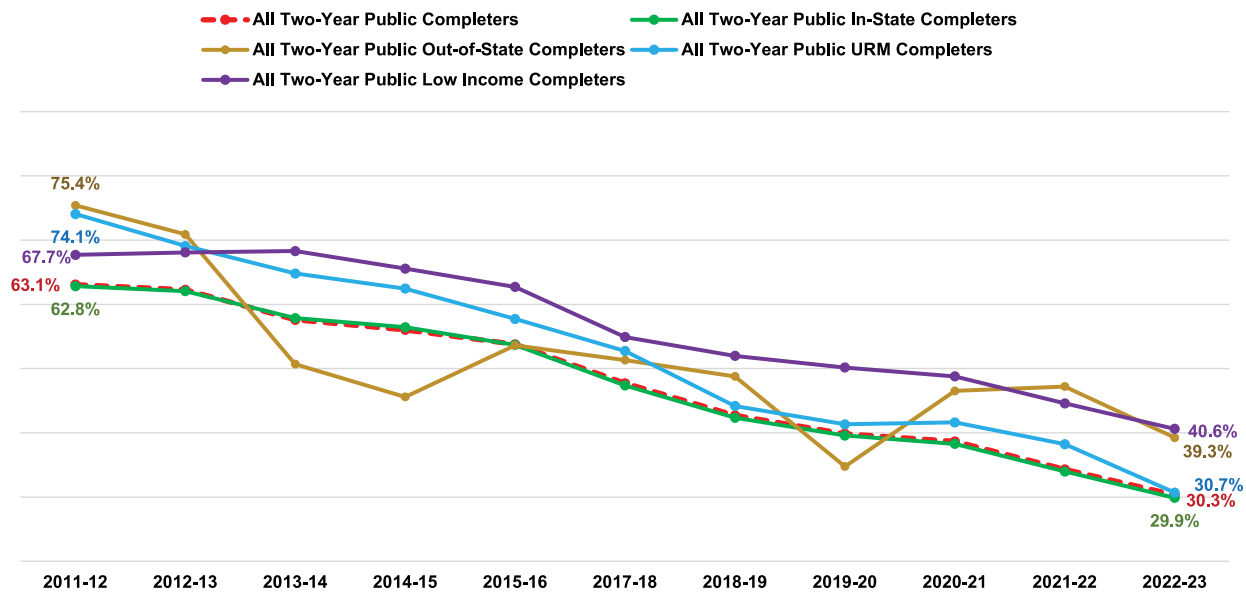


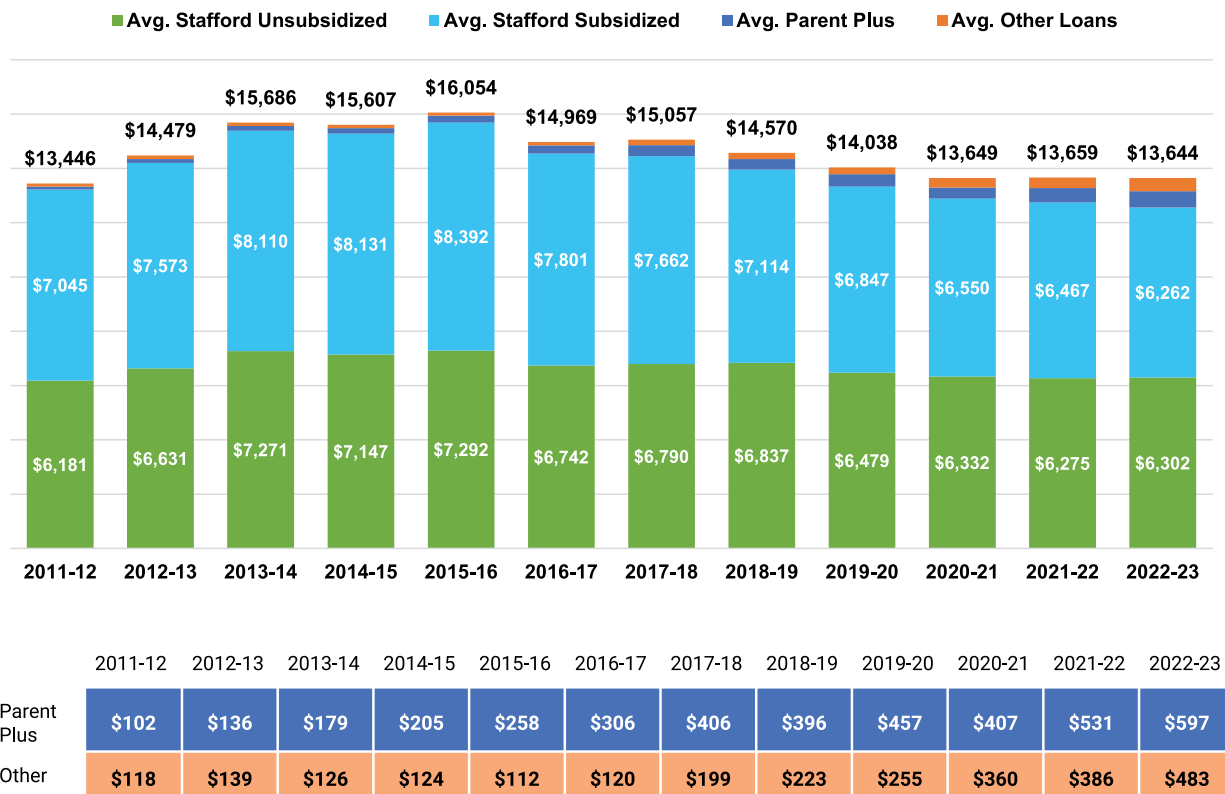
Chart #15: Percentage of KCTCS Completers with Loan Debt (including completers with zero debt) Overall and for Select Populations.⁶⁷



66 Kentucky Community and Technical College System, Office of Research and Policy Analysis, "Average Amount of Federal and Private Loans for all KCTCS Undergraduate Completers, 2024.

67 KCTCS:ORPA, Average Amount of Loans.

Chart #16: Average Loan Balances for KCTCS Completers with Debt (excluding students with Zero debt) by Loan Type.⁶⁸



Note: The average debt level is defined by the US Department of Education’s College Score Card as “The median cumulative federal debt of undergraduate borrowers who graduated. The amount shown includes only federal loans originated at the school awarding the credential; it excludes private student loans, Parent PLUS loans, and federal loans originated at previously attended schools. This value includes federal loan debt from all undergraduate borrowers that completed their program.”⁶⁹

An analysis regarding college attainment affordability at KCTCS would not be complete without noting the average KCTCS cohort default rate is 3.8%. So, of the 30.3% of KCTCS graduates who borrow money to pay for the cost of attending college, only 3.8% fail to pay back their loans. The national default rate for community college students three years after they enter repayment is approximately 11.5%.⁷⁰ This is notably higher compared to the overall average default rate for all postsecondary institutions of 5.47%.⁷¹

68 U.S. Department of Education, “College Scorecard”, 2024, <https://collegescorecard.ed.gov/>.

69 U.S. DoE, *College Scorecard*.

70 Community College Daily, “Default Rates Continue Downward Trend”, September 9, 2021, <https://www.ccdaily.com/2021/09/default-rates-continue-downward-trend>.

71 Hanson, M. “National Student Loan Default Rate [2021]: Delinquency Data, January 8, 2022, <https://educationdata.org/student-load-default-rate>.

KCTCS graduates take loans in small percentages, pay back their loans consistently and receive positive rates of return for the investment they make.

Justin Draeger, former President/CEO of the National Association of Student Financial Administrators, frames affordability as a lost opportunity cost that students pay. He said the biggest cost to students is not tuition and housing but rather the forgone wages the student could earn while enrolled in college.⁷² A 2024 Lightcast economic impact study of KCTCS valued this opportunity cost at a present value of \$315.9 million, equal to \$154.7 million in out-of-pocket expenses (including future principal and interest on student loans) and \$161.2 million in forgone time and money.⁷³

Pell Grant Analysis

Federally funded Pell Grants are the single largest source of grants for postsecondary education. A discussion of college affordability must include an understanding that all federal and most state financial aid requires the completion of the Free Application for Federal Student Aid (FAFSA). The FAFSA qualifies students and their families for grants and loans at nearly all two- and four-year colleges, universities, and career schools.

