

AGENDA
Council on Postsecondary Education
Thursday, March 30, 2017
2:00 PM
Northern Kentucky University, Griffin Hall Digitorium

1. Welcoming
2. Oath of Office
3. CPE Work Session
 - a. Workforce Demands and Education Program Alignment Efforts 2
Guest Speakers: Trey Grayson, NKU Chamber of Commerce and Wade Williams, Northern Kentucky Tri-ED
 - b. Tuition Setting data 23
 - c. Strategic Agenda Metrics Accountability System Overview 58
4. Northern Kentucky University Briefing and Campus Tour (4:30 p.m.)
5. Reception & Dinner (6:00 p.m.)
Location: Student Union, Room 104

Revised 3/29/17

Council on Postsecondary Education
Work Session
March 30, 2017

Workforce Demands and Education Program Alignment Efforts

Guest Speakers:

- Trey Grayson, CEO of Northern Kentucky Chamber of Commerce
- Wade Williams, senior vice president for business development at the Northern Kentucky TRI-ED

You can find the link to the video shared by Trey Grayson here:

https://youtu.be/R_nNpk88TGo

Economic Development & Education

Regional Economic Development Overview

Wade Williams
Senior Vice President
Northern Kentucky Tri-ED

March 30, 2017



NORTHERN KENTUCKY TRI-ED

MISSION STATEMENT

Build a world-class economy in Northern Kentucky through the expansion of existing businesses and the creation and attraction of high quality, primary industry employers.





TRI-ED BOARD OF DIRECTORS

Boone County

Gary Moore*
J/EX & Immed. Past Chair

Aaron Bludworth
Arnold Caddell
John Hawkins

Campbell County

Steve Pendery*
J/EX & Chair

Kimberly Haulbauer
Robert Heil
Troy Sheldon

Kenton County

Kris Knochelmann*
J/EX & Chair-Elect

Karen Finan
Robert Hoffer
Shad Sletto

At Large

Bill Robinson*
Secretary-Treasurer

Tri-EF

Julie Hopkins*
Chairperson

Skyward

John Domaschko

NKY Chamber

David Heidrich
Stephen Harper

Ex-Officio

Candace McGraw
Dr. Fernando Figueroa
Geoffrey Mearns
Trey Grayson

CVG
Gateway
NKU
NKY Chamber

Johnna Reeder
Bill Scheyer
Jack Moreland
David Armstrong

REDI Cincinnati
Skyward
Southbank Partners
TMC

2016 PROJECT RECAP

MAKING AN IMPACT

» **25** NEW & EXPANDING PROJECTS



2016 PROJECT AND INVESTMENT HIGHLIGHTS

- | | | |
|--|------------------------------------|-----------------------------|
| Allegiant Travel | KIRA (USA) CO. LTD. | Safran Landing Systems |
| AquiSense Technologies | Kirk's Natural LLC | Sherwood Midwest LLC |
| Braxton Brewing Company | Lighthouse Transportation Services | Trend Offset Printing |
| Carl Zeiss Vision Inc. | MILA International, Inc. | Tyson Foods |
| CTI Clinical Trial & Consulting Services | New Riff Distilling | Vista Packaging & Logistics |
| Huntington Bank | Nexigen | Wyzerr Inc. |
| Integrity Express Logistics | Ryder Integrated Logistics, Inc. | |

1,682 DIRECT JOBS

1,700+ new indirect/
induced jobs

\$327 M NEW CAPITAL INVESTMENT

Total capital investment
7th highest since 1987

\$314 M NEW BUSINESS SALES/OUTPUT

\$210M in new indirect/induced
business sales/output

\$98 M NEW TAXABLE LABOR INCOME

Projected average salary: \$58,500

RECAP OF 2016 INITIATIVES

TARGET INDUSTRY ANALYSIS

Tri-ED partnered with national consulting firm Site Selection Group to identify industry clusters and sectors that will be the focus of attraction efforts for the next three to five years.

- ADVANCED LOGISTICS**
 HQ/Regional Office/3PL
 Supply Chain Analytics
 Packaging Technology
 Logistics Machinery
- AVIATION & AEROSPACE**
 Aerospace Parts Manufacturing
 Aviation Maintenance, Repair and Operations (MRO)
 Light & Sport Aviation
- FOOD & FLAVORING**
 Co-Located Manufacturing with HQ, DC and/or Operations
 Perishables
 Food R&D
- AUTOMOTIVE**
 Automotive Parts Manufacturing
- FINANCIAL SERVICES**
 Financial Service Advisory
 Cybersecurity
 Back Office Support
 Financial Software
- LIFE SCIENCES**
 Medical Device Manufacturing
 Health Informatics

ENTREPRENEURSHIP



Kentucky Innovation Network

55 CLIENTS SERVED BY NKY INNOVATION NETWORK OFFICE

174 JOBS CREATED BY CLIENTS OF NKY INNOVATION NETWORK OFFICE

\$10.5M INVESTMENTS MADE INTO NETWORK CLIENTS



39 COMPANIES

171 JOBS CREATED

\$1.9MM UPTECH FUND INVESTED

\$3.7MM FOLLOW-ON FUNDING

\$5.6MM TOTAL INVESTMENT

REAL ESTATE

3,600 20-ACRE PARCELS ANALYZED IN 3 COUNTIES

40 PROPERTIES CURRENTLY BEING CONSIDERED FOR FURTHER STUDY

MARKETING & ATTRACTION

16 TRIPS

2 INTERNATIONAL HQ VISITS

10 U.S. STATES

50+ SITE CONSULTANTS REACHED

1 FOREIGN COUNTRY

50 LEADS GENERATED

BUSINESS RETENTION & EXPANSION

70 TOTAL BUSINESS VISITS

11 EXPANSION PROJECTS

8,600 EMPLOYEES COVERED BY TOTAL BOOST VISITS

3 FOCUS GROUPS AND ONE C-SUITE APPRECIATION EVENT

25 COMPANIES RECEIVED ASSISTANCE WITH WORKFORCE TRAINING GRANTS, RESULTING IN \$829K IN GRANT FUNDING AND 2,200 EMPLOYEES TRAINED

WORKFORCE DEVELOPMENT

AMWDC & FAME combined forces to become a larger and more cohesive team.

• **24** COMPANIES

• **21** DEVELOPMENT/ ADVOCACY/EDUCATIONAL PARTNERS

AMWDC was awarded the Hitachi "Good Companies at Work" Grant: **\$75,000** to help three small, locally-owned manufacturing employers improve workplaces for employees.

Advanced manufacturing recruitment efforts reached **2,000+** people directly.

• NKY FAME **49 STUDENTS**

• Raise the Floor **77 STUDENTS**

• Enhanced Operator **120 STUDENTS**

RECENT ANNOUNCEMENTS

- ADM – College of Informatics
- Amazon Prime Air – Logistics
- Safran – Manufacturing & Engineering
- Southwest Airlines



TRI-ED RESULTS

1987-2017

Since Tri-ED's founding:

640+

Primary Industry Projects
Announced

CREATED

58,000 JOBS

INVESTED

\$9.09 BILLION

in Northern Kentucky

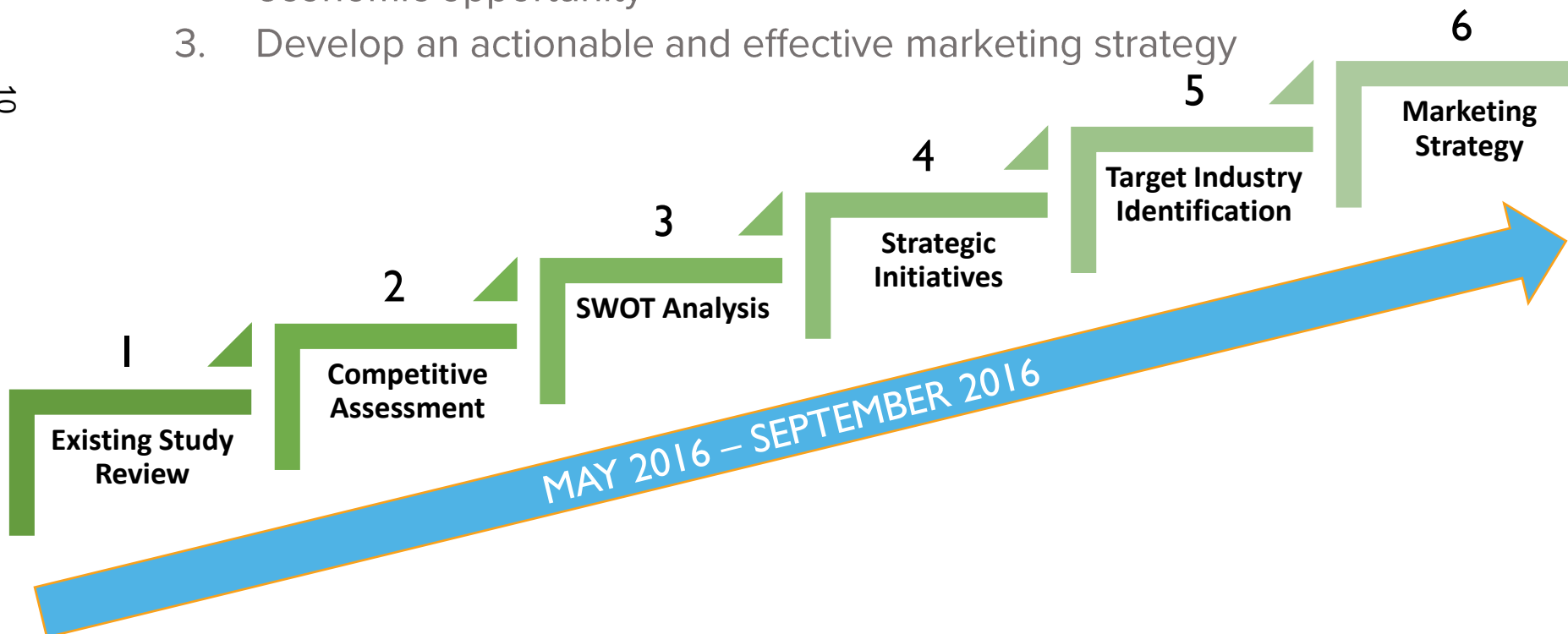
TARGET INDUSTRY ANALYSIS

PROJECT OBJECTIVES

Overall Project Objectives

1. Strengthen the region's competitiveness for corporate investment
2. Identify pragmatic industry targets to further grow and diversity economic opportunity
3. Develop an actionable and effective marketing strategy

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NKY SWOT SUMMARY

Using the same approach used for corporate clients when conducting a location search, SSG identified the following strengths, weaknesses, opportunities, and threats (SWOT) for Northern Kentucky

STRENGTHS

- **Geographic Accessibility** – superior market access to U.S. population centers.
- **Airport** – passenger access and potential industrial development opportunities.
- **Quality of Life** – especially for families, attractive community with low costs of living.
- **Demographics** – compared to Ohio and points north, more favorable demographic trends.
- **Business Climate** – overall positive climate for tax, utilities, and business climate overall. Especially cohesive economic development ecosystem.

OPPORTUNITIES

- **Educational Programming** – growing programs (notably informatics at NKU which can serve a number of industries) and high flexibility to create and customize offerings.
- **Cincinnati/Ohio** – despite physical and cultural divides, growing workforce connections between the two sides of the river.
- **Urban Core** – growing, vibrant neighborhood could be especially attractive to younger workforce.
- **Gateway to Southeast** – taking ownership of positive perception of Southeast's growth and manufacturing strengths.

WEAKNESSES

- **Industrial Real Estate** – real estate may not satisfy speed to market production requirement.
- **Production Workforce** – very tight labor market for skilled and unskilled workers.
- **Millennial Attraction** – challenges with attracting and retaining younger workforce.
- **Opioids** – drug use and perception of problem hampers community's workforce efforts and image.
- **Office Real Estate** – high vacancy rate while professional labor force remains available points to misalignment.

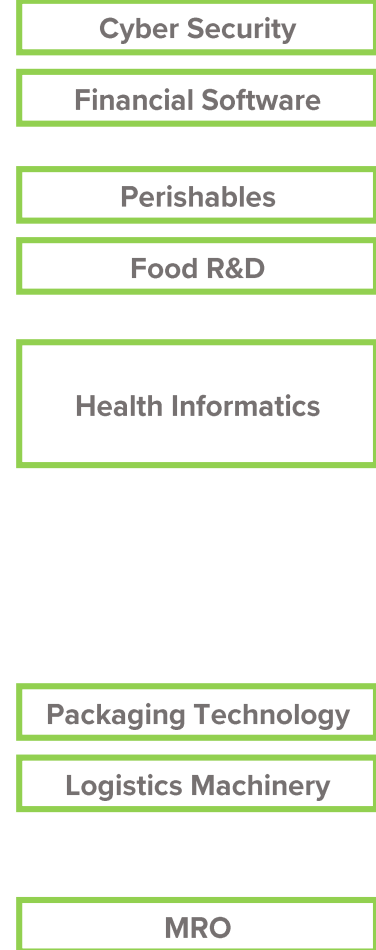
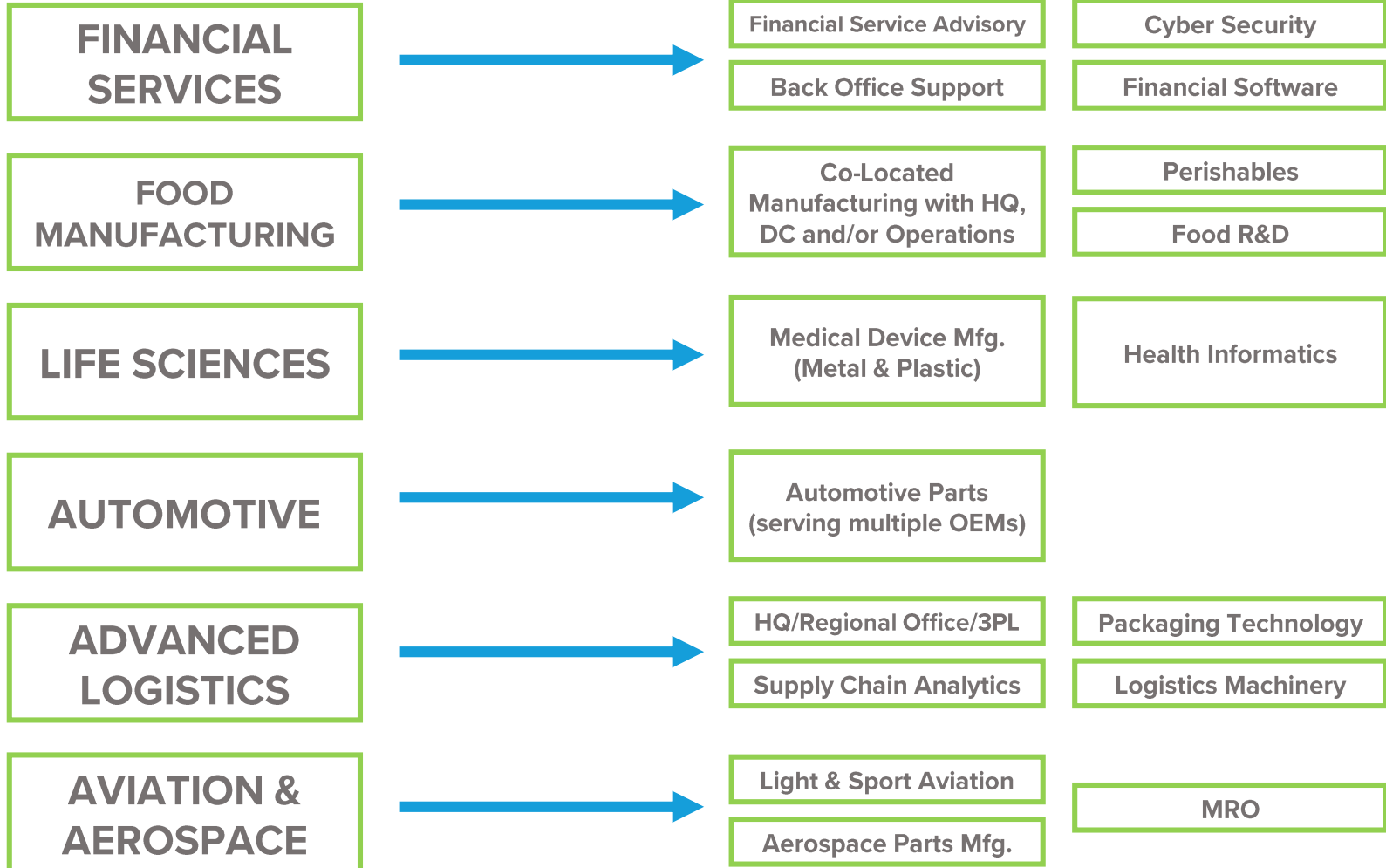
THREATS

- **Professional Diversification** – large employers are great corporate citizens, but raise risks when one pulls back.
- **Unionization** – non-Right-to-Work status raises perception of union challenges.
- **State Pension Liabilities** – financial and perception risk to community and state based on underfunded pension liabilities.
- **Distribution Saturation**– demand for distribution-focused real estate and labor squeezes other uses.
- **Competitor Communities** – easier-to-develop land in regional communities puts community at disadvantage.
- **Southeast Demographics** – long term stronger growth in the Southeast.