Incidentally, FAFSA completion is strongly associated with postsecondary enrollment. Ninety-two percent (92%) of seniors who completed the FAFSA enrolled by November following their high school graduation versus 51% who did not complete a FAFSA.⁷⁴ Clearly, FAFSA completion expands access to a postsecondary education credential. Also, Pell Grants do not need to be paid back, resulting in no, or low, student loan debt.

For the 2024-25 award year, qualifying full-time students are eligible for an annual maximum of \$7,295 in Pell Grant aid. In comparison, full-time KCTCS students (enrolling in 12 credit hours in Fall 2024 and 12 credit hours in the Spring 2025) would pay \$4,536 in tuition.

The Kentucky Higher Education Assistance Authority (KHEAA) reports that FAFSA completion rates have been declining in Kentucky and across the nation even before the COVID-19 pandemic. Reportedly, one of the primary reasons students do not complete the FAFSA is because they did not think they were eligible. However, according to student loan lender Sallie Mae's 2021 "How American Pays for College" study, nearly half of Kentucky's high school class of 2021 qualified for Pell Grants on an average amount of \$4,448.⁷⁵

Only 55% of Kentucky's high school class of 2021 completed their FAFSA, which means Kentuckians left \$54.4 million in Pell Grant aid unused.⁷⁶

72 Lederman, D. (Host) *FAFSA, Affordability and Financial Aid's Future; Key Podcast (audio podcast)*, May 31, 2024, *Inside Higher Ed*.

73 Lightcast, "Economic Impact Study on the Kentucky Community and Technical College System", 2024.

74 National College Attainment Network, "Universal FAFSA Completion with Supports", 2024.

75 Sallie Mae, "How America Pays for College", 2021.

76 CPE, "Investigating the Tipping Point".

With Kentucky's college-going rates lower than the national average, it may want to fully leverage available federal financial aid and boost postsecondary enrollment by considering making FAFSA completion a high school graduation requirement. States including Alabama, Louisiana, and Texas adopted universal FAFSA policies that make FAFSA completion a requirement for high school graduation. Louisiana, the first state to implement such a requirement, saw increases in FAFSA filing, high school graduation, and postsecondary enrollment rates. Additionally, Louisiana effectively closed the gap in FAFSA completion between "low-income" and "high-income" school districts with disparate districts now having nearly equal completion rates.⁷⁷

Return on Investment Analysis

The question of KCTCS's affordability ultimately relies on an individual student's analysis of whether the necessity of college attainment is worth the cost of college attainment. The return on a college attainment investment is well documented.

In exchange for their investment, students at KCTCS can expect a continuous increase in their future earnings throughout their careers. For instance, an average KCTCS associate degree graduate from the 2022-23 academic year will earn \$9,900 more annually than someone with only a high school diploma in Kentucky. Over a lifetime, this translates to an additional \$405,900 in earnings per graduate. According to Lightcast, for every dollar students spend on their education at a KCTCS college, including out-of-pocket costs, lost time, and income, they will gain a total of \$6.50 per hour in higher future earnings.

Kentucky's Council on Postsecondary Education (CPE) 2024 Progress Report shows the median annual wages after graduation in Kentucky 3 years after earning an associate degree is \$37,485; after 5 years, the amount is \$40,106; and after 10 years, the amount is \$46,666.⁷⁸

As shown in chart #17 (Kentucky Council on Postsecondary Education, 2024), earning potential increases with college attainment levels. Kentuckians with an associate degree will have lifetime earnings ranging from \$1.5 to \$3.0 million.

77 National College Attainment Network, *Universal FAFSA Completion*.

78 Kentucky Center for Statistics, "Tableau Report: Postsecondary Feedback Report", 2024, <http://kystats.ky.gov/Latest/PSFR>.

Chart #17: Lifetime earnings by highest educational attainment

Category	Lifetime earnings range		Median lifetime earnings
	low	high	
Less than high school	\$965,073	\$2,007,511	\$1,371,843
High school diploma/ GED	\$1,194,262	\$2,425,295	\$1,698,150
Some college	\$1,368,399	\$2,773,331	\$1,945,356
Associate's degree	\$1,487,689	\$2,998,867	\$2,159,458
Bachelor's degree	\$1,946,189	\$4,127,220	\$2,856,359
Master's degree	\$2,222,301	\$4,081,336	\$2,819,806
Doctoral degree	\$2,776,634	\$5,868,243	\$3,810,966
Professional degree	\$2,829,201	\$8,979,057	\$4,327,336

When compared to 4,500 colleges and universities across the nation (Chart #18), KCTCS colleges ranked high when considering their earnings to net price return: All 16 KCTCS Colleges ranked in the top 12%. The *earnings - price return* column expresses the degree to which earnings ten years after enrollment are above or below the net price (in percent). This ratio, averaged from the percentages of all KCTCS Colleges, was 495%. The *earnings-debt return* column expresses the degree to which earnings 10 years after enrollment are above or below the median total debt. KCTCS colleges averaged a ratio of 353%.⁷⁹

Chart #18: KCTCS Colleges' Ranking Compared to 4,500 Higher Education Institutions – Earnings, Debt, and Earnings-to-Debt Return

Institution	Earnings-price return rank	Earnings-price return	Earnings-debt return rank	Earnings-debt return
Ashland Community and Technical College	485	461%	1597	282%
Big Sandy Community and Technical College	395	519%	1317	317%
Bluegrass Community and Technical College	530	444%	838	400%
Elizabethtown Community and Technical College	464	480%	721	431%
Gateway Community and Technical College	451	490%	1183	336%
Hazard Community and Technical College	312	578%	1523	291%
Henderson Community College	369	534%	1394	307%
Hopkinsville Community College	545	437%	1149	340%

79 Center on Education and the Workforce, "Ranking 4,500 Colleges by ROI", 2022, <https://cew.georgetown.edu/cew-reports/roi2022/>.

Institution	Earnings-price return rank	Earnings-price return	Earnings-debt return rank	Earnings-debt return
Jefferson Community and Technical College	476	470%	851	396%
Madisonville Community College	348	548%	777	416%
Maysville Community and Technical College	525	447%	1865	257%
Owensboro Community and Technical College	369	534%	457	509%
Somerset Community College	411	510%	2082	242%
Southcentral Kentucky Community and Technical College	350	547%	1007	365%
Southeast Kentucky Community	474	471%	966	374%
West Kentucky Community and Technical College	505	454%	908	385%
Average of all KCTCS Colleges	438	495%	1165	353%

Tuition Affordability Determination

Based on the variety of analysis methods used in this study, the researchers found that tuition rates are affordable. However, a need to make college more affordable would benefit all Kentucky citizens, especially those who are working adults with families to support while enrolled. Both students and the Commonwealth experience substantial rates of return on educational investments at KCTCS.

Desired/Future State of Tuition Affordability

In 2023-2024, KCTCS enrolled 107,108 credential-seeking (56.2%), high school (33.8%), and other (9.8%) students. Of the total students, 76.1% of the credential-seeking students, 20.5% of the high school students, and 3.3% of the other students enrolled full-time (12 credit hours or more).⁸⁰ KY STATS reported over the past five years that an average of 72.42% of KCTCS credential-seeking students enrolled at a four-year institution or were employed in Kentucky and earned a wage greater than, or equal to, the federal poverty level in the following academic year.⁸¹

Kentucky's working adult population with postsecondary education credentials must increase to be competitive with other states in the nation.