NKY PRIMARY INDUSTRY TARGETS

CLUSTER

SPECIFIC TARGET



DEMAND LEVEL	TITLE	GROWTH ESTIMATE
High Demand	Manufacturing Technicians	2671
	Machine Maintenance Specialist	695
	Electronic Technician & Repairer	532
	Welders	453
	Engineer-Process/Manufacturing	326
	Engineer-Design	330
Some Demand	Machinists	281
	Machine Tool Operator	260
	Industrial Electricians	180
Near Stable	Applications Engineer	120
	Metal Fabricators	96
	Engineering Technician	94
	CAD Drafters	53
	CNC Press Brake Set-Up Operators	71
	Finishers	49
	Hydraulic Pneumatic	38

WORKFORCE BACKGROUND

2012 NKIP STUDY

In the next 10 years...

6,250 jobs

in these highly technical
careers will need to be
filled

- 680 Per Year
- More than 2500 since survey
- Highest demand positions identified

Recruitment & programs are needed now!

PROGRAMS IN RESPONSE TO NKIP REPORT

Training Programs

NKY FAME 2015-2016

Fall 2015	24
Fall 2016	25
Fall 2017	15

New Populations

Raise the Floor Student Numbers 2014-2016

Students Enrolled	77
Completed & Working in Manufacturing	33
Students in Progress	9
Received Scholarships	34
Employed in Other Sector	18

Enhanced Operator Student Numbers 2016

Students Enrolled	91
Completed & Working in Manufacturing	47
Students In Progress	30
Received Scholarships	34
Dual Credit	14

DEVELOPING PROGRAMS TO MEET YOUR NEEDS

RETURN ON INVESTMENT

- **Recruiting**

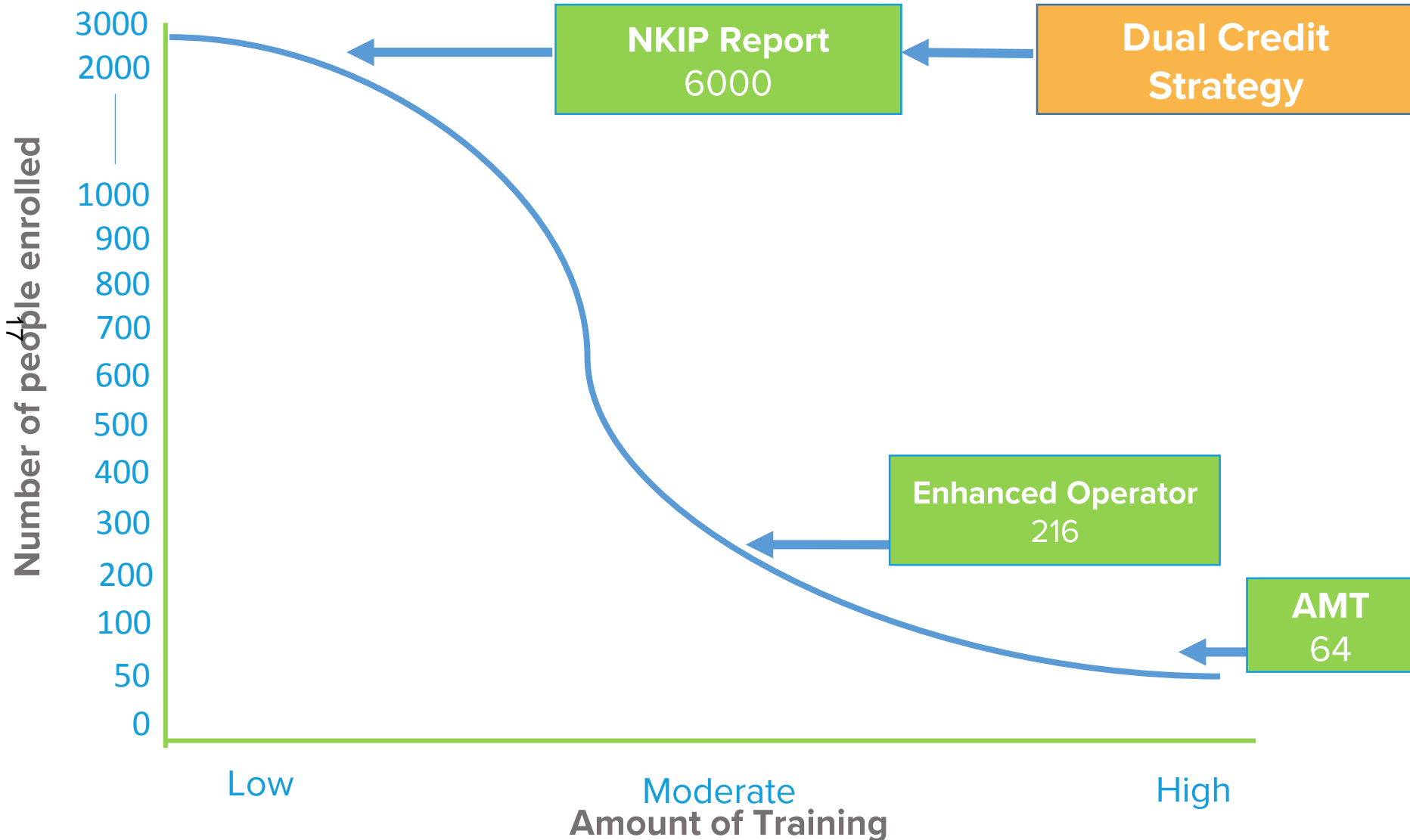
- Difficult
- Time consuming
- Crowded messaging

- **Events**

- Over 73 events
- Touched 4,000 students/parents/teachers
- Innovative programs – What’s so Cool About Manufacturing, Girls in Manufacturing, Teacher Externships

3 YEAR REVIEW

BROADER APPROACH NEEDED



NEW INITIATIVES

- Focus on Broader Approach
 - Dual credit strategy
- Focus on Gaps or Challenges
 - Dual Credit
 - Teacher Accreditation
- Recruiting & Messaging
 - Robust effort needed

DUAL CREDIT

- Scholarship Program

- Fantastic for our state

- Challenges

- Only 9 credit hours – how can we do more?
- Sustainability for KCTCS - \$52 is one-third the in-state rate
- Certified teachers – do we have enough?

ACCREDITATION FOR DUAL CREDIT

- **Not enough teachers available**
 - Lack available field of study credits in Masters programs
 - Consider dual credit for Masters program
 - 18 credit hours in field of study (linked to targets)
 - 12 – Education Theory
 - Industry experienced teachers – difficult for technical programs (KCTCS)

RECRUITMENT & MESSAGING

- Historical view
 - Company vs. school recruiting
- Workforce needs now require higher than high school diploma
 - How do we communicate this in a robust way to parents, teachers and students?
 - Do we need more resources into recruitment especially at the KCTCS level?
- Accountability – How do we ensure asset utilization?

Economic Development & Education

Regional Economic Development Overview

Wade Williams
Senior Vice President
Northern Kentucky Tri-ED

March 30, 2017



STRONGER

by degrees



AY 2017-18 Tuition & Fee Recommendation

Robert L. King, President
Kentucky Council on Postsecondary Education
March 30, 2017

Overview

- Sticker Price Comparison
- Student Financial Aid
- Net Price Comparison
- Affordability
- Staff Recommendation
- Rationale for Increase
- KERS Increase Allowance
- Fiscal Impact on Institutions

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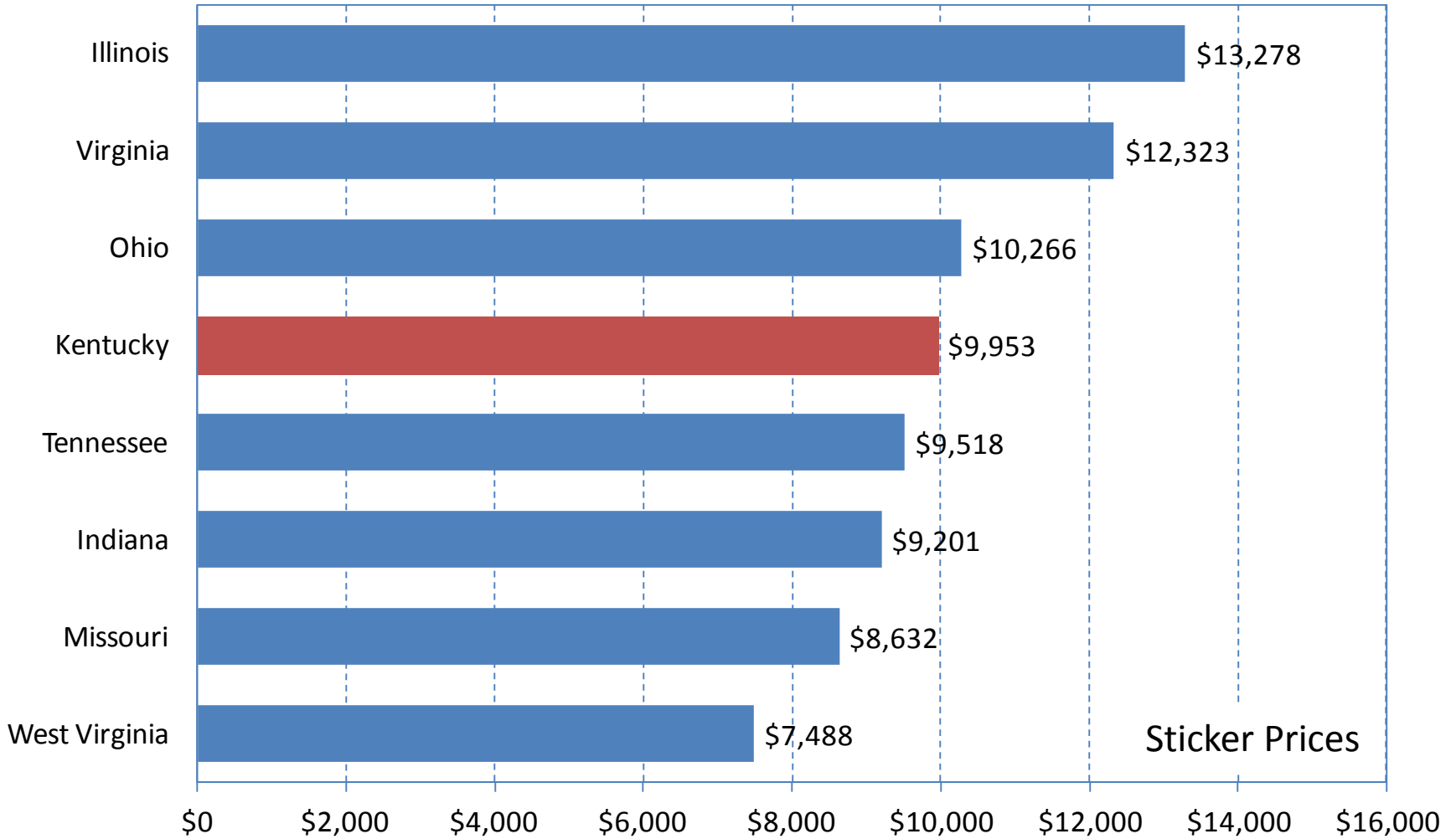


Sticker Price Comparison



Public Four-Year Universities in Kentucky and Surrounding States Resident Undergraduate Tuition and Fees Academic Year 2016-17

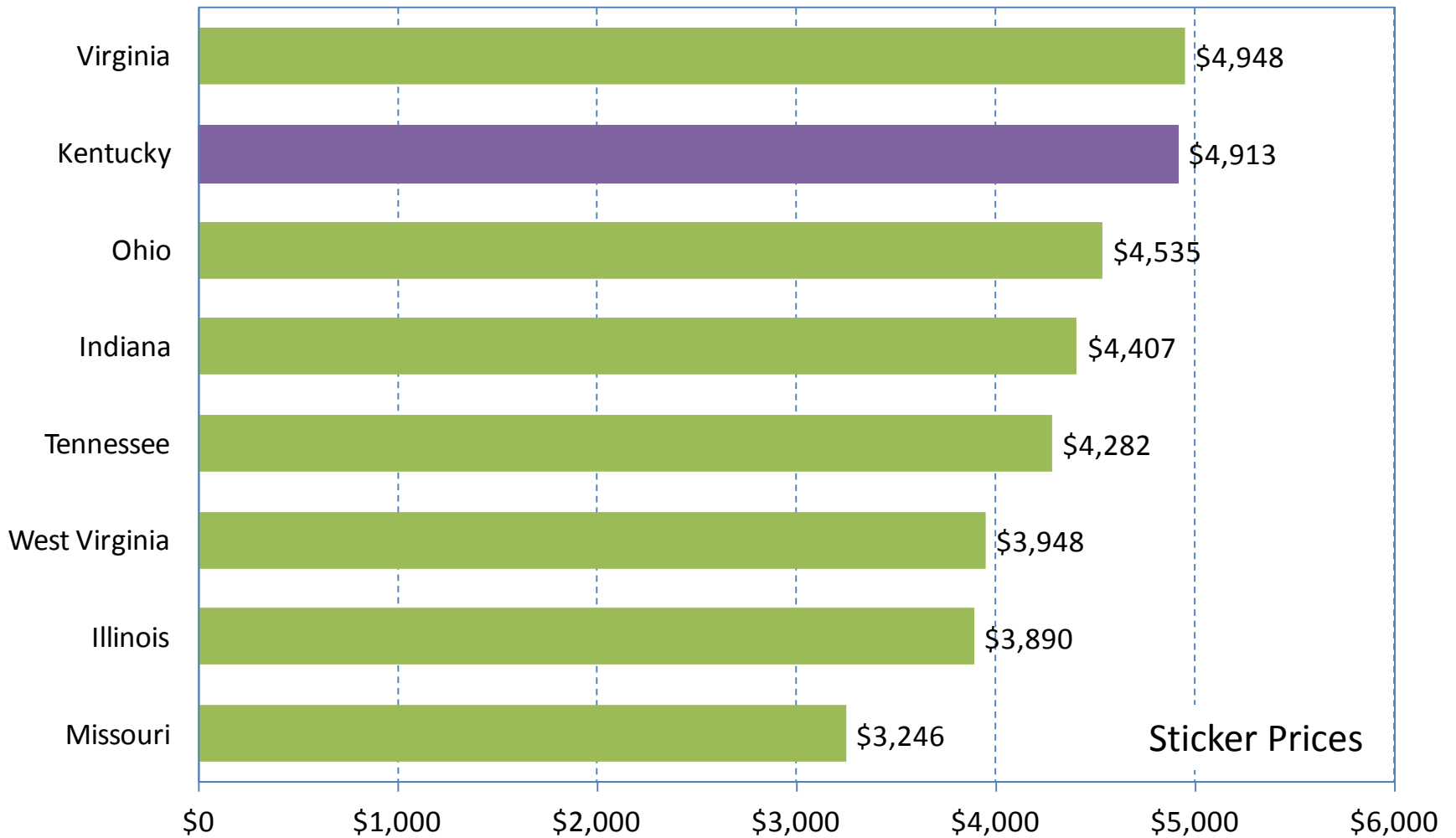
26



Source: College Board, Trends in College Pricing 2016.



Public Two-Year Colleges in Kentucky and Surrounding States Resident In-District Tuition and Fees Academic Year 2016-17



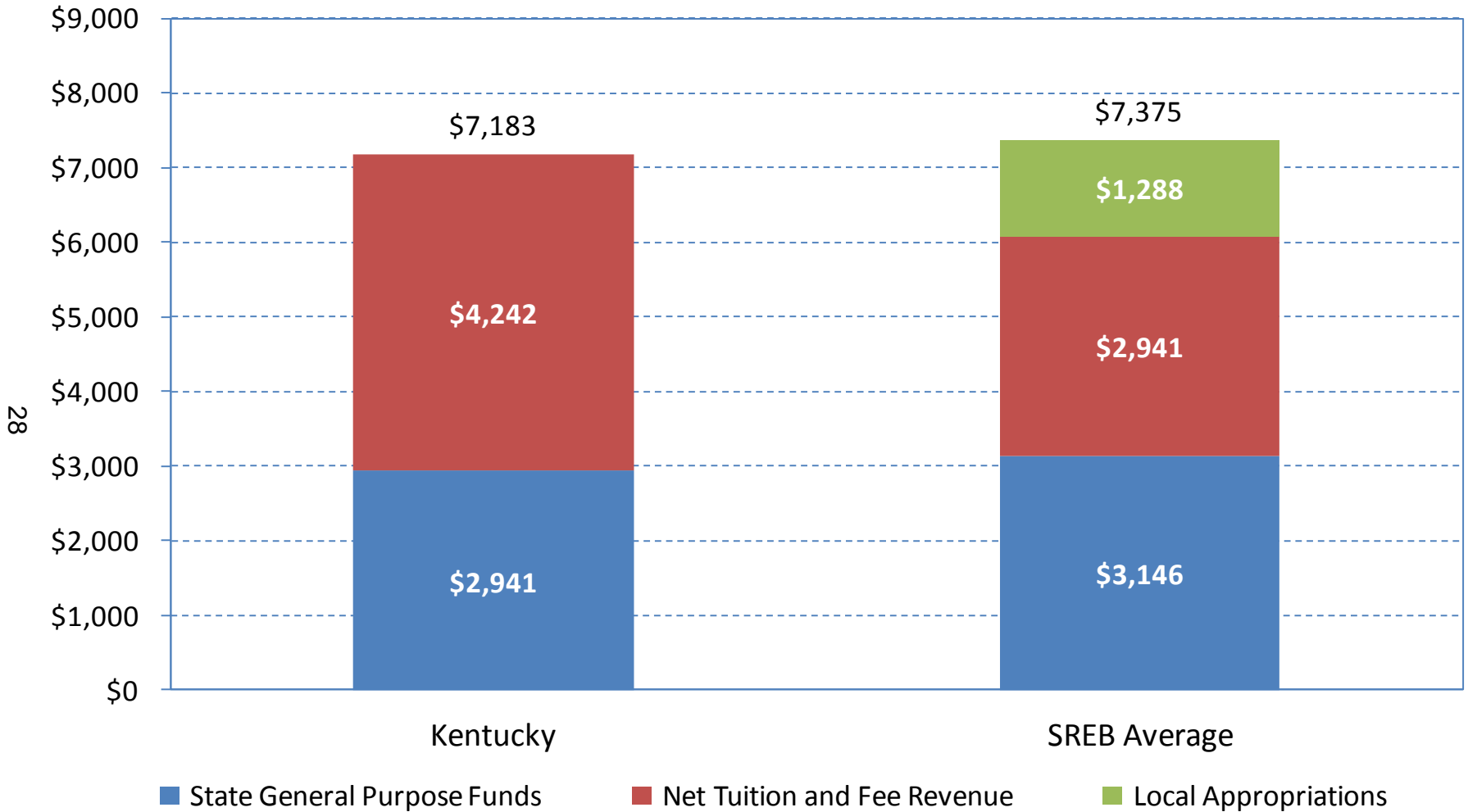
Source: College Board, Trends in College Pricing 2016.



Public Two-Year Colleges in Southern Regional Education Board States

Total Public Funds per Full-Time Equivalent Student

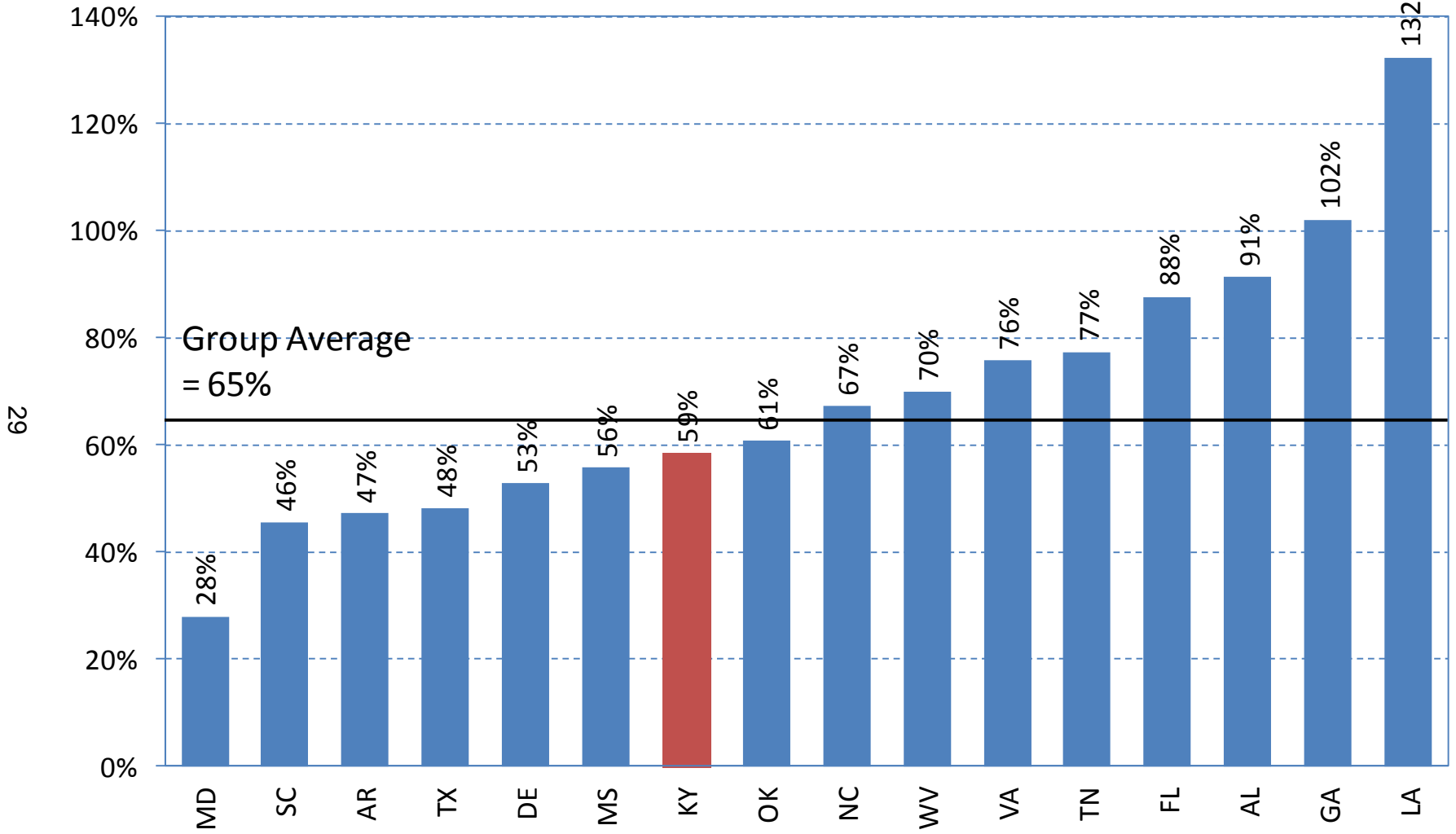
Fiscal Year 2014-15



Source: Southern Regional Education Board (SREB), Data Exchange.



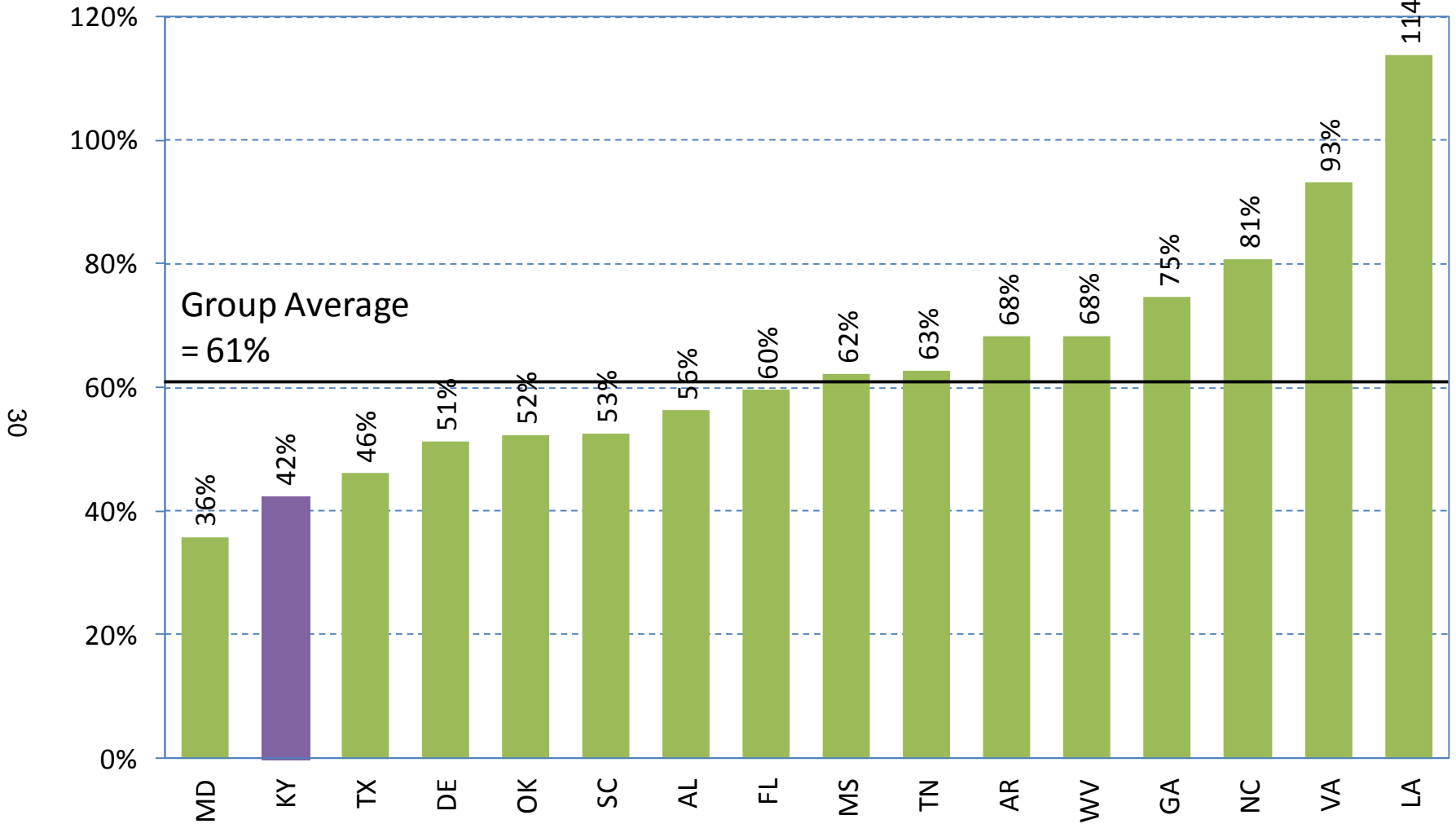
Public Four-Year Universities in SREB Member States Percent Change in Resident Undergraduate Tuition and Fees Between Academic Years 2007-08 and 2016-17



Source: College Board, Trends in College Pricing 2016.



Public Two-Year Colleges in SREB Member States Percent Change in Resident In-District Tuition and Fees Between Academic Years 2007-08 and 2016-17



Source: College Board, Trends in College Pricing 2016.



Student Financial Aid

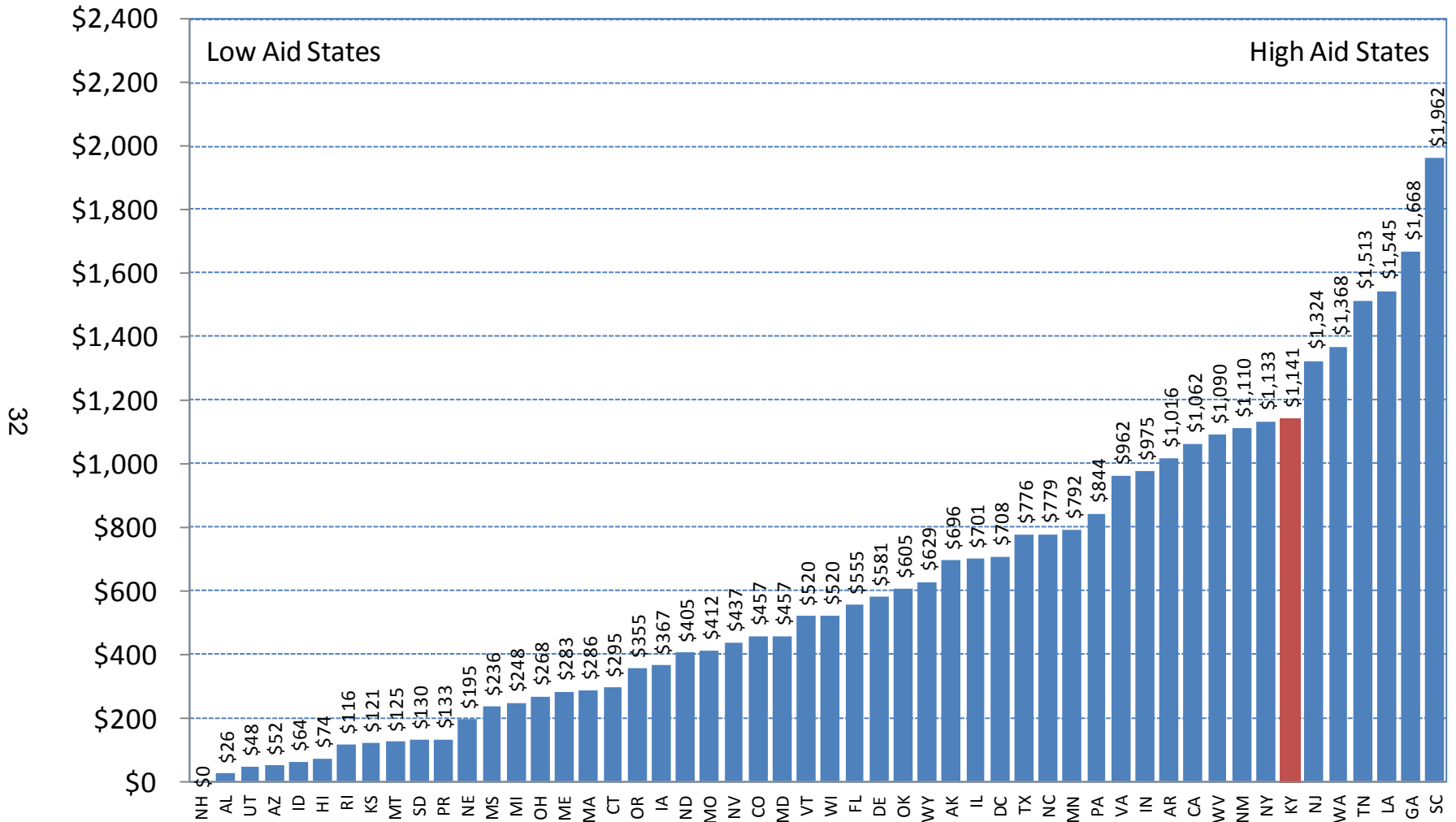


State Funded Student Financial Aid Programs in the United States

Total Undergraduate Grant Dollars per Undergraduate Student Enrollment

Academic Year 2014-15

Dollars
(per Student)

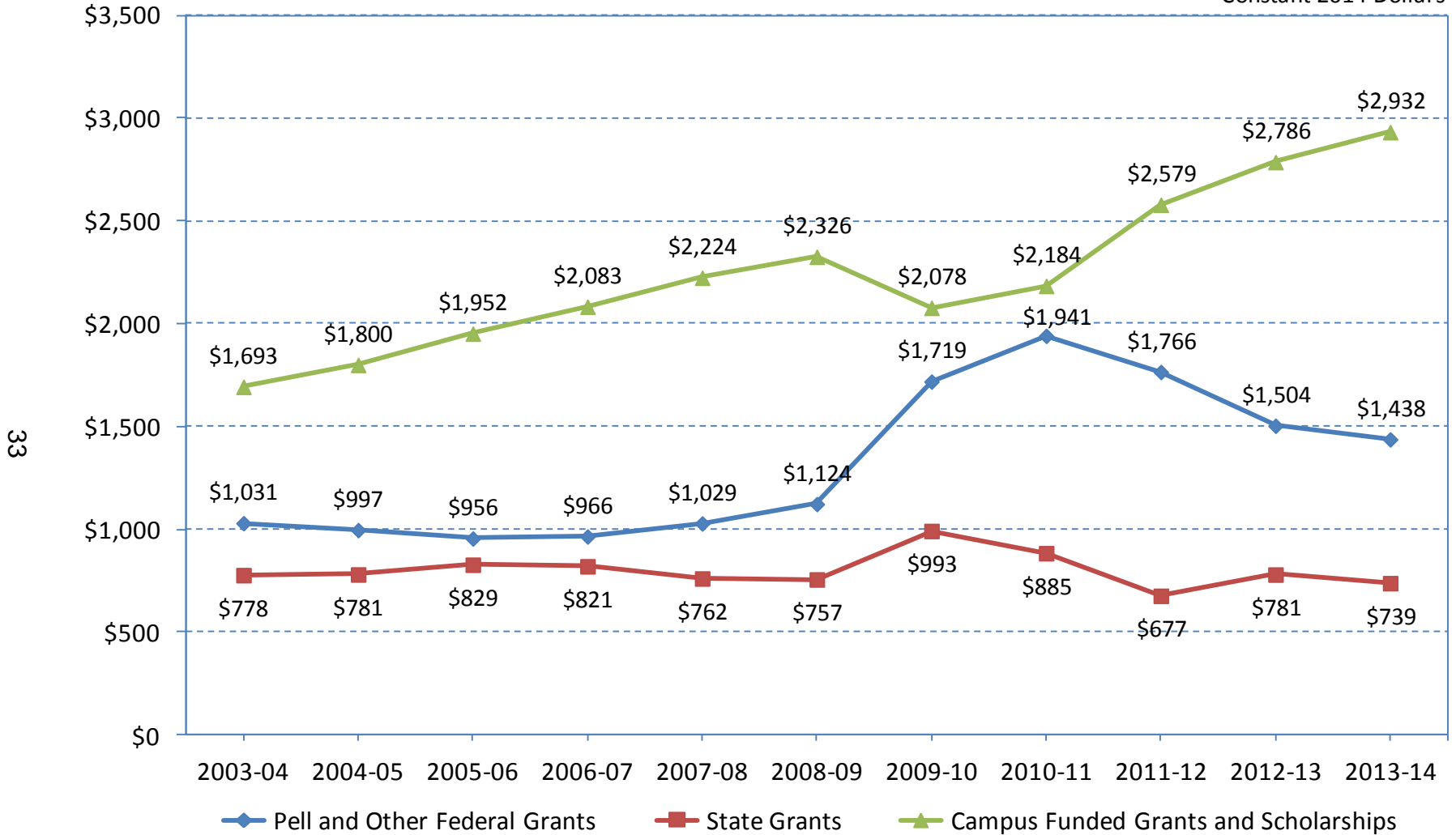


Source: National Association of State Student Grant and Aid Programs (NASSGAP), 46th Annual Survey Report on State-Sponsored Student Financial Aid.