Kentucky, however, consistently loses ground to its competitor states in the percentage of prime-aged working adults who have at least two years of post-secondary education. In 2020, nearly 38% of Kentucky's prime working-age population had at a minimum, some college, but the state trails competitor states (44%) and the U.S. (45%). Kentucky's working-age adult population (25 to 54

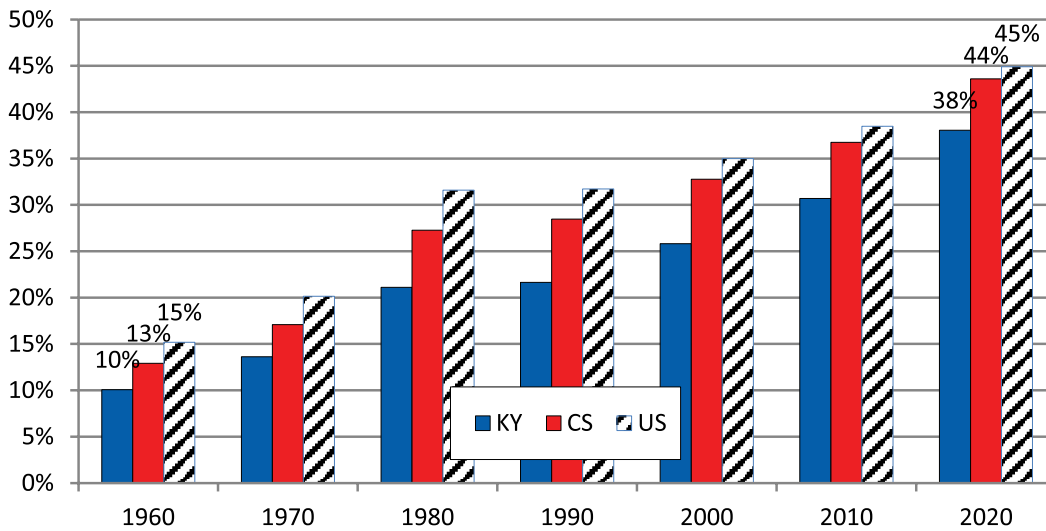
⁸⁰ KCTCS/ORPA, *KCTCS Enrollment 2023-2024*.

⁸¹ KYSTATS, *Postsecondary feedback report, 2024*.

years old) with at least two years of postsecondary education increased from 10% in 1960 to 38% in 2020. Projections suggest a continuation of this trend, which will aid in the achievement of the Kentucky Council on Postsecondary Education’s (CPE’s) goal of 60% of the state’s population earning a postsecondary credential by the year 2030.⁸² The 2024 Kentucky Annual Report, however, indicates that the Commonwealth falls behind its competitors in the metric of the percentage of a state’s population of prime-aged working adults with two or more years of postsecondary education. There is a consistent gap between Kentucky, its competitor states, and the U.S., as illustrated in the Chart #19.⁸³

Chart #19: Two or More Years of Post-secondary Education, Kentucky, Competitor States, and the US

**Two or More Years of Post-Secondary Education,
Kentucky, Competitor States, and the U.S.**
(prime working-age adults, 25 to 54 years old)



Source: Author’s analysis of U.S. Census Bureau data from Steven Ruggles, Sarah Flood, Ronald Goeken, Megan Schouweiler and Matthew Sobek. IPUMS USA: Version 12.0 [1960 5% sample; 1970 Form 1 State 1%; 1980, 1990, & 2000 5% samples; 2010 & 2020 ACS 5-Year]. Minneapolis, MN: IPUMS, 2022. <https://doi.org/10.18128/D010.V12.0>

To combat this trend, KCTCS examined either expanding the Commonwealth’s Work Ready Kentucky Scholarship (WRKS) program or implementing a Promise style scholarship like Tennessee’s, which has allowed 15,000 recent high school graduates annually to earn a college degree (for a total of 50,000 students since the program’s inception). An analysis and comparison between Kentucky’s WRKS and Tennessee’s Promise follows.

82 University of Kentucky Gatton College of Business and Economics, “Kentucky’s Annual Economic Report”, 2024, <https://cber.uky.edu/sites/cber/files/publications/CBER%20AER%202024%20WEB.pdf>

83 U.S. Census Bureau, 2022, <https://www.ipums.org/projects/ipums-usa/d010.v12.0>

Work Ready Kentucky Scholarship Analysis

KCTCS students receiving the Work Ready Kentucky Scholarship (WRKS) achieve higher degrees of success when compared to other students in the same programs that did not receive the scholarship. According to research conducted by the Kentucky Community and Technical College System (KCTCS) Office of Research and Policy Analysis (ORPA)⁸⁴, KCTCS WRKS recipients:

- Had higher course pass rates (+8.4 percentage points)
- Had higher fall-to-fall retention rates (+19.0 percentage points)
- Earned more credentials per student over a one-year (+.26%), two-year (+.76%), and three-year period (+0.79%)
- Earned a credential more quickly (approximately 6 months sooner)
- Had higher job placement rates (+6.2 percentage points)
- Earned a higher wage (+\$1,028 in quarterly earnings)

The average unmet financial need for students at KCTCS who did not receive WRKS was \$6,098 per year. In 2021-22, the Work Ready Kentucky Scholarship program reduced the unmet financial need for students receiving the scholarship by approximately \$1,000 dollars per student, decreasing their need to take out student loans (unmet need decreased from \$2,853 to \$1,818). Because WRKS is a last-dollar-in scholarship focused on tuition and fees, it supports middle class and higher income individuals while Pell and other grants/scholarships cover most tuition/fees for lower income families. The average total family income of individuals who received the WRKS scholarship in 2021-22 was nearly \$100,000 versus \$40,000 for students who did not receive the WRKS.⁸⁵ The effect of a last dollar-in design is illustrated in Chart #20.

Chart #20: Work Ready Kentucky Scholarship Scenarios

	100% Pell Eligible Student Example	Partial Pell Student Example	Non-Pell Student Example
Tuition/mandatory fees	\$4,560	\$4,560	\$4,560
Gift aid (Pell, KAP, etc.)	\$4,560	\$3,250	\$0
Gap between grant aid and tuition/required fees	\$0	\$1,310	\$4,560
Work Ready Kentucky Scholarship award amount	\$0	\$1,310	\$4,560

KCTCS colleges enroll more than 13,000 credential-seeking students each summer. However, there are insufficient WRKS dollars to support students enrolled in summer courses. Sometimes the funding is exhausted by the end of the Fall semester. Increasing scholarship support would further minimize and/or remove financial barriers to education and training for students, better enabling KCTCS to quickly supply skilled talent to meet workforce demand.

84 KCTCS/ORPA, *Work Ready Kentucky Scholarship Analysis, 2023*.

85 See Above

Expanding the WRKS program to support degree-seeking students pursuing associate in arts and associate in science degrees designed for transfer to a 4-year college or university would enhance KCTCS’s ability to meet demand for higher-skilled occupations. According to the Kentucky Center for Statistics, Kentucky will need to fill more than 70,000 job openings for childcare providers, police officers, and P-12 teachers by 2031. The Commonwealth has a critical shortage of these occupations, all of which require four-year degree preparation.

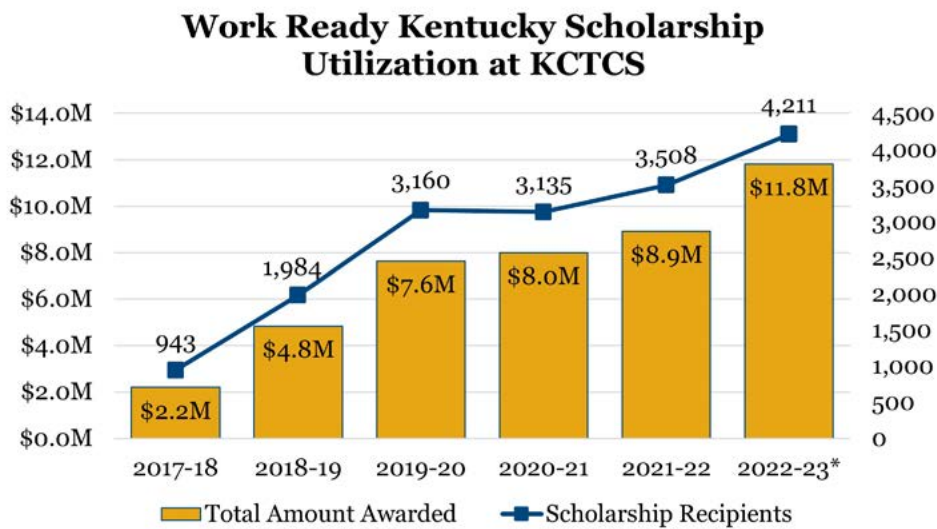
Work Ready Kentucky scholarship program awarded \$11,768,997 to 4,189 students in 2022-23, as seen in Chart #21.⁸⁶

Chart #21: WRKS Recipients and Award Amounts by Targeted Industry Sector in 2022-2023

WRKS Recipients and Award Amounts by Targeted Industry Sector in 2022-23 (Preliminary)		
Sector	Recipients	Amount Awarded
Advanced Manufacturing	725	\$ 2,331,132
Business and IT	1,156	\$ 3,293,577
Construction	517	\$ 1,731,238
Healthcare	1,530	\$ 3,673,856
Transportation and Logistics	261	\$ 739,194