Kentucky Public Postsecondary System Student Financial Aid per FTE Student by Source Fiscal Years 2003-04 through 2013-14

Constant 2014 Dollars



Source: Integrated Postsecondary Education Data System (IPEDS); Commonfund Institute, Higher Education Price Index (HEPI).



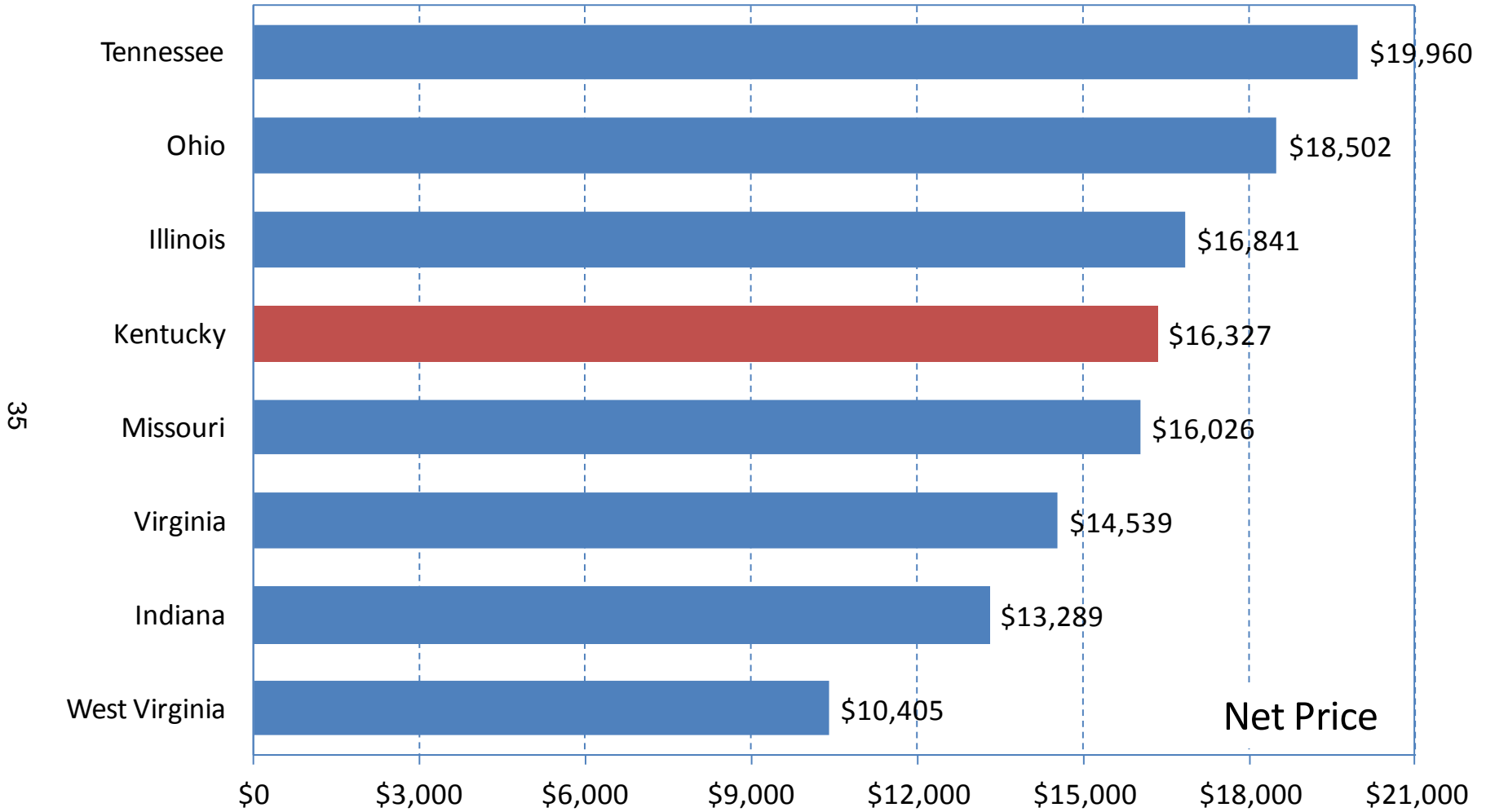
Net Price Comparison



Research Universities in Kentucky and Surrounding States

Average Net Price of First-Time Full-Time Resident Undergraduate Students

Academic Year 2014-15



Source: Integrated Postsecondary Education Data System (IPEDS).

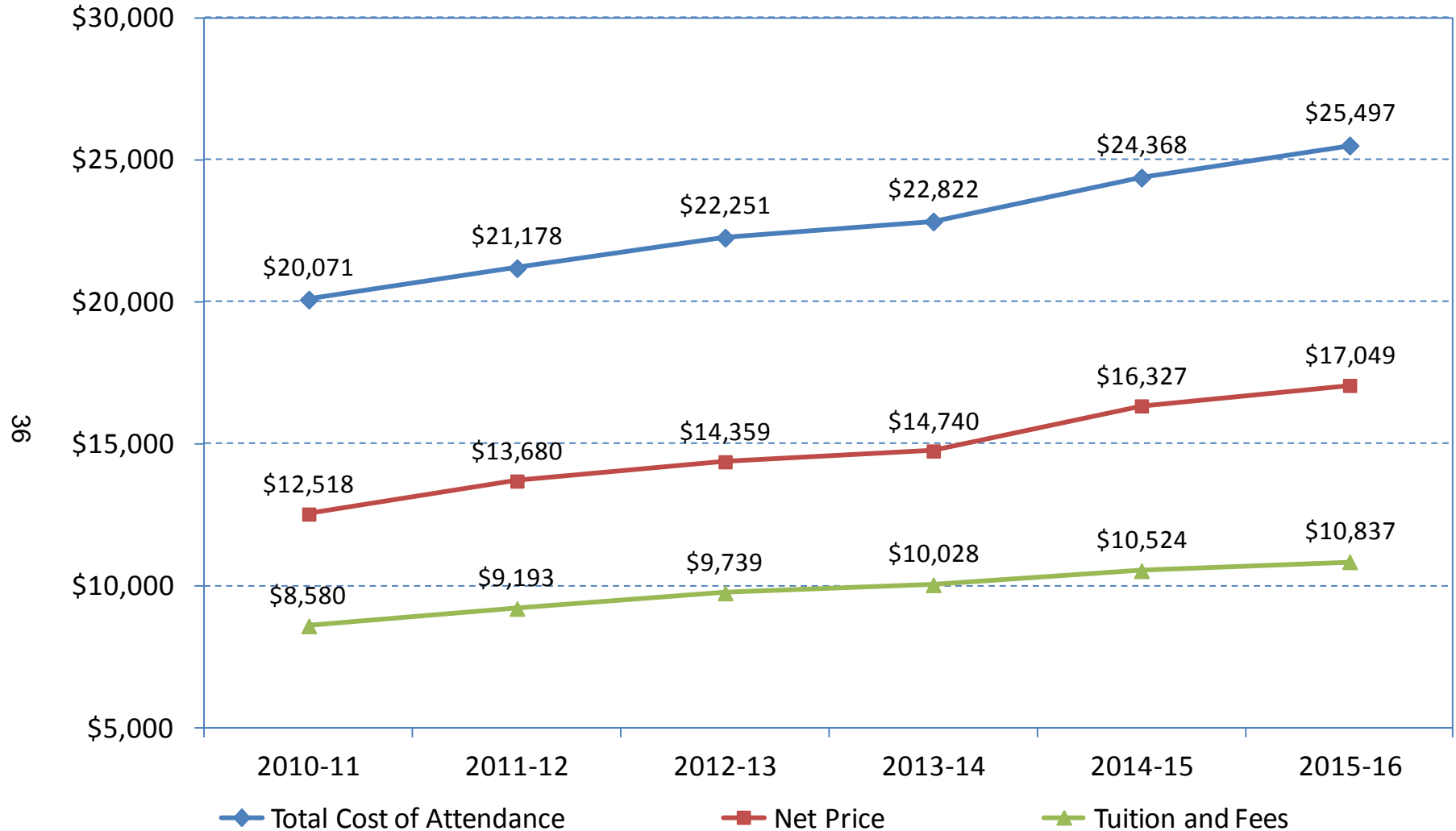


Net price is calculated by subtracting the average amount of federal, state or local, and institutional grant and scholarship aid from the total cost of attendance.

Kentucky Public Research University

Cost of Attendance, Net Price, and Tuition and Fees of Resident Undergraduates

Academic Years 2010-11 through 2015-16



Source: Council on Postsecondary Education, Kentucky Postsecondary Education Data System (KPEDS).



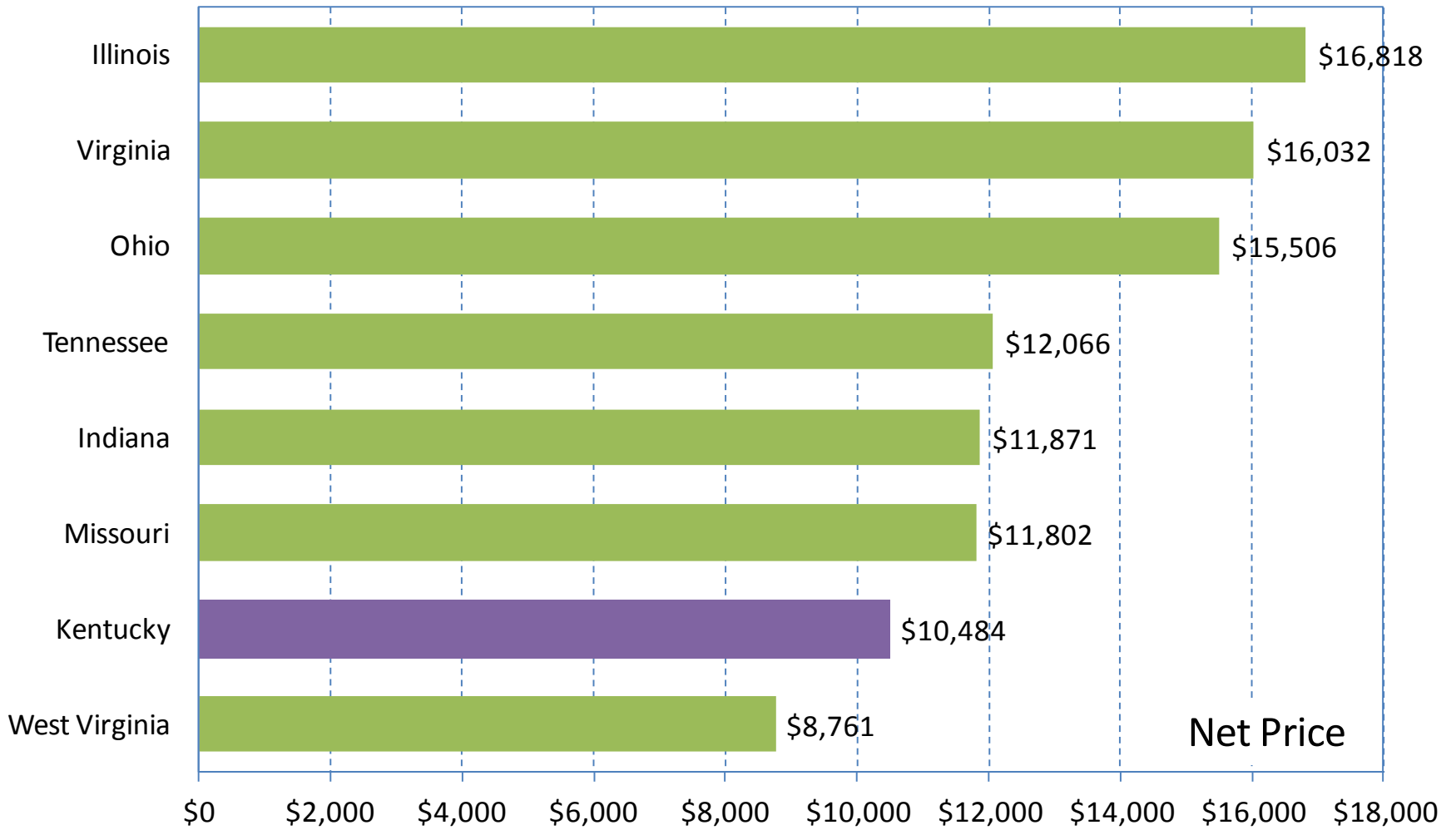
Net price is calculated by subtracting the average amount of federal, state or local, and institutional grant and scholarship aid from the total cost of attendance.

Comprehensive Universities in Kentucky and Surrounding States

Average Net Price of First-Time Full-Time Resident Undergraduate Students

Academic Year 2014-15

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Source: Integrated Postsecondary Education Data System (IPEDS).

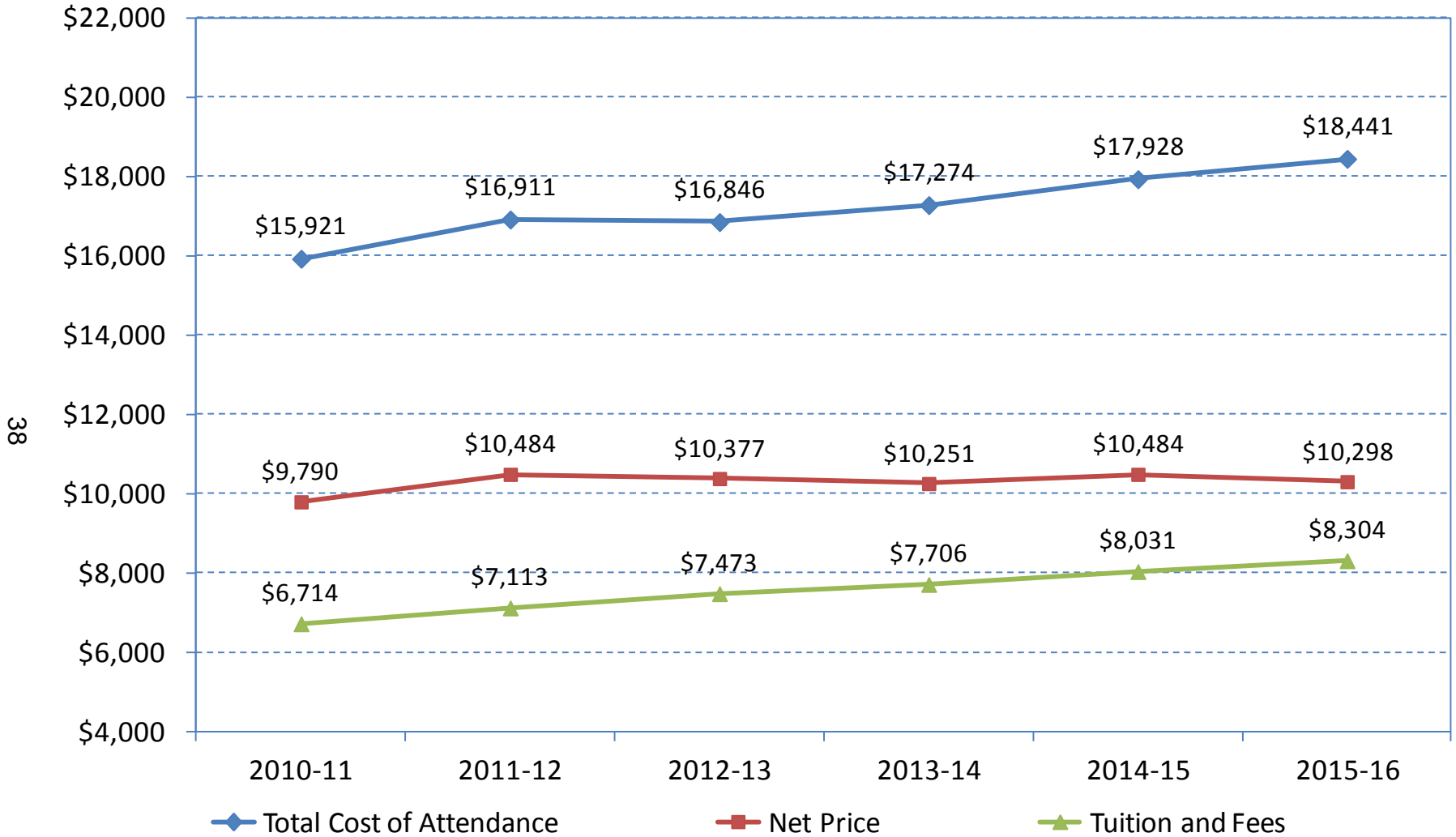


Net price is calculated by subtracting the average amount of federal, state or local, and institutional grant and scholarship aid from the total cost of attendance.

Kentucky Public Comprehensive University

Cost of Attendance, Net Price, and Tuition and Fees of Resident Undergraduates

Academic Years 2010-11 through 2015-16



Source: Council on Postsecondary Education, Kentucky Postsecondary Education Data System (KPEDS).

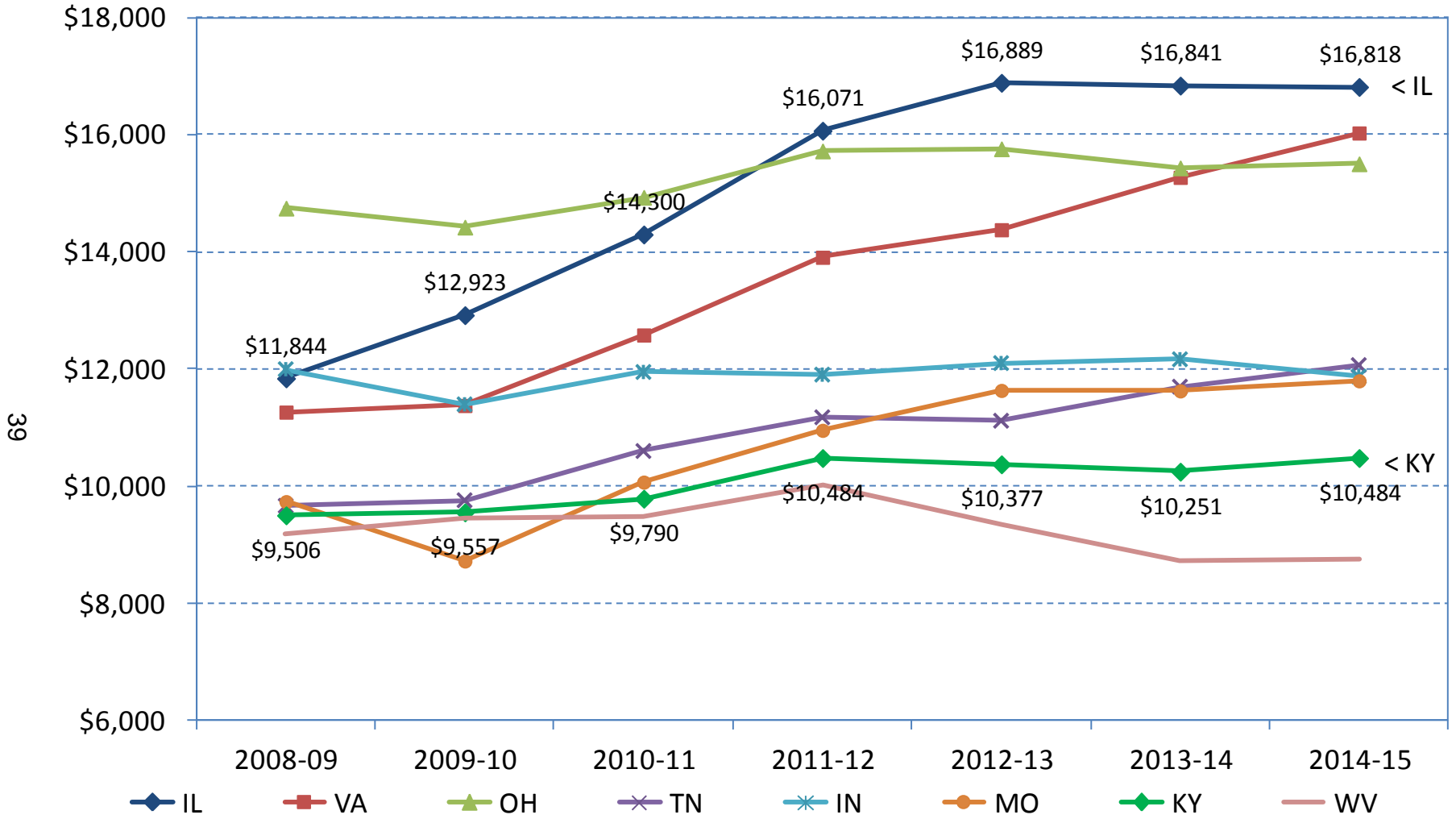


Net price is calculated by subtracting the average amount of federal, state or local, and institutional grant and scholarship aid from the total cost of attendance.

Comprehensive Universities in Kentucky and Surrounding States

Average Net Price of First-Time Full-Time Resident Undergraduate Students

Academic Years 2008-09 through 2014-15



Source: Integrated Postsecondary Education Data System (IPEDS).

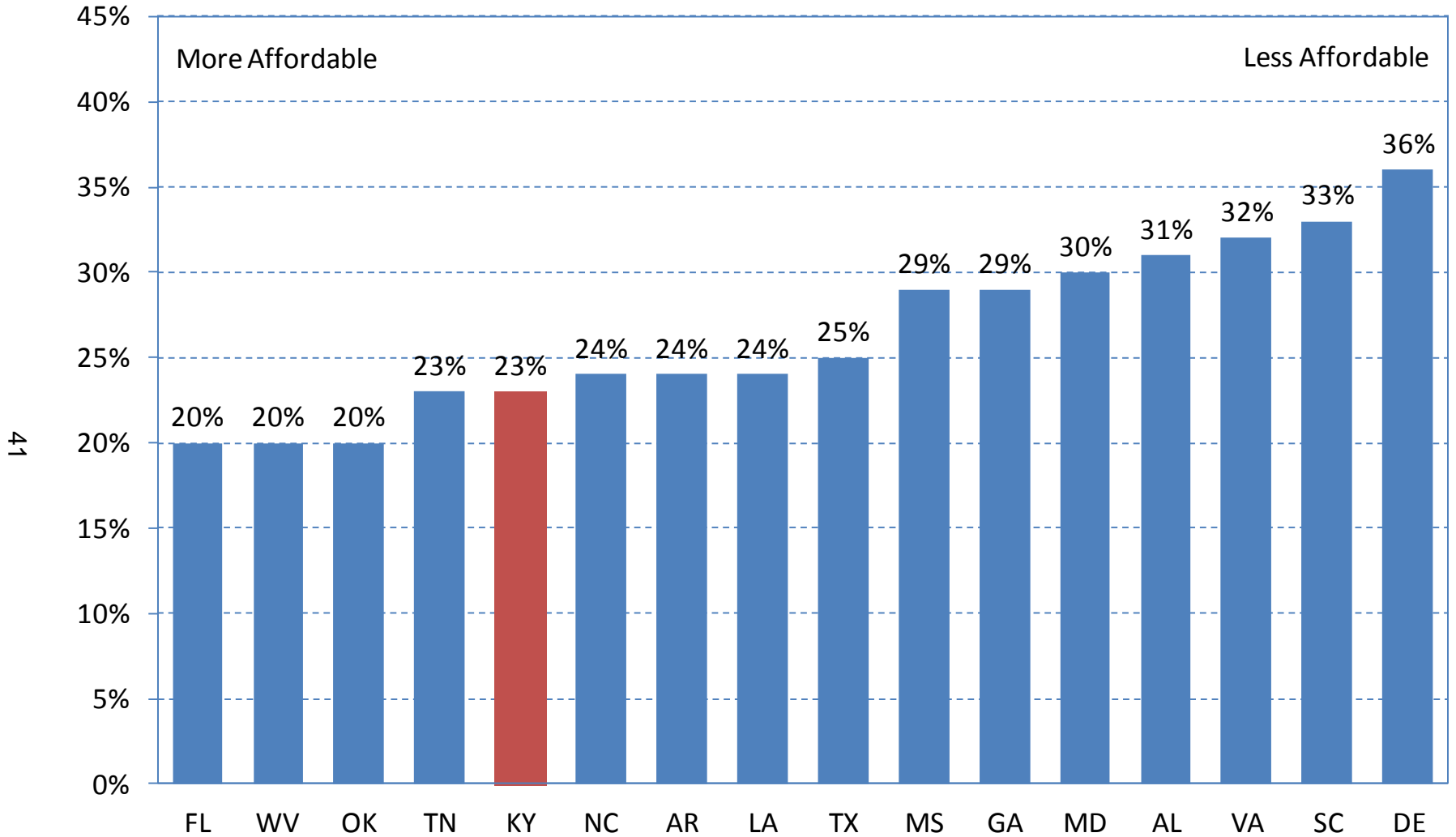


Net price is calculated by subtracting the average amount of federal, state or local, and institutional grant and scholarship aid from the total cost of attendance.

Affordability



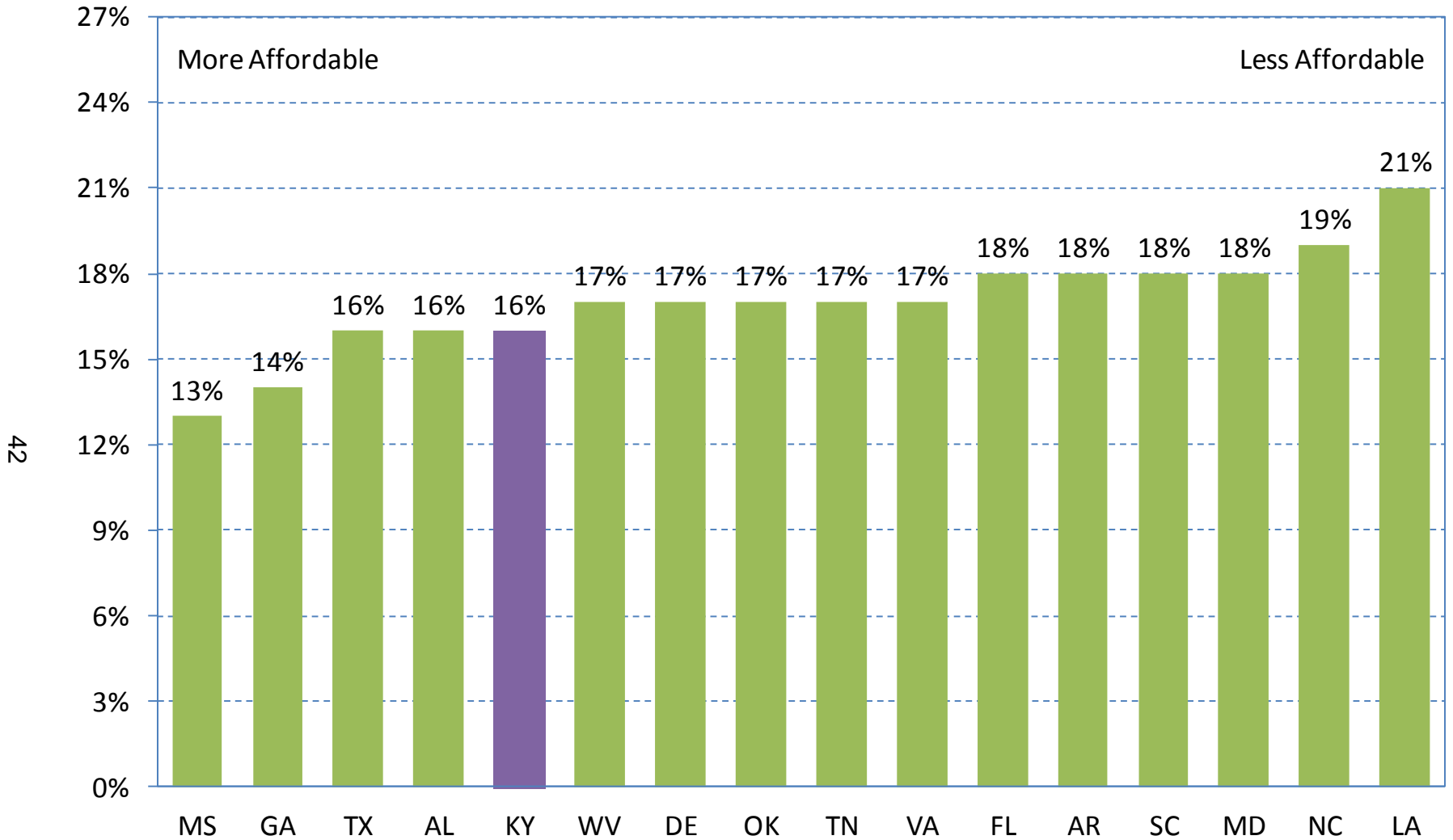
Public Four-Year Colleges in SREB Member States
 Average Net Price as a Percent of Median Family Income
 Academic Year 2013-14



Source: Penn Graduate School of Education, Institute for Research on Higher Education, 2016 College Affordability Diagnosis.



Public Two-Year Colleges in SREB Member States
 Average Net Price as a Percent of Median Family Income
 Academic Year 2013-14



Source: Penn Graduate School of Education, Institute for Research on Higher Education, 2016 College Affordability Diagnosis.



Staff Recommendation

- Resident undergraduate ceilings of:
 - 3.0% at WKU;
 - 4.0% at UK and NKU; and
 - 5.0% at EKU, KSU, MoSU, and MuSU.
- Ceiling of \$6.⁰⁰ per credit hour for resident students attending KCTCS institutions
- Market competitive rates for graduate and online courses
- KERS Increase Allowance

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Annual Resident Undergraduate Tuition and Mandatory Fees Recommended Base Rate Ceilings by Institution Academic Year 2017-18

<u>Institution</u>	<u>2016-17 Base Rates ⁽¹⁾</u>	<u>2017-18 Base Rates ⁽¹⁾</u>	<u>Dollar Change</u>	<u>Percent Change</u>
UK _(Lower)	\$11,320	\$11,773	\$453	4.0%
UK _(Upper)	11,646	12,112	466	4.0%
UofL	11,068	11,068	0	0.0%
EKU	8,568	8,996	428	5.0%
KSU	7,796	8,186	390	5.0%
MoSU	8,398	8,818	420	5.0%
MuSU _(New)	8,400	8,820	420	5.0%
MuSU _(Returning)	7,944	8,341	397	5.0%
NKU	9,000	9,360	360	4.0%
WKU	9,712	10,003	291	3.0%
KCTCS	\$4,620	\$4,800	\$180	3.9%
KCTCS _{pch}	\$154.00 _{pch}	\$160.00 _{pch}	\$6.00 _{pch}	3.9%

pch - per credit hour

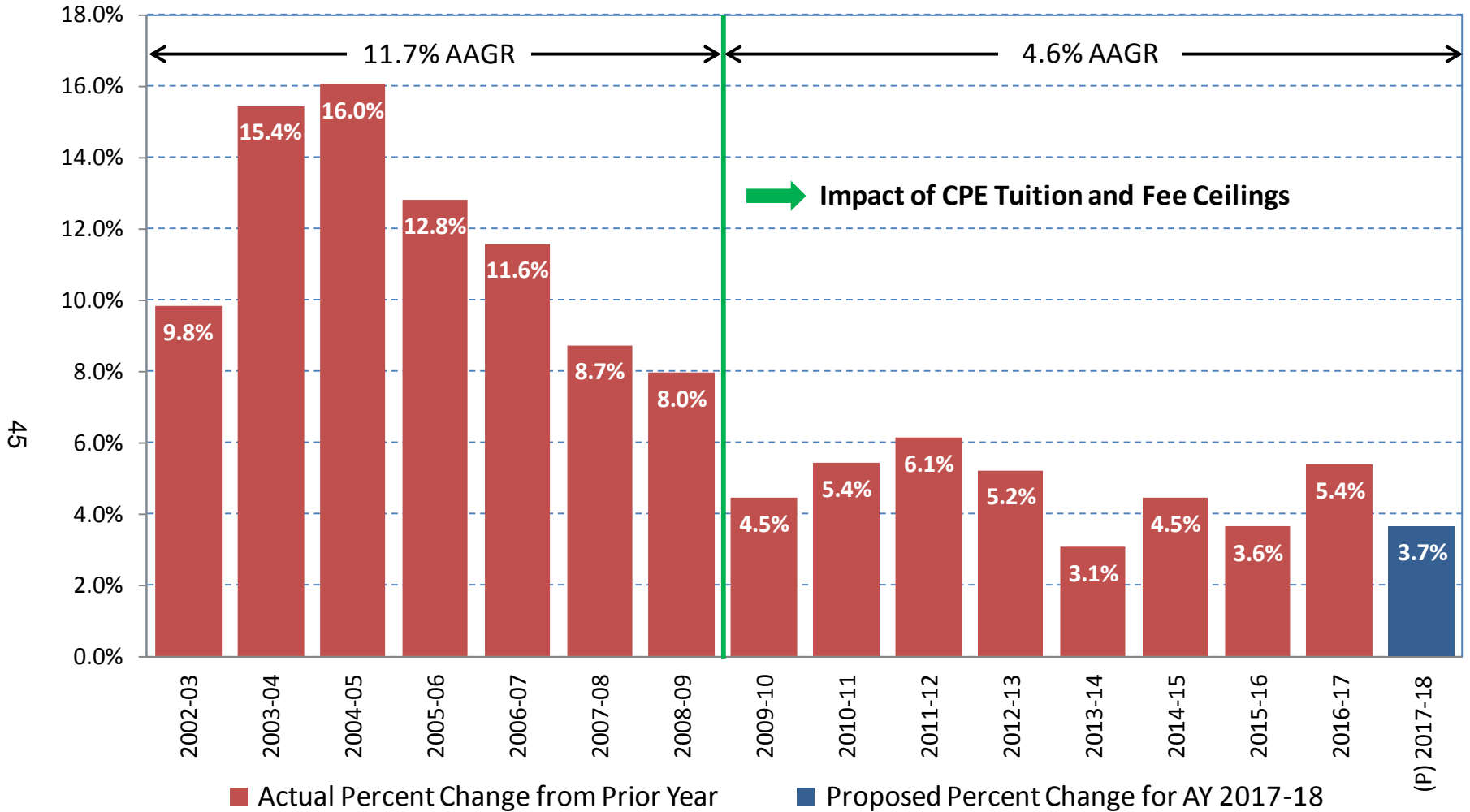
(1) Does not include Special Use Fees at UofL, EKU, MoSU, NKU, and WKU; or Agency Bond Fees and Safety and Security Fees at KCTCS.