In recent years, Work Ready Kentucky Scholarship funding has been depleted during the middle of the academic year, leaving many students without this financial assistance. This amount was the largest investment made over the previous six years of the scholarship program’s existence. Chart #22 reviews WRKS investments from 2017-2018 till 2023-2023 academic years.⁸⁷

Chart #22: Work Ready Kentucky Scholarship Utilization at KCTCS



86 KCTCS/ORPA, *Work Ready Kentucky Scholarship Analysis, 2023*.

87 KCTCS/ORPA, *Work Ready Kentucky Scholarship Analysis, 2023*.

Compare Kentucky’s level of funding with that of Tennessee. The Tennessee Promise, like Kentucky’s Work Ready Kentucky Scholarship, employs a last-dollar design. The Tennessee Promise is intended for recent high school graduates only and has enrolled an average of 16,300 students per year for an average investment of \$25,899,842 per year or \$1,588.95 per student per year, as seen in Charts #23.⁸⁸

Chart #23: Tennessee Promise Scholarship by Year, Cost, and Enrollment

Tennessee Promise		
Academic Year	Total Cost	Enrolled
2015-2016	15,124,770	16,206
2016-2017	25,002,594	17,172
2017-2018	28,013,214	17,782
2018-2019	28,593,204	18,054
2019-2020	32,284,494	16,987
2020-2021	30,213,350	16,886
2021-2022	25,776,761	13,695
2022-2023	22,190,350	13,616
Total Investment	207,198,737	130,398
Average cost per year	25,899,842	
Average students enrolled per year	16,300	

Tennessee has additionally implemented a more recent scholarship program, Tennessee Reconnect, which is intended for adult students returning to college and has had an average of 12,255 students per year participating in the adult-focused program for an average investment of \$30,005,737 per year or \$2,448.45 per student per year, as seen in Chart #24.⁸⁹

Chart #24: Tennessee Reconnect Scholarship – Cost and Enrollment by Year

Tennessee Reconnect		
Academic Year	Total Cost	Enrolled
2018-2019	29,651,193	12,382
2019-2020	31,296,679	12,735
2020-2021	29,069,338	11,648
Total Investment	90,017,210	36,765
Average cost per year	30,005,737	
Average students enrolled per year	12,255	

Community and Technical College credentials can be more accessible and help students manage unmet financial needs if Kentucky alters policies associated with the Work Ready Kentucky Scholarship program.

88 Tennessee Higher Education Commission and Tennessee Student Assistance Corporation, “TN Promise Annual Report”, 2023, <https://www.tn.gov/thec/research/tn-promise-annual-report.html>.

89 *TN Promise Annual Report*

Modify and expand the Work Ready Kentucky Scholarship Program

Kentucky needs to invest at levels similar to competitor states and in strategies that will increase the number of postsecondary credentials completed in order to remain competitive in metrics related to postsecondary attainment rates. To that end, KCTCS recommends modifying the design of the Work Ready Kentucky Scholarship program to minimize the level of KCTCS students' unmet need, ensuring college affordability for Kentucky citizens.

- Restructure funding criteria to ensure support is available for students with the greatest need. This should be done by adding a stipend for students who qualify for federal financial aid.
- Expand scholarship eligibility to encompass fields that provide significant social utility and are critical to economic vitality to meet the workforce needs of the Commonwealth. Expansion should include all disciplines offered, including the associate of arts and associate of science degrees designed for transfer to a four-year college or university.
- Increase WRKS funding to support students enrolled in summer courses.

Based on the research within this study, further investments into statewide financial aid could dramatically improve expanded workforce training and production. Expanding the existing infrastructure of an already popular and effective Work Ready Kentucky Scholarship program appears to be the most cost effective, expeditious, and least disruptive path forward.

Determinations and Recommendations

- KCTCS graduates take loans in small percentages, pay back their loans consistently and receive positive rates of return for their educational investment.
- Expand the credential eligibility and funding for the Work Ready Kentucky Scholarship program to include:
 - All KCTCS Associate of Applied Science degrees (Technical Degrees)
 - Associate of Arts and Associate of Science degrees (Transfer Degrees) in high demand transfer pathways/Meta Majors (such as education, engineering, social work, accounting, etc.)
 - Allow KCTCS students to access the Work Ready Kentucky Scholarship during summer terms
 - Include a \$1,000 annual stipend for Pell-eligible students

(8) The personnel system for KCTCS employees

Introduction

The Administrative work team studied the current personnel system for KCTCS employees. The personnel system refers to the structured framework and processes used by an organization to manage its workforce. Components of a personnel system include recruitment and selection, training and development, performance management, compensation and benefits, employee relations, and compliance.

For the purposes of this analysis, it is important to note that there is a significant distinction between a personnel system and an employee's retirement system. The primary focus of the analysis conducted was related to employee benefits.

Current State

KCTCS currently administers four personnel systems. Three of these personnel systems (UK, 151B, 18A) are the result of commitments made to employees when the Kentucky Community and Technical College System was created. The creation of KCTCS involved the merger of the University of Kentucky Community Colleges with the institutions that were known collectively as Kentucky Tech. Currently, only 81 employees remain in the UK, 151B, and 18A personnel systems. With 3,860 total KCTCS employees, this represents only 2% of the KCTCS workforce. Of the 81 employees, 74 participate in the UK personnel system, four participate in the 151B personnel system, and three participate in the 18A personnel system.

Research/Considerations

Analyses of the personnel systems focused specifically on the functions related to efficiencies, legal, compliance, reporting, personnel management, and employee experience.

- Efficiencies
 - Payroll: Currently, KCTCS runs multiple payroll cycles, as UK employees are paid currently while KCTCS employees are paid in arrears.
 - Benefits: There are currently two open enrollment cycles, UK (April) and KCTCS (October). UK benefits operate using the fiscal year while KCTCS benefits operate on a calendar year.
 - Policy/Procedure: Multiple administrative processes unique to each personnel system currently exist.
- Legal, Compliance, and Reporting
 - Each personnel system has policies and procedures specific to that system that must be kept current. This can increase opportunities for misinterpretation and application. Policies and procedures must reflect state laws, federal laws, and regulations, all which may periodically change. If policies are interpreted incorrectly based on a particular personnel system, there could be legal risk.
 - There could be legal ramifications for the System when making changes to personnel systems currently in place.

- Personnel Management
 - There are different employment statuses that apply to each personnel system. Each status, along with their corresponding policies/procedures, create unique approaches/requirements to employee relations.
- Employee Experience
 - There is a need for consistent communication with employees to maintain understanding of differences between personnel systems and the details associated with their specific personnel system.

While managing four separate personnel systems can be cumbersome, eliminating any of the four personnel systems could have damaging effects on employee morale. Honoring the commitment made to employees 25 years ago has emerged as an important consideration.

All employees in the 151B, 18A, and UK personnel systems are currently eligible to retire. This means that, through attrition, KCTCS will eventually operate with one personnel system.

To reach the following recommendation, appropriate consideration was given regarding the functions associated with managing four personnel systems, the feedback from KCTCS employees and the Board of Regents, and the commitment made to employees when the System was formed.

Recommendation:

With careful consideration of the impact on Kentucky Community and Technical College System employees, KCTCS will maintain the current structure of the personnel systems while continuing to monitor organizational effectiveness.

(9) Effectiveness and affordability of dual credit course offerings

Background

A Dual Credit course allows a student to earn college credit and high school credit simultaneously. The course may be taught on a college campus or at a high school, but it will be associated with a college or university.

To qualify as Dual Credit, courses must comply with [KRS 158.007\(8\)](#) which defines Dual Credit as *“...a college-level course of study developed in accordance with [KRS 164.098](#) in which a high school student receives credit from both the high school and postsecondary institution in which the student is enrolled upon completion of a single class or designated program of study⁹⁰.”*

Dual Credit courses are taught through a variety of modalities, including:

- **Exclusively Online:** Online Learning (sometimes also referred to as Distance Learning or Distance Education) is education that delivers instruction to students who are separated from the instructor or instructors, and that supports regular and substantive interaction between students and instructor(s) either synchronously (students are required to log in and participate in class at a specified time each week) or asynchronously (online learning that allows students to view instructional materials each week at any time).
- **Exclusively In-Person:** In-person learning is any form of instructional interaction that occurs “in person” and in real time between teachers and students or among colleagues and peers.
- **Hybrid Online and In-Person:** Hybrid learning is where students learn through a mix of in-person and online activities.