Kentucky Public Postsecondary System

Annual Change in Resident Undergraduate Tuition and Fees

Academic Years 2002-03 through 2017-18 (Proposed)



P = Proposed

Source: Council on Postsecondary Education, Comprehensive Database.

AAGR = Average Annual Growth Rate



Rationale for Increase

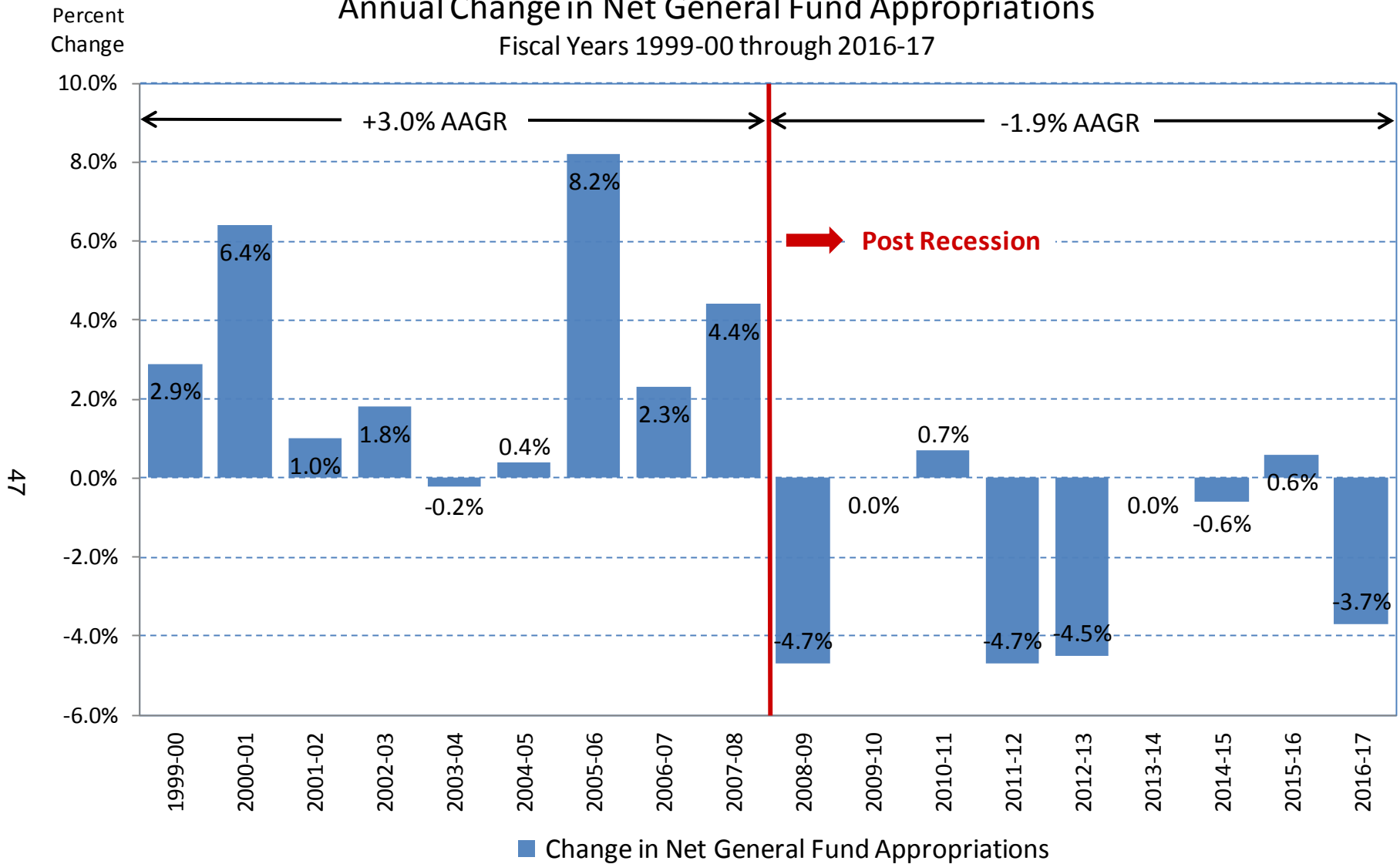
- Nearly a decade of state budget cuts
- 33% loss in per student funding
- Kentucky one of few states not reinvesting
- Tuition has not completely filled the gap
- Mandated increases in KERS contributions
- Reduce variation in rates of change
- Fixed and unavoidable cost increases

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Kentucky Public Four-Year University Annual Change in Net General Fund Appropriations

Fiscal Years 1999-00 through 2016-17



Source: Council on Postsecondary Education, Comprehensive Database.

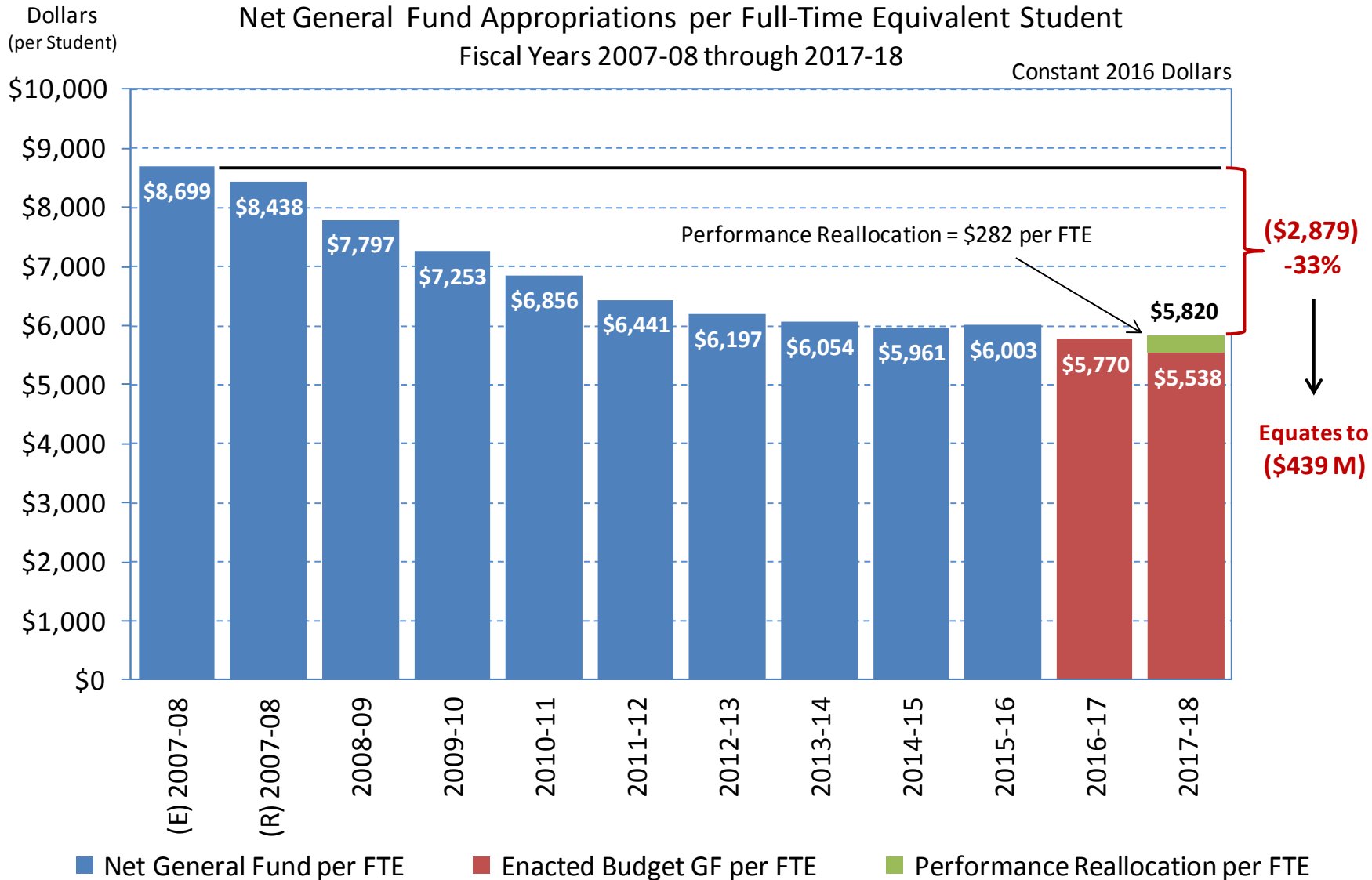
AAGR - Average Annual Growth Rate



Kentucky Public Postsecondary System

Net General Fund Appropriations per Full-Time Equivalent Student

Fiscal Years 2007-08 through 2017-18

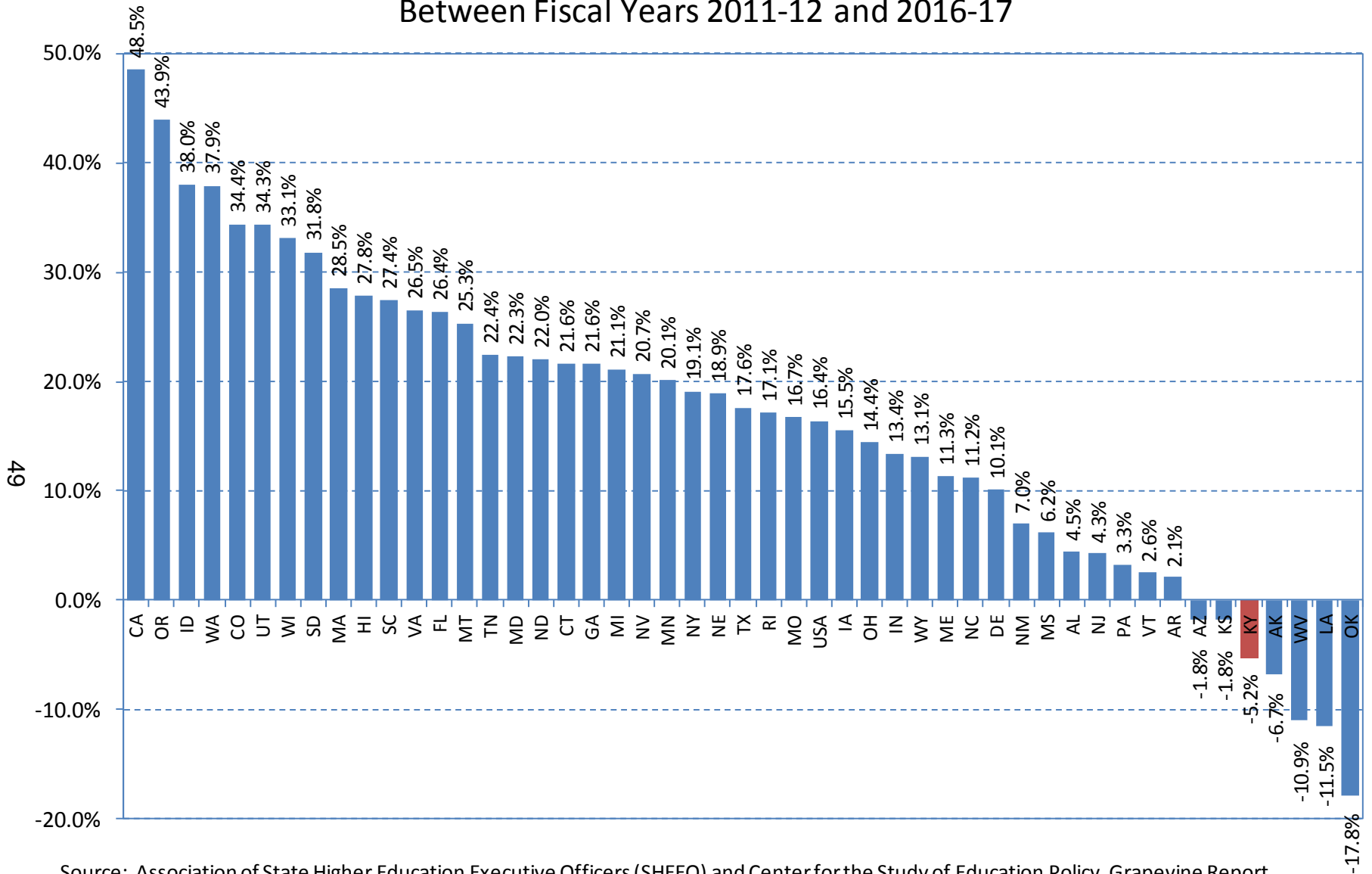


(E) = Enacted; (R) = Revised. Note: Figures displayed after 2015-16 are not inflation adjusted and assume no enrollment growth.

Sources: Kentucky Budget of the Commonwealth, multiple biennia; Commonfund Institute, Higher Education Price Index.



Percent Change in State Support for Higher Education Between Fiscal Years 2011-12 and 2016-17



Source: Association of State Higher Education Executive Officers (SHEEO) and Center for the Study of Education Policy, Grapevine Report.



Importance of State Investment in Higher Education

Hypothetical Distribution of Education and Related Spending and Revenue

Dollars in Millions

<u>Expense Category</u>	<u>Year 1</u>	<u>HEPI Inflation ²</u>	<u>Year 2</u>
Instruction	\$50.0	2.0%	\$51.0
Student Services	15.0	2.0%	15.3
Allocated Overhead ¹	35.0	2.0%	35.7
Total Education & Related Spending	\$100.0		\$102.0

<u>Revenue Category</u>	<u>Year 1</u>	<u>With State Investment</u>	<u>Year 2</u>
State Appropriation	\$50.0	2.0%	\$51.0
Net Tuition and Fees	50.0	2.0%	51.0
Total Education & Related Revenue	\$100.0		\$102.0

<u>Revenue Category</u>	<u>Year 1</u>	<u>Without State Investment</u>	<u>Year 2</u>
State Appropriation	\$50.0	0.0%	\$50.0
Net Tuition and Fees	50.0	4.0%	52.0
Total Education & Related Revenue	\$100.0		\$102.0

¹ Includes allocations for academic support, institutional support, and operation and maintenance of campus facilities.

² Calculated 10-year average annual growth rate in the Higher Education Price Index.

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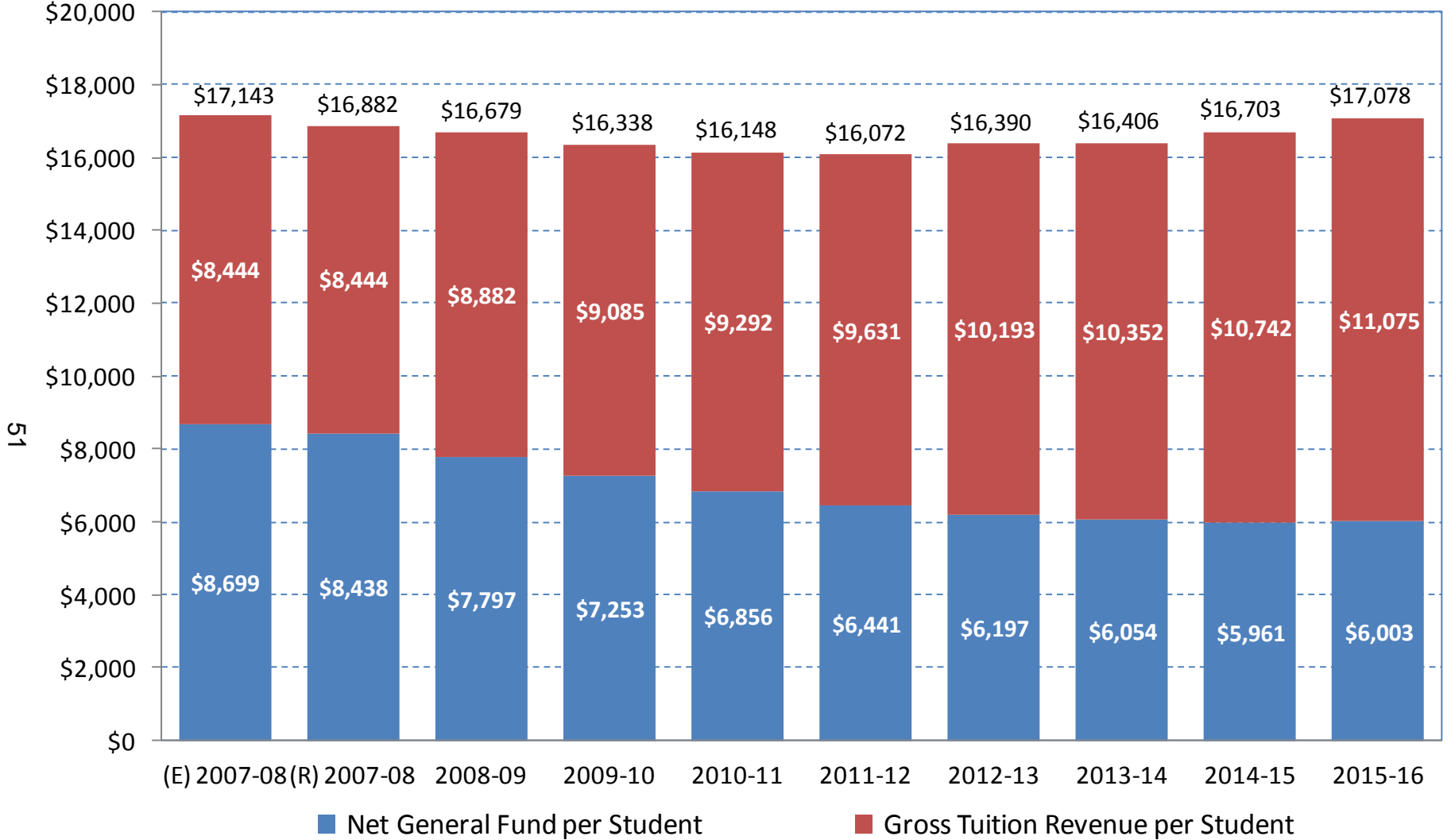
Kentucky Public Postsecondary System

Net General Fund Appropriations and Gross Tuition Revenue per FTE Student

Fiscal Years 2007-08 through 2015-16

Dollars
(per Student)

Constant 2016 Dollars



Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database.

(E) = Enacted; (R) = Revised.

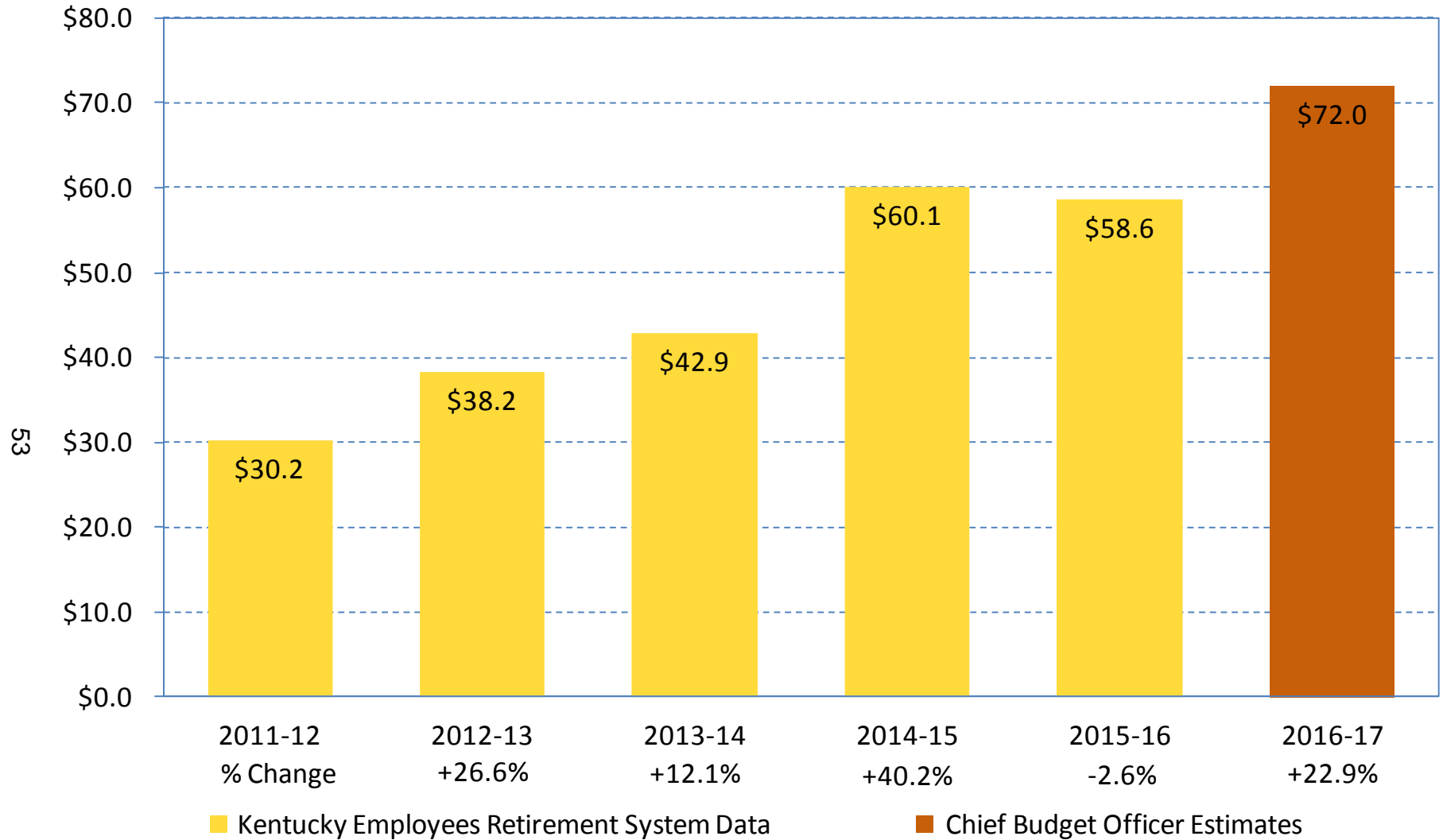


KERS Increase Allowance



Public Comprehensive University and KCTCS Institution
 Kentucky Employees Retirement System (KERS) Employer Contributions
 Fiscal Years 2011-12 through 2016-17

Dollars
 (In Millions)



Sources: Kentucky Retirement System; Participating Postsecondary Institutions.



Kentucky Public Comprehensive Universities and KCTCS Institutions

Calculation of KERS Contribution Increase Allowance

Fiscal Year 2017-18

<u>Institution</u>	<u>Fiscal 2011-12 KERS Employer Contributions</u>	<u>Fiscal 2016-17 KERS Employer Contributions</u>	<u>5-Year AAGR</u>	<u>Fiscal 2017-18 KERS Increase Allowance</u>
Eastern Kentucky University	5,597,129	14,379,770	20.8%	2,986,600
Kentucky State University	1,033,097	2,121,743	15.5%	328,500
Morehead State University	2,393,369	4,995,065	15.9%	791,900
Murray State University	3,091,598	6,576,466	16.3%	1,071,700
⁴⁴ Northern Kentucky University	8,152,077	19,174,036	18.7%	3,577,100
Western Kentucky University	5,070,164	11,485,863	17.8%	2,040,800
KCTCS	4,870,055	13,242,140	22.1%	2,932,800
Group Total	30,207,489	71,975,083	19.0%	13,729,400

KERS = Kentucky Employees Retirement System

AAGR = Average Annual Growth Rate

Sources: Kentucky Retirement System Data, Fiscal Year 2011-12; Participating Postsecondary Institution, Chief Budget Officer Estimates, Fiscal Year 2016-17.



Fiscal Impact on Institutions



Kentucky Public Postsecondary Institution
 Combined KERS Increase Allowance and Fixed Cost Increases
 Fiscal Year 2017-18

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Institution	2016-17 Enacted Net General Fund	Cost Drivers		Combined Challenges	Percent of FY17 Base
		KERS Increase Allowance ^(a)	Fixed Cost Increases ^(b)		
UK	\$267,028,800	\$0	(\$11,620,500)	(\$11,620,500)	-4.4%
UofL	132,818,400	0	(10,805,800)	(10,805,800)	-8.1%
EKU	64,972,300	(2,986,600)	(3,129,200)	(6,115,800)	-9.4%
KSU	26,729,600	(328,500)	(1,040,000)	(1,368,500)	-5.1%
MoSU	41,969,200	(791,900)	(1,840,300)	(2,632,200)	-6.3%
MuSU	45,864,000	(1,071,700)	(1,121,800)	(2,193,500)	-4.8%
NKU	46,353,400	(3,577,100)	(1,360,600)	(4,937,700)	-10.7%
WKU	72,040,200	(2,040,800)	(2,880,000)	(4,920,800)	-6.8%
KCTCS	181,605,000	(2,932,800)	(8,320,400)	(11,253,200)	-6.2%
System	\$879,380,900	(\$13,729,400)	(\$42,118,600)	(\$55,848,000)	-6.4%

(a) Between fiscal years 2011-12 and 2016-17, postsecondary institution KERS contributions have increased by \$41.8 million, or 138 percent. Beginning in fiscal 2017-18, CPE staff recommends adoption and use of a KERS Increase Allowance, which will level out tuition and fees increases from year to year and facilitate the ability of students and families to plan for college costs.

(b) Fixed cost increases include M&O of facilities, health insurance, contractual obligation, and worker's compensation cost increases.

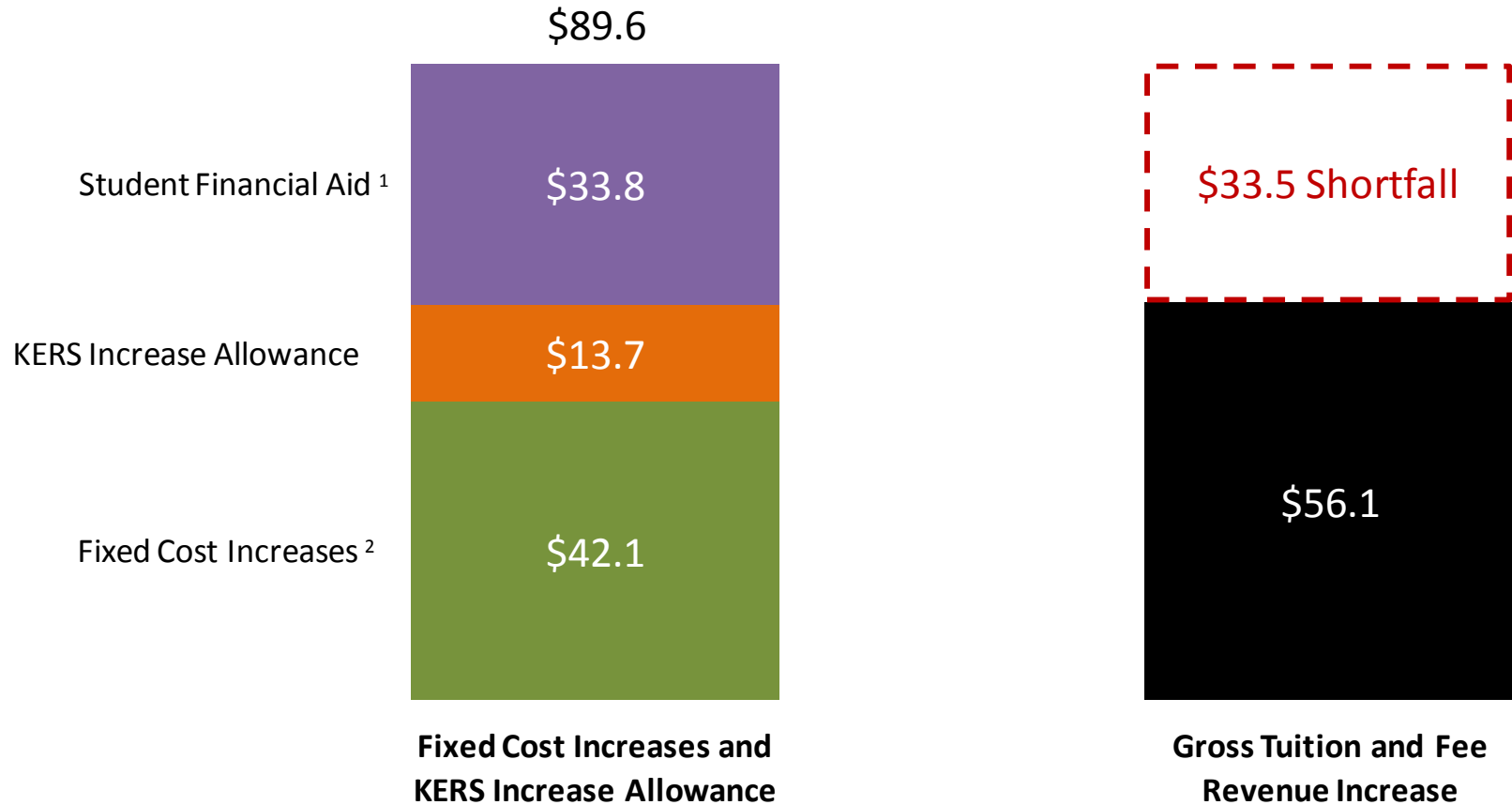
Source: Kentucky Budget of the Commonwealth; University and KCTCS Chief Budget Officer Estimates.



Cost Drivers for Postsecondary Institutions Fiscal Year 2017-18

(Dollars in Millions)

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¹ Includes \$10.3 million for new or expanded financial aid programs.

² Fixed cost increases include M&O of facilities, health insurance, contractual obligation, and worker's compensation increases.

Source: Council on Postsecondary Education, Comprehensive Database.



2016-2021 Strategic Agenda, Key Performance Measures

Strategic Agenda Policy Area	Metric	Purpose	Summary Status	Reporting Level	Diversity Policy Metric	Perform. Funding Metric
Opportunity Objective 1	Outcome on Annual Diversity Policy Degree Eligibility Review	To better align statewide diversity planning and evaluation with the broader strategic agenda, annual institutional performance presentations to the Council will include the positive or negative outcome of the institutions' diversity policy degree eligibility review. The degree eligibility review includes quantitative and qualitative measures aligned with the priorities of the strategic agenda and statewide diversity policy.	The campuses are in the process of developing diversity plans. The first evaluation of progress on the plans will take place in Academic Year 2018-19.	Institution	Yes	No
Opportunity Objective 2	College Readiness of Kentucky High School Graduates	This metric measures the percent of Kentucky high school graduates entering college in Kentucky who meet statewide standards for readiness in English, mathematics, and reading. College readiness is closely aligned with success in postsecondary education.	In 2010-11, 52% of KY high school graduates entering public postsecondary institutions met college readiness standards in English, math and reading. By 2014-15, that percentage had risen to 70.5%. Preliminary data indicates increases will continue in 2015-16.	State	No	No
Opportunity Objective 2	Progress of Underprepared Students	This measure tracks the progress of underprepared students in mathematics and/or English who complete a credit-bearing course in their area(s) of deficiency by the end of the fall semester a year after entry. For students entering underprepared in English or mathematics, completion of a credit-bearing course within the first several semesters of entry is strongly correlated with higher levels of retention, progression and completion.	In 2014-15, 64% of students underprepared in English at a four-year public university and 28% of students underprepared in English at a KCTCS institution completed a credit-bearing English course. In 2014-15, 33.1% of students underprepared in math at a four-year public university and 21.4% of students underprepared in math at a KCTCS institution completed a credit-bearing math course.	State, Institution	No	No
Opportunity Objective 3	College-Going Rate of High School Graduates (KY only)	Like enrollment, this measure provides a view of postsecondary participation but focuses on college going as a percentage of the available high school graduating population. This measure mirrors a key indicator in the K-12 accountability system.	The college-going rate of 2012-13 KY high school graduates was 55.4%, compared to 54% in 2014-15, the most recent year available. Due to data availability, the percentages include students enrolling in Kentucky postsecondary institutions only. An estimated 5% of Kentucky high school graduates attend college out of state.	State	No	No
Opportunity Objective 3	Percent of Adult Kentuckians Enrolled in Postsecondary Education	A significant portion of Kentucky's adult, working-age population (25-64) has never attended a postsecondary institution or has stopped out without obtaining a credential. Kentucky's educational attainment level depends on enrolling and graduating a greater proportion of our adult population.	This is a new metric. Evaluations of historical trends and projected progress is underway.	State	No	No
Opportunity Objective 4	Working-Age Population Without a High School Diploma	This is a key measure for Kentucky Adult Education and provides a clear indication of the population in need of KYAE services. It also has a significant impact on the state's overall level of educational attainment.	In 2010, 15.2% of working-age Kentuckians ages 18-64 (410,024) did not have a high school diploma or equivalent. This percentage has steadily improved and, in 2015, had decreased to 12.9% (353,950).	State	No	No