Current State

Kentucky’s 171 school districts each administer Dual Credit and early college programs independently, leading to an inconsistent and often fragmented approach to statewide Dual Credit education. This lack of a unified strategy means that each district determines its own methods for integrating Dual Credit into state accountability measures for college and career readiness.

Many high schools use multiple Dual Credit providers at once, adding to the complexity and lack of cohesion. Additionally, there is a significant misalignment between the Kentucky Department of Education’s accountability measures and the requirements set by the Council on Postsecondary Education (CPE) and the Kentucky Community and Technical College System (KCTCS). This misalignment poses challenges for creating a statewide Dual Credit strategy, especially for career and technical education pathways that are intended to support students’ seamless transitions into the workforce.

In Fall 2021, data from IPEDS revealed that KCTCS delivered 61% of all Dual Credit courses. While KCTCS is a major provider, many colleges and universities across the state offer Dual Credit courses with varying standards, quality control measures, and focus areas based on their specific degree requirements. As

90 <https://cpe.ky.gov/ourwork/dualcredit.html>

a result, students may earn credits from one institution only to face hurdles when enrolling at another institution. With no designated authority or “owner” of Dual Credit, confusion persists around the purpose, structure, and implementation of these programs, hindering efforts to streamline college readiness and workforce preparation for Kentucky students.

According to the KHEAA website⁹¹, Kentucky colleges and universities offering Dual Credit have agreed to:

- Charge no more than the Dual Credit tuition ceiling rate, which is one-half of the KCTCS hourly tuition rate for all Dual Credit classes taken by Kentucky high school and home school students regardless of scholarship eligibility.
- Charge no additional fees to Dual Credit students including, but not limited to, lab fees, special equipment and admission/application fees.

The most recent list of participating colleges cites the following 39 institutions, including the 16 KCTCS colleges:

- Alice Lloyd College
- Asbury University
- Ashland Community and Technical College
- Bellarmine University
- Big Sandy Community and Technical College
- Bluegrass Community and Technical College
- Brescia University
- Campbellsville University
- Eastern Kentucky University
- Elizabethtown Community and Technical College
- Gateway Community and Technical College
- Hazard Community and Technical College
- Henderson Community College
- Hopkinsville Community College
- Jefferson Community and Technical College
- Kentucky Christian University
- Kentucky State University
- Kentucky Wesleyan College
- Lindsey Wilson College
- Madisonville Community College
- Maysville Community and Technical College
- Midway University
- Morehead State University
- Murray State University
- Northern Kentucky University
- Owensboro Community and Technical College
- Simmons College of Kentucky
- Somerset Community College
- Southcentral Kentucky Community and Technical College
- Southeast Kentucky Community and Technical College

91 <https://www.kheaa.com/web/scholarships-grants.faces#dualCred>

- Spalding University
- Thomas More University
- Union Commonwealth University
- University of Kentucky
- University of Louisville
- University of Pikeville
- University of the Cumberlands
- Western Kentucky University
- West Kentucky Community and Technical College

KCTCS colleges currently represent 41% of the postsecondary institutions that offer Dual Credit in Kentucky. Moreover, KCTCS colleges currently have formal partnerships with approximately 399 high schools within the Commonwealth’s 171 school districts.

As seen in Chart #25, for the 2023-24 academic year, KCTCS served 35,000 of the 49,076 students throughout the Commonwealth who enrolled in Dual Credit coursework. This means that while KCTCS only represents 41% of the Dual Credit institutions, its 16 Colleges served 71% of all Dual Credit students in Kentucky. This has also been acknowledged by the Kentucky Council on Postsecondary Education (CPE) when in 2022, CPE shared a new article affirming that, at that time, KCTCS provided 70% of all Dual Credit coursework⁹².

Chart #25: Dual Credit Enrollment (from Council on Postsecondary Education Dual Credit Dashboard)

		Summary							
Sector		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Public Universities	Dual Credit Students	11,065	12,977	12,838	13,196	12,195	12,426	13,572	13,930
	Earned Credit Hours	56,421	68,049	65,425	68,235	62,730	62,177	71,382	72,999
	Total Credit Hours	67,126	82,739	80,713	80,828	73,476	75,460	85,602	87,665
KCTCS	Dual Credit Students	14,498	16,574	18,355	20,936	20,666	25,431	31,074	35,000
	Earned Credit Hours	94,912	114,950	131,331	148,019	149,947	179,815	215,466	242,011
	Total Credit Hours	102,445	124,663	142,339	160,231	166,157	194,524	232,845	262,325
AIKCU	Dual Credit Students	4,502	5,214	5,722	6,667	6,011	6,278	6,666	7,433
	Earned Credit Hours								
	Total Credit Hours	27,503	30,994	33,950	41,840	37,484	37,359	34,467	38,219
Total	Dual Credit Students	26,023	29,613	31,724	34,900	33,453	37,938	44,627	49,076
	Earned Credit Hours	151,333	182,999	196,756	216,254	212,677	241,992	286,848	315,010
	Total Credit Hours	197,074	238,396	257,002	282,899	277,117	307,343	352,913	388,209

As outlined in the Background section, Dual Credit courses may be delivered by a variety of modalities. Chart #26 provides a breakdown of KCTCS Dual Credit delivery modality between the 2012-13 academic year and the 2018-19 academic year.

92 <https://cpe.ky.gov/news/stories/new-report-shows-enrollment-stabilizing.html>

Chart #26: Course Modalities and Locations for Classes taken by High School Seniors

"Senior Cohort Year"	"Senior Cohort Size"	Modality			Location		
		"Exclusively In-Person"	"Exclusively Online"	"Mixed Modalities"	"Exclusively at KCTCS Location"	"Exclusively at High School"	"Mixed Locations"
2012-13	7,140	85.5%	3.3%	9.7%	30.3%	53.4%	14.7%
2013-14	7,808	84.1%	3.3%	11.2%	29.2%	55.4%	13.7%
2014-15	7,627	80.9%	3.8%	13.7%	24.8%	59.2%	14.5%
2015-16	8,208	78.4%	4.9%	15.4%	26.9%	56.3%	15.1%
2016-17	8,832	74.2%	6.6%	18.5%	29.0%	54.1%	16.0%
2017-18	10,089	67.3%	9.8%	21.5%	34.4%	47.9%	16.3%
2018-19	10,779	67.4%	10.2%	23.8%	34.8%	46.0%	18.3%

Notes: Percentages do not equal 100 due to unknown instructional modes (IB, IS) and locations.

Sources: CPE Official Data; DSS/KCTCS Unofficial Database

The Council on Postsecondary Education (CPE) has established a statewide goal that 50% of all high school students will take at least one Dual Credit course and earn a "C" or better by the year 2030⁹³. CPE's data shows that students who take Dual Credit courses are more likely to enroll in college, have a higher GPA, persist at higher levels, and obtain credentials than their counterparts who do not take Dual Credit. Dual Credit supports the overall goal of more Kentuckians earning a postsecondary credential, leading to an increase in the skilled talent pipeline.

To strengthen the positive statewide outcomes identified by the Council on Postsecondary Education (CPE), Kentucky would benefit greatly from an established and highly visible statewide strategy for Dual Credit that reduces barriers to college attainment and accelerates progression to students' academic goals. The plan would establish a statewide postsecondary plan for the Commonwealth that identifies how all the postsecondary assets are applied to achieve the goals of the state.

To meet the level of transparency and consistency needed for a more successful Dual Credit strategy, KCTCS recommends that it become Kentucky's designated sole provider for Dual Credit. The ownership of KCTCS in Dual Credit would leverage efficiency, shorten the time for credential attainment, and ensure lowered costs for students to achieve a CPE Credential of Value. Kentucky's Dual Credit scholarships and the maximum tuition rate permitted are both already based on KCTCS tuition rates, and as determined in Section 7 of this report, KCTCS tuition remains extremely affordable. Designating KCTCS as the sole provider of Dual Credit would reaffirm the role of KCTCS in increasing postsecondary access for more Kentuckians.

To support this work, KCTCS would need to advance its data collection ability to track each Dual Credit student and ensure that students are properly advised and enrolled in classes that meet their educational goals.

Other states have already taken the bold step of streamlining Dual Credit providers. Alabama, Iowa, and New Hampshire have all passed statutes that designate their 2-year institutions as the only institutions authorized to offer Dual Credit.

Recommendation:

- To ensure increased student achievement and greater alignment with Kentucky’s workforce needs, KCTCS should be the sole provider of Dual Credit.

KCTCS recognizes that CPE may not be able to immediately support this recommendation without additional study. Nevertheless, KCTCS believes a strong, coordinated, statewide Dual Credit approach is vital to CPE’s 60 by 30 goals, as well as an integral tool in addressing Kentucky’s talent pipeline needs.

(10) Transferability of associate's degrees to four-year institutions

Background

Effective transfer is a collaborative effort between the institutions transferring credit on behalf of students. KCTCS collaborates with all 8 in-state public universities, 12 in-state private universities, and numerous out-of-state institutions. Each institution has unique characteristics that must be considered when KCTCS transfer advisors provide guidance to KCTCS students.

While there is a statute to support the transferability of KCTCS credits to university partners, the established CPE General Education Transfer Policy and Implementation Guidelines only apply to general education courses (approximately half of the 60 credit hours required for an associate degree). The policy and implementation guide allows for general education requirements to be met, but university major requirements remain unmet. While this framework was an important advancement in 2012, it is time for the state-wide transfer policy to advance.

The current perception of the transferability of KCTCS courses and degrees is impeded by the complexity of transfer. KCTCS must prepare students for their desired major at their desired transfer institution. Requirements for majors vary from institution to institution, and each university communicates requirements differently. To streamline this process, KCTCS collaborates with transfer partners to create major-specific transfer pathway documents, each showing students and advisors the specific transfer requirements. Currently, KCTCS has over 300 transfer documents on file with in-state institutions. These individual documents must be reviewed and updated annually and are a challenge to maintain.

In 2011, the Kentucky legislature passed HB 160, which standardized the transfer process at Kentucky's public institutions⁹⁴. Specifically, HB 160 included the following items:

- Transferability of general education: Guarantees all six categories of general education courses will be accepted for transfer and degree credit, whether earned as individual courses or within multi-course blocks of gen ed.
- Common course numbering: Establishes a new statewide course numbering system for general education at KCTCS and a common catalog.
- Junior-level standing: Guarantees that graduates of an approved associate degree program will be admitted to junior-level standing at all public four-year institutions.
- Reduction of degree requirements: Encourages institutions to lower degree requirements to 60 credit hours for an associate and 120 for a baccalaureate.
- Priority admission: Guarantees graduates of an approved associate degree program priority admission to a state public university over out-of-state students if they meet the same admission criteria.
- Credit outside the classroom: Identifies courses and standard scores for awarding credit for AP, CLEP, IB, Cambridge International, and DSST exams based on the new Kentucky Standard Acceptable Scores for National Exams Table.

94 <https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=50209>

- Degree pathways: Outlines the appropriate courses at the community college level that will transfer toward credits needed to fulfill requirements for a bachelor's degree at a state university.
- Checks and balances: Requires institutions to notify CPE of any changes in programs or learning outcomes that will affect transferability.
- Appeals process: Establishes an appeals process regarding the transfer and acceptance of credits earned at another institution.

KCTCS is committed to working with the Kentucky Council on Postsecondary Education (CPE) to fulfill the statewide vision for transfer student success as outlined in the *Kentucky's Moment: A Statewide Vision for Transfer Student Success*⁹⁵. One solution to strengthen the seamless transfer of courses among Kentucky's public institutions would be to require each institution to implement statewide common course numbering for all 100- and 200-level courses.

Common course numbering would be one tool in a greater vision to create common curricular pathways for the top 10 baccalaureate majors needed to advance Kentucky's economy, advancing CPE's Strategic Agenda Priority to develop and expand "statewide transfer pathways in high-priority, high-impact workforce areas." The common curricular pathways would identify the courses needed at KCTCS for transfer to any of Kentucky's public universities. Requiring the same courses for transfer to any of the universities would streamline transfer for students and allow seamless mobility for students as they identify the best transfer destination for their needs. Additionally, the top 10 baccalaureate programs identified could be aligned with the currently developing definition and framework for Kentucky's Credentials of Value.

Recommendation:

- Building on HB 160 (2011), establish common course numbering for all public Kentucky institutions for 100- and 200-level courses.

KCTCS recognizes that CPE may not be able to immediately support this recommendation. However, serious consideration should be afforded to common course numbering as a first step toward greater alignment among all of Kentucky's public postsecondary providers with respect to course and program competencies.

95 <https://cpe.ky.gov/policies/academicaffairs/cpe-transfer-strategy.pdf>

(11) Outdated or conflicting statutory language

Introduction

The Administrative work team was tasked with reviewing the KRS Statutes that impact KCTCS. Statutes that are outdated or not reflective of the current needs of the System are recommended for updating and revision. Any statutes that have lapsed or are no longer necessary as the goal of the statute has concluded are recommended for elimination. The work team identified 17 KRS Statutes for review for changes, revisions, and/or elimination.

Current State

There are multiple statutes that create inefficiencies and are either outdated or no longer reflect current KCTCS processes or procedures. The Administrative work team, along with other KCTCS leadership, has reviewed the identified statutes. The goal for the future state of KCTCS is to eliminate statutes that create redundancies or additional workload for KCTCS employees and for the statutes to more accurately reflect the current and future needs of the System.

Research/Considerations

The work team has researched each of the identified statutes. The review has included internal study of the purpose, relevancy, and need of each statute. Work related to review of KRS statutes has also been dependent upon recommendations made from the SJR 179 work teams.

- Policy Review
 - As a review of statutes began, it became apparent that KCTCS current-state policies would need to be reviewed to support the future-state of the System based on legislative and leadership decisions.
 - A review of policies began alongside the SJR 179 work and will continue.
 - KCTCS has committed to supporting an Office of Compliance to ensure policies are current and appropriate for the needs of the System. The office will provide an ongoing review of policies for updates, revisions, and elimination to maintain efficiency across the System.
 - A Compliance Officer has been hired by KCTCS.
- Legal Review
 - KCTCS Office of the General Counsel (OGC) has reviewed statutes for possible change or elimination.
 - Individual Colleges were contacted and asked to review statutes that included the specific College.
 - OGC continues to research steps that may need to be taken to make changes to specific statutes.
- Administrative Work Team Review
 - The work team has reviewed the recommendations from OGC regarding each statute. OGC labeled each statute as one of the following:
 - ◇ Make no changes
 - ◇ Edit and revise
 - ◇ Repeal
 - The work team reviewed proposed language for revisions in statutes.

- SJR 179 Work Team Recommendations
 - Recommendations from the four other work teams (Governance and Organizational Structure, Academic Optimization, Student Pathways, and Affordability) have informed the work of the Administrative work team in the review of the Statutes.

Recommendations:

The table below contains the recommendations for each of the 17 KRS Statutes reviewed.

The table is color coded as follows:

- Green Signifies revisions to the statute
- Blue Signifies no revisions to the statute
- Orange Signifies a repeal of the statute

Statute	Description	Recommendation	Action/Justification
KRS 95A.020	Kentucky Fire Commission	Revise	Update and remove outdated language.
KRS 164.321	Boards of Regents for Eastern Kentucky, Morehead State, Murray State, Western Kentucky, Kentucky State, and Northern Kentucky Universities, and Kentucky Community and Technical College System	Revise	Revise to reflect recommendations of the Governance and Organization team.
KRS 164.350	General powers and duties of boards of regents	Revise	Revise to reflect recommendations of the Governance and Organization team.
KRS 164.580	Kentucky Community and Technical College System – Curricula – Goals – Degree Programs	Revise	Revise to reflect recommendations of the Academic Optimization team.

Statute	Description	Recommendation	Action/Justification
KRS 164.5805	Transfer of Assets, Liabilities, and staff positions of Kentucky Tech System – Employee Benefits and Salaries of Transferred Employees	No Revision	Personnel system remaining the same, no revision necessary.
KRS 164.5807	Governance and Management of Community Colleges – Transfer of Funds – Rules Governing Employees – Personnel System – Courses for Employees – Rights and Privileges of Students – Conflicts	No Revision	Personnel system remaining the same, no revision necessary.
KRS 164.583	Lower Division Academic Courses – Transfer of Credits	Revise	Updating outdated language. Use KCTCS in place of community college.
KRS 164.5833	Transferability of Course Work Accepted Prior to Establishment of System	Repeal	Due to passage of time, any outstanding course work transfer has been completed.
KRS 164.586	Personnel Dispute Resolution System	Repeal	Has been used twice since 1997. No other state universities have this. Legal Counsel recommends repeal. Personnel dispute resolution occurs through HR processes.
KRS 164.587	Medical and Accident Insurance Program for Students	Repeal	Wording says “KCTCS may,” but is not required. No other state universities have such a statute. Has never been offered.
KRS 164.588	Services and Property Furnished by University of Kentucky and Other Providers	No revision	Could impact BCTC if revised or repealed.
KRS 164.591	Location of Kentucky Community and Technical College System Headquarters and Community Colleges and Extension Centers	Revise	Update and remove outdated language. Revise to reflect recommendations of Governance and Organization team.

Statute	Description	Recommendation	Action/Justification
KRS 164.593	Paducah College May Be Included in System Pursuant to Agreement	No revision	Could impact WKCTC if revised or repealed.
KRS 164.594	Service Area of Prestonsburg Community College to Include Pike County	Repeal	Outdated language / terminology.
KRS 164.600	Boards of Directors for Community Colleges and Community and Technical Colleges	Revise	Revise to reflect recommendations of the Governance and Organization team.
KRS 164.602	Nominating Commissions for Appointments to Board of Directors	Repeal	Repeal to remove the nominating process.
KRS 164.786	Dual Credit Scholarship Program	Revise	Update language to reflect one-half (½) of the per credit hour tuition amount charged.

SJR 179 Capital Projects

The Kentucky General Assembly wisely challenged KCTCS to evaluate and reinvent itself through several inspiring and innovative challenges. With foresight and prudence, the General Assembly identified a possible Capital Investment of \$90 million that could be used to meet these challenges and propel KCTCS into the future. In evaluating these challenges, KCTCS has identified three capital investment projects that where the General Assembly's investment would significantly and strategically launch KCTCS into the next 25 years of service to the citizens of the Commonwealth. The three capital projects detailed hereafter sharpen the focus of improvement to the Kentucky Community and Technical College System, in alignment with the wisdom of the Kentucky General Assembly.

Construction project budgets of this size can remain in our state economy, with architects, engineers, contractors, tradespersons, and suppliers benefiting from the project. An investment of \$58,900,000 creates \$324,000,000 in added state tax revenue and \$1,026,900,000 in social impact, which includes state savings on what would have been paid in welfare, unemployment, criminal justice, and healthcare costs.

These three projects also support economic development by expanding workforce development programming in healthcare, manufacturing, business services, agriculture, and high school Dual Credit opportunities.

Somerset CC-Replace Laurel South Campus Phase II-\$27,000,000 (Consolidating Geographic Footprint)

Somerset Community College operates two campuses close in proximity to one another in the city of London, Kentucky. This division of campus locations causes an increase in operational costs for the college, inconveniences students who must navigate between campuses for coursework, and disperses resources in inefficient ways. SJR 179 challenged KCTCS to review its geographic footprint and to identify improvements that may include mergers and consolidations; this project directly addresses SJR Item 3.

The project seeks to consolidate the two Laurel campuses by replacing the Somerset Laurel South Campus building with a new building located on the Somerset Laurel North Campus. In 2023, KCTCS conducted a feasibility study with White Pollard Architects to determine the cost of renovating the Laurel South Building, which was originally constructed in the 1960s as an Area Vocational Center for the local high school.

The architectural study found that the building configuration was not conducive to the technical training currently being provided in the building by KCTCS; that the building condition was extremely poor and in need of major renovation and code upgrades; and that the energy consumption of the building needed to be significantly reduced. The study also concluded that it would be much more cost-effective to build a new building on the Laurel North Campus than to remodel the existing building. The proposed construction and relocation also creates numerous opportunities for operational efficiencies, and increases the level of access and service to the London, Kentucky, area.

KCTCS proposed the replacement project to the Council on Postsecondary Education (CPE). The project was approved by CPE, who agreed that the most viable option was to replace the building at Laurel South with a building at Laurel North. The design of the new facility is already funded with 2022-2024 asset preservation funds and is currently underway. The design is expected to be completed by July 2025, and the building will be ready for construction as soon as funding becomes available.

This project will accomplish a goal of SJR 179 by eliminating the Laurel South Campus and consolidating it into one location at the Laurel North Campus. Consolidating the two Laurel Campus locations reduces the geographic footprint, increases building efficiency, saves energy costs, and enhances operational efficiencies and convenience for students.

The existing building's age leads to increased costs and inefficiencies in providing quality academic instruction and a professional environment for students, faculty, and staff. It also negatively impacts recruitment, retention, and completion rates for students in critical programs within our service area and state. The utility infrastructure, including electrical wiring, switchgear, and water line is more than 50 years old, leading to frequent repairs to malfunctioning valves and drain lines. The existing utilities do not adequately support the facility's current usage, resulting in regular maintenance issues and instructional interruptions. HVAC units, boilers, and generators are also beyond their expected lifespan, necessitating costly repairs. A new facility would be more energy-efficient, improve indoor air quality, and reduce maintenance costs.

The current building lacks many features required by the Americans with Disabilities Act and other contemporary building codes. The new structure would not only be more energy-efficient but also significantly less expensive to maintain, meeting all relevant codes and standards. The size and layout of the existing facility significantly limits the college's ability to expand with new equipment and technologies. The new building would provide sufficient space for modern classrooms and workshops, enhancing functionality and enabling future growth through the expansion of current programs and the development of new ones.

The current building houses many high-wage, high-demand programs with skills that are desperately needed in the Somerset Community College service area and the Commonwealth. However, many of the program spaces in the existing facility are significantly undersized for today's requirements. The environment is not conducive to productive learning, nor does it provide workforce clients with an accurate representation of the state-of-the-art training and education available. This project would allow the expansion of programs that are experiencing rapid growth while aligning the new space with evolving industry demands. The new facility will support existing technology programs, including Automotive Mechanics (Diesel and Auto Tech), Industrial Technology (Welding and IMT), Construction Technology (Construction, Air Conditioning, Plumbing, and Electrical), and other high-wage, high-demand programs. If possible, Somerset Community College will also identify and expand logistics pathways and additive manufacturing. Initially, enrollment is projected to increase 22% in technical programs on the Laurel Campus with the construction of the new building, and future expansions are also expected to result in additional enrollment.

As technology and delivery methods rapidly evolve, many programs require more effective spaces to effectively respond to local industry demand. Technical shop areas must be adaptable to accommodate specialized requests from local employers. These are the programs that will be relocated to the new building, thereby addressing the SJR 179 mandate to improve academic programming and training offerings and to enhance the quality of credentials and program relevancy.

Jefferson CTC-Replace Hartford Hall Phase II-\$35,700,000 (Academic Programming)

Hartford Tower is an outdated and poorly designed twelve-story structure struggling to meet expectations and the demands of today's technological educational needs. Based on a study that was performed, it was determined to be more efficient to construct two new facilities to replace the current, outdated building. This project will provide for phase II of the replacement of the Hartford Building at Jefferson Community and Technical College. The second phase will demolish the Hartford Building and construct the second replacement building to house science and mathematics classrooms, large lecture rooms, and student services that are being displaced by the demolition of the Hartford Building. Phase I of this project was funded in the 2022-24 biennium with the first building being constructed to house the science labs for the college.

SJR 179 challenged KCTCS to improve academic programming and training offerings, including the quality of credentials and program relevancy; this project directly addresses those items. One of the consistent goals and priorities of KCTCS is to deliver high quality education to prepare students for successful futures. This project is critical to the success of Jefferson Community and Technical College in meeting those goals and priorities.

The project will both expand and enhance academic opportunities. The replacement science building will provide modern, safe labs for all science classes on JCTC's largest camps while also providing an additional lab space for growth. High lab demand, driven by both a robust transfer curriculum and a growing Allied Health and Nursing demands, dictate the need for additional space to nurture and sustain this growth. The addition of one teaching classroom will also allow for instructional expansion in these disciplines.

The replacement of Hartford Tower is also needed for math and humanities instruction. The improvement of these courses of study will enable KCTCS to meet the SJR 179 challenge to improve transferability of credits to the four-year public institutions and to expand KCTCS's offerings of Dual Credit opportunities to Kentucky students.

Additionally, the tower is highly inefficient and does not meet current ADA requirements. For example, the structure is 12 stories tall and yet the elevator only reaches the eleventh floor. Faculty and students must climb stairs to access the 20 faculty offices on the twelfth floor. Restrooms are available on every other floor, constricting required accessibility accommodations. The tower also has life safety issues due to outdated stairwells, elevator systems, and egress pathways.

The study that was conducted identified significant structural issues with the tower. The replacement of the tower has become an increasingly higher priority as the structural condition of the building continues to deteriorate. Eventually, basic occupancy of the building will be problematic. The loss of the tower without a replacement facility would significantly and adversely impact KCTCS's ability to offer high-quality educational opportunities.

KCTCS/JCTC is also considering program expansion of JCTC's nursing and allied health programs. These disciplines are critical to Kentucky and to the quality of life for all Kentuckians. A major inhibitor to growth in these programs is JCTC's lab capacity; this project will rectify that need and make major

improvements to JCTC's laboratory infrastructure. This project would position JCTC to begin program expansion in Nursing and to add programs in Dental Hygiene and Nuclear Medicine. Without the new facility, growth and expansion will be limited.

Some of JCTC's current enrollment growth is already attributable to the overall project. There is palpable student excitement surrounding the downtown campus development. Students currently have few external downtown amenities. JCTC students often comment that the downtown campus does not "feel" like a college. This project will finally allow JCTC to provide a green space gathering area for students. For Fall 2024, JCTC program enrollment has increased by more than 700. Students are excited to be a part of a college that is building for their future. JCTC anticipates this trend to continue into the future.

Finally, this replacement facility would reduce the square footage footprint into more efficient space utilization. The current tower is highly inefficient, with only 49% of the space attributable to instruction. The tower identified for replacement consists of more than 100,000 square feet. The two replacement structures (Phase I and Phase II) would each be only 45,000 square feet but would provide much more effective instructional space used far more efficiently.

Southcentral KY CTC-Replace Glasgow Campus-\$27,300,000 (Consolidating Geographic Footprint & Academic Programming)

Southcentral Kentucky Community and Technical College (SKYCTC) operates two campuses close in proximity to one another in the city of Glasgow, KY. The first location is the "Glasgow Health Campus" with 32,000 square feet in seven buildings. These buildings do not meet the needs of modern Nursing or related workforce programming. Additionally, the Nursing program is confined to a deteriorating campus, including 74-year-old buildings that formerly housed the Glasgow State Tuberculosis Sanatorium. The aging buildings and misaligned design do not support the modern workforce training programming that the industry demands. Proceeds from the sale of this campus will be reinvested into the new campus for the sustainability of equipment, program expansion, and community services.

The second SKYCTC location in Glasgow, the "Glasgow Technology Campus," is part of the shared South Regional Postsecondary Education Center. This 45,500 square foot facility is managed by Western Kentucky University (WKU), within which SKYCTC uses 10,500 square feet to offer an Industrial Maintenance Technology program to support local manufacturers. Because WKU has stated there are no expansion possibilities for SKYCTC within the facility, the degree to which SKYCTC can grow future industrial workforce programs to meet growing needs is stifled.

SKYCTC has proposed a phased approach to creating a new modern campus in Glasgow that would include both consolidation and expansion of the two current campuses. The first phase of this project would include approximately 31,000 square feet, allowing SKYCTC to build sufficient space to house the Nursing program, general education courses, student services, and campus administration.

The proposed project would purchase land and construct Phase I of a facility on a new campus, replacing the current landlocked SKYCTC "Glasgow Health Campus," which is inadequate for necessary program expansions. Recent economic developments in the region support the prediction that Glasgow will experience significant growth in population and industry, requiring a new, multi-use, modern facility to expand programs in Nursing, industrial maintenance, automation and robotics, allied health programming, general education, Dual Credit, and other high-wage, high-demand programs.

The SKYCTC Glasgow Nursing program is consistently ranked as the top Nursing program in Kentucky. Expansion of this premier program, or of the only industrial maintenance program in the northeastern section of SKYCTC's 10-county service area, is currently not possible without a new campus despite the community's current and future need. Therefore, SKYCTC is requesting funding to construct a new, multi-use, modern campus to house its operations in Glasgow to support future economic, workforce, and community growth. Additionally, the current Glasgow Health Campus would be sold, and the proceeds would be reinvested in the new property. When Phase 2 is completed, the current lease payments that are made for the space at the "Glasgow Technology Campus" would be invested in the operations of the new campus.

Traditionally, SKYCTC offers better, faster ways for students to obtain the education and training they need to start their careers, from certificates students can earn in just a few months to two-year degrees in high-demand fields like Nursing and manufacturing. SKYCTC ensures that students have the flexibility to work while they learn, graduate, and go immediately to work, or to transfer to a university. More than 80% of SKYCTC students work while in college.

Out of all 42 public and private postsecondary institutions in the Commonwealth, SKYCTC ranks first in the percentage of students who graduate, stay, and work in Kentucky companies. Data from the Kentucky Center for Statistics shows that three years after graduation, 80% of SKYCTC graduates are still employed in Kentucky companies. Moreover, SKYCTC holds the #1 (Glasgow) and #2 (Bowling Green) rankings of the Best Registered Nursing programs in Kentucky based on NCLEX-RN pass rates, the national exam students must pass to obtain their license.

The Aspen Institute named SKYCTC as one of the nation's top 150 community colleges in 2021 and 2024, based on SKYCTC's graduation rates. 82% of SKYCTC graduates who transfer to a Kentucky university successfully complete their bachelor's degree. SKYCTC also offers one of the most affordable educations in the state due to a myriad of locally developed scholarship opportunities and an emphasis on financial literacy, which is why 9 out of 10 students did not request a student loan in the Fall 2023 semester.

The proposed capital project addresses Senate Joint Resolution 179's emphasis on geographic footprint through the efficient consolidation of two campuses into one modern facility. Specifically, the project consolidates two constrained SKYCTC campuses into one while eliminating deteriorating facilities whose continued maintenance is no longer in the best interest of Kentucky's taxpayers.

This request is based on three contributing factors: 1) Aging deteriorated facilities – a poor ongoing investment – are replaced with a new modern facility which will reduce energy consumption and maintenance costs while significantly improving the learning environment that supports student success; 2) Stifled growth – since the space SKYCTC occupies at the Glasgow Technology Campus is owned by WKU, SKYCTC's industrial maintenance program has no room for expansion; and 3) Meeting the training needs of a growing economy. With the influx of EV Battery manufacturers, and other related industries, from Bowling Green to Glendale, expansion of industrial maintenance programs is soon to be a vital component to the increased economic growth of this corridor. Glasgow is only a 30- to 45-minute drive from Kentucky's two largest economic development projects – Blue Oval in Glendale and AESC in Bowling Green. With these projects, more than 20,000 direct and indirect manufacturing jobs will be added to the region in the next 2-5 years. Being within an acceptable commutable distance from Elizabethtown and Bowling Green, Glasgow is poised to be a prime area for relocation. This growth will require increased industrial training to support economic and workforce growth in the Barren County region.

An opportunity from SJR 179 is also met by SKYCTC expanding programs in several highly desirable, high-paying fields: Registered Nursing; Practical Nursing; Medication Aide; Nurse Assistant; Medical Information Technology; and Industrial Maintenance Technology. A new facility may also provide opportunities to launch new programs like Sonography; Physical Therapy Assistant; Engineering and Electronics Technology; and Welding.

This project would provide the necessary facilities to allow SKYCTC to more efficiently and effectively serve Barren and surrounding counties. With a modern campus, SKYCTC can double enrollment in Barren County within five years by sustaining and expanding programs for high-wage, high-demand careers. Increased educational attainment can drive higher workforce participation, reduce poverty and reliance on social support systems, and increase payroll, property, and sales taxes.

300 North Main Street • Versailles, Kentucky 40383 • 859.256.3100 • Fax 859.256.3133 • kctcs.edu

KCTCS does not discriminate based on race, color, religion, national origin, sex, disability, or age in its programs and activities. The Office of General Counsel is responsible for coordinating compliance with non-discrimination policies and may be reached at 300 North Main Street, Versailles, Kentucky 40383. Telephone 859.256.3100. Additionally, each college has a Title IX Coordinator and an Office of Disability Support Services supporting the college community..