March 28, 2017

For detailed metrics definitions, please refer to the technical guide at www.cpe.ky.gov

2016-2021 Strategic Agenda, Key Performance Measures

Strategic Agenda Policy Area	Metric	Purpose	Summary Status	Reporting Level	Diversity Policy Metric	Perform. Funding Metric
Opportunity Objective 4	High School Equivalency Diplomas Conferred	Students who earn high school equivalency diplomas represent a large pool of potential college-goers in Kentucky. This measure also is a key indicator of the impact of KYAE services on their target population.	Since the latest GED test edition was released (January 1, 2014), the number of Kentuckians earning a GED diploma has increased from 1,663 (FY15) to 3,091 (FY16), and the upward trend continues for this fiscal year. From 2000-14, the total number of GED diplomas earned decreased, primarily because the number of working-age Kentuckians (ages 18-64) who did not have a high school diploma decreased – from 21% in 2000 to 12.9% today	State	No	No
Opportunity Objective 4	Percent of Kentucky Adult Education Students Enrolling in a Kentucky College or University	In today's economy, a high school diploma is not enough. This indicator highlights an important access issue for Kentucky postsecondary education—the ability of GED graduates to transition to college. Getting more adults into postsecondary education is critical to achieving Kentucky's educational attainment goals.	In 2012, 25% of 2010 GED graduates had transitioned into a Kentucky state-supported or regionally accredited, non-profit, independent college or university within two academic years. That percentage remains relatively steady; in 2016 the percentage was 23% of the 2014 GED graduates.	State	No	No
Opportunity Objective 5	Net General Fund Appropriation per FTE Student	This measure tracks the net general fund appropriation per FTE student. It is an indicator of state support, and decreases in the general fund appropriation to postsecondary education correlate to increased costs for students and their families.	In 2007-08, net general fund appropriation per FTE was \$8,699. By 2015-16 it had decreased to \$6,003 per FTE.	State	No	No
Opportunity Objective 5	Average Net Price	Net price is the out-of-pocket expenditures for college after factoring in state, federal and institutional grants and scholarships that do not need to be repaid. College cost is a primary barrier to college participation and completion, and college affordability is a key consideration for the state.	This is a new metric. In 2015-16, the average net price that students paid at public universities was \$12,106 (compared to \$11,495 in 2012-13). At KCTCS, it was \$6,923 (compared to \$6,506 in 2012-13).	State	No	No
Success Objective 6	Student Retention	This measure tracks the percent of first-time, degree-seeking students who return to the same institution the following fall. There is a high rate of student attrition after the first semester or year due to social, emotional, financial or academic reasons. Effective mentoring, intervention and counseling programs are essential to ensure students return and stay on track. This metric will be disaggregated by low-income and URM status.	Both KCTCS and public universities have improved their retention rates. KCTCS returned 52.2% of fall 2015 freshmen the following fall, compared to 50.9% of fall 2011 students the following fall. Four-year campuses returned 76.3% of fall 2016 freshmen the following fall, compared to 72.6% of fall 2011 freshmen the following fall. While both low-income and URM students return at lower rates, similar gains have been made in this time period.	State, Institution	Yes	No
Success Objective 6	Student Progression	This measure tracks the percent of students who reach or surpass certain credit hour milestones (30, 60 and 90 at universities and 15, 30, and 45 at KCTCS). This reflects the state's interest in monitoring both progress to completion, as well as degree or certificate attainment. Like retention rates, progression rates provide information to institutions about needed interventions and program changes.	This is a new metric. Staff is reviewing trend data to determine past progress at each of the campuses. Data will be presented at an upcoming meeting.	Institution	No	Yes

March 28, 2017

For detailed metrics definitions, please refer to the technical guide at www.cpe.ky.gov

2016-2021 Strategic Agenda, Key Performance Measures

Strategic Agenda Policy Area	Metric	Purpose	Summary Status	Reporting Level	Diversity Policy Metric	Perform. Funding Metric
Success Objective 6	Graduation Rate	This metric measures the percent of students from an entering cohort who start full-time and ultimately graduate at their home institution within 150% of the prescribed program length. Despite limitations, it continues to be widely used as a measure of student success and institutional effectiveness. This metric will be disaggregated by low-income and URM status.	The 6-year graduation rate at public universities increased from 48.2% in 2010-11 to 49.5% in 2015-16. The 3-year graduation rate at KCTCS institutions increased from 23.7% in 2013-14 to 26.6% in 2015-16.	State, Institution	Yes	No
Success Objective 6	Completion Rate	While the graduation rate measures the success of students who enter full time and graduate from the institution where they started, the completion rate focuses more broadly on whether students are successful within a set period of time, regardless of where they graduated.	Students starting at KY four-year public institutions from fall 2008 to fall 2010 completed at rates of 57.9%, 57.3% and 58.1%. Students starting at KY two-year public institutions from fall 2008 to fall 2010 completed at rates of 40.4%, 39.6% and 40.0%.	State	No	No
Success Objective 6	Average Number of Credit Hours Earned	This measure highlights Kentucky's efforts to reduce the time and costs to graduation by pushing down the average number of credits earned by college graduates.	The minimum number of credit hours for most bachelor's degree programs is 120. In 2009-10, the average number of credit hours earned by bachelor's degree graduates was 140; in 2015-16, that number fell slightly to 139. In 2009-10, the average number of credit hours earned by associate degree graduates was 93; in 2015-16, that number fell to 78.6.	State, Institution	No	No
Success Objective 7	Student Transfer	This metric tracks the number of KCTCS students who transition to a four-year program of study. Breaking down barriers to successful transfer supports Kentucky's efforts to create a more seamless education system with multiple pathways to success. The strategic agenda will track transfer in two ways: KCTCS students who transfer to a four-year campus with academic credit and those who transfer with an associate degree.	While Kentucky has tracked transfer for a number of years, the definition of this metric has changed in the new agenda to better align with national standards and the KCTCS system definition. Trend data and projected progress will be presented in June 2017.	State	No	Yes
Success Objective 8	Academic Quality	For the first time, this agenda includes academic quality measures that reflect the specific institutional priorities of each campus. Each campus has chosen two measures: one that reflects a high-impact educational practice leading to higher levels of student success, and one that is a measure of academic excellence and quality educational outcomes.	These are new metrics. CPE staff is working with the campuses to collect data.	Institution	No	No
Impact Objective 9	Postsecondary Degrees and Credentials Conferred	The number of degrees and credentials awarded is a key indicator that most directly impacts overall educational attainment goals. Tracking the number of degrees awarded to low-income and racial-ethnic minorities focuses attention on the persistent achievement gaps in Kentucky that must be erased. Shortages in science, technology, engineering, mathematics and health-related fields have prompted national initiatives to increase the number of STEM+H graduates. Increasing the number of degrees in these high-demand fields is vital to attracting more high-value jobs and industries.	From 2011-2016, total degrees and credentials at public and private institutions increased 10.8%. Degrees and credentials at public institutions increased 10.5%, while degrees and credentials awarded at AIKCU (non-profit, independent) institutions increased 13%. STEM+H degrees increased nearly 25% in 5 years, from 17,306 in 2009-10 to 21,984 in 2015-16.	State, Institution	Yes	Yes

March 28, 2017

For detailed metrics definitions, please refer to the technical guide at www.cpe.ky.gov

2016-2021 Strategic Agenda, Key Performance Measures

Strategic Agenda Policy Area	Metric	Purpose	Summary Status	Reporting Level	Diversity Policy Metric	Perform. Funding Metric
Impact Objective 9	The Percent of Working-Age Kentuckians with a Postsecondary Degree or Certificate	Kentucky's "big goal" as articulated in this agenda is to increase educational attainment of working-age adults (25-64) with a college credential to the projected national average of 58% by 2025. This is an ambitious target, but it reflects the priorities of the 1997 higher education reform act, as well as the need to have a more highly skilled and educated population. Reaching this goal will be a shared responsibility, requiring not only increases in degree production, but strong economic development efforts leading to business growth, improved preparation and college-going rates in the P-12 system, and a re-engagement of adult learners who have dropped or stopped out of school. Over 30 states have established population-based educational attainment goals, reflecting a nationwide priority on strengthening economic opportunity through higher levels of education.	Kentucky has focused on reaching at least the national average in educational attainment since HB 1 in 1997. However, the goal has been articulated in different ways over the years. In the previous strategic agenda, the educational attainment level of younger adult Kentuckians was a central concern. In prior agendas, bachelor's level attainment was the priority. For the first time, this agenda considers not just degrees but undergraduate certificates as a key element in educational attainment and an essential building block of a competitive workforce. Analysis is underway to determine necessary and appropriate increases in degree production at Kentucky's public and private postsecondary institutions in support of this goal.	State	No	No
Impact Objective 9	Internships/Co-ops/Clinical Learning Experiences	Applied learning opportunities like internships and clinical experiences not only lead to higher chances of college completion, but they provide essential job development opportunities that help students make the transition from college to career.	This is a new metric. Data collection is underway.	Institution	No	No
Impact Objective 9	Percent of Graduates Working or Pursuing Additional Education in Kentucky	This indicator measures the extent to which the state benefits from its investment in postsecondary education when its graduates remain in Kentucky to enhance our economy and quality of life.	This is a new metric. We are working with the Kentucky Center for Education and Workforce Statistics to determine the percentage of associate and bachelor's degree graduates working or pursuing additional education a year after graduation.	State	No	No
Impact Objective 10	Research Expenditures	Research and development expenditures are an index of a state's intellectual capital and potential for economic growth. These measures track R&D expenditures at Kentucky's research universities.	Extramural R&D funding decreased about 5% in 5 years, from \$372M in 2009-10 to \$352M in 2013-14. This downward trend is in part due to a decline in available National Science Foundation funding and other federal resources.	State, Institution	No	No
Impact Objective 11	Regional Stewardship and Public Service	Public service is a cornerstone of the mission of higher education institutions. The agenda does not include specific metrics related to public service due to the diversity of activity and individual campus priorities. However, the agenda does highlight the importance of this work, so regional stewardship and public service activities will be included in annual institutional performance reports.	Campuses will report on their commitment and activity related to regional stewardship and public service annually beginning in June 2017.	Institution	No	No

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Strategic Agenda Accountability System

Discussion Items

1. Performance Metrics
2. Diversity Planning, Performance Funding & Alignment with Strategic Agenda
3. Target Setting
4. Reporting on Progress
 - Institution-level
 - State-level
5. Dashboard and Scorecards
6. Special Topic Reports/Issue Analysis
7. State Educational Attainment Goal

Priorities for Metrics Development

- Involve broad input
- Support objectives in the Strategic Agenda
- Address achievement gaps
- Focus on limited number, with the ability to dive deeper
- Enable comparison of Kentucky with other states when possible
- Align with diversity planning and performance funding
- Build on existing measures when possible





Focus Area 1: Opportunity

Key Metrics

- Outcome of Annual Degree Eligibility Review, Linked to Campus Diversity Plans
- College Readiness of College Entrants
- Progress of Underprepared Students in English & Math
- College-Going Rate of High School Graduates
- Kentucky Residents (25-64) Enrolled in Postsecondary Education
- Working-Age Population (18-64) Without a High School Diploma
- Number of Kentuckians Earning a High School Equivalency Diploma
- Percent of Adult Education Students Transitioning to Postsecondary Education
- Net General Fund Appropriations
- Average Net Price



Focus Area 2: Success

Key Metrics

- First-Year to Second-Year Retention
- Student Progression
- 3-Year and 6-Year Graduation Rates
- College Completion Rate
- Average Credit Hours Earned for Graduates
- Two to four year transfer
- Academic Quality and Excellence Metrics (varied based on institutional mission and priorities)



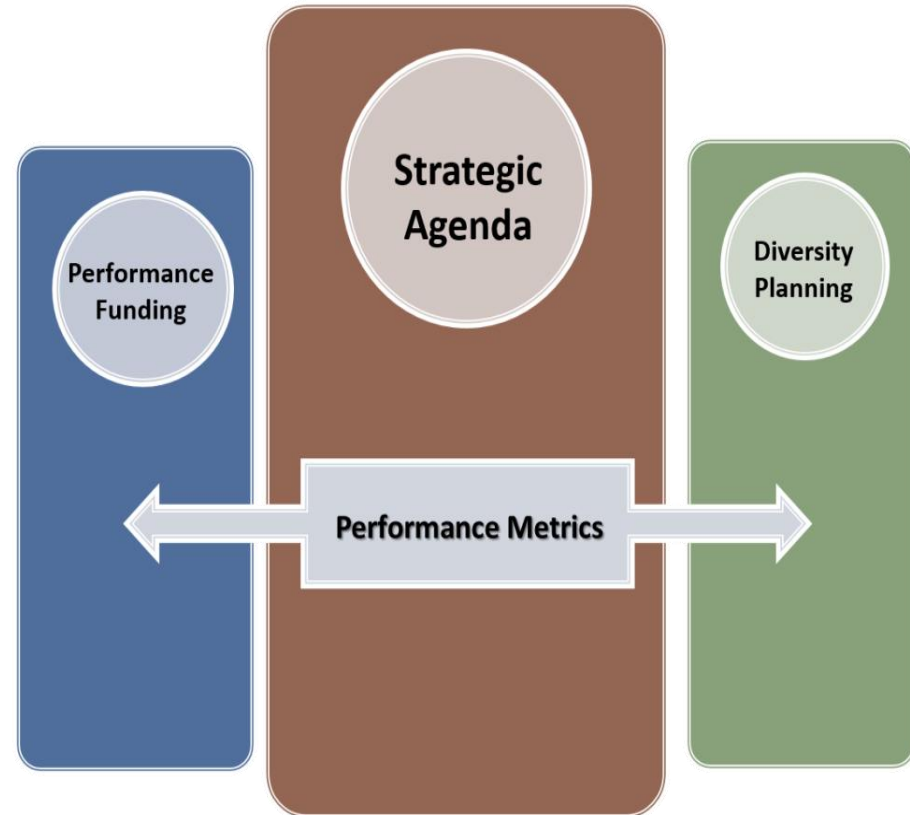
Focus Area 3: Impact

Key Metrics

- Degrees/Credentials Conferred
- Educational Attainment (Percent of Kentuckians 25-64 with a postsecondary credential)
- Percent of Graduates who Complete Internships and/or Co-ops
- Percent of Graduates Working or Pursuing Additional Education
- Research Expenditures
- Annual Updates on Regional Development, Outreach and Public Service

Strategic Agenda, Diversity Plan and Performance Funding Alignment

- Diversity Plan and Performance Funding Model metrics, with a few exceptions, are a subset of the Strategic Agenda metrics.
- Diversity Plan and Strategic Agenda target setting will be done together (funding model does not include targets).
- Annual metrics validation will be done at same time.



Target Setting – Process



- Required 2020-21 for both the Strategic Agenda and Diversity Plans.
- Campuses are developing draft 2020-21 targets:
 - Should align with campus strategic plan goals, and build on past performance.
 - Peer/benchmark performance should be considered as targets are developed.
 - Targets should be ambitious but achievable.
 - The state’s goal to increase attainment the national average by 2025 should be considered when developing targets.
- CPE staff will meet with campuses after the submission of draft targets to negotiate final targets.

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Target Setting – Timeline

- **Now through mid-April** - campus teams develop draft 2020-21 targets for Strategic Agenda and Diversity Plan metrics.
- **April-May, 2017** - Individual campus meetings with CPE staff to discuss/negotiate targets for each metric.
- **May, 2017** – Finalize state and institutional targets
- **June, 2017** – First campus presentations to CPE board. Campus-level historic data, baseline numbers and 2020-21 targets will be presented for each metric.

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Reporting on Progress



Institutional progress updates:

- Annual campus presentations begin at June 2017 meeting
- There will be 3-4 campus presentations each meeting/work session, each lasting 20-30 minutes
- Presentations will include baseline data (2015-16), trend data, and negotiated targets
- Presidents will discuss campus priorities, strategies, accomplishments in each of the 3 priority areas

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Reporting on Progress

State-level progress:

- March 2017 Meeting: Policy Area #1, Opportunity
- June 2017 Meeting: Policy Area #2, Success
- September 2017 Meeting: Kentucky Adult Education
- November 2017 Meeting: Policy Area #3, Impact
- February 2018 Retreat: Comprehensive progress presentation/evaluation

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Dashboards and Scorecards

CPE is developing to an interactive portal on the website for a spring/summer launch. Content areas include:

- **CPE Strategic Agenda** (State, sector and institutional level metrics including: Enrollment, Credentials Conferred, College Readiness, etc.)
- Embedded **links to KCEWS outcomes reports** (Postsecondary Feedback, HS Feedback by County, KY Future Skills, etc.)
- From **frequently requested and ad hoc reports**: (student debt/loan repayment, student mobility and completion, dual credit, etc.)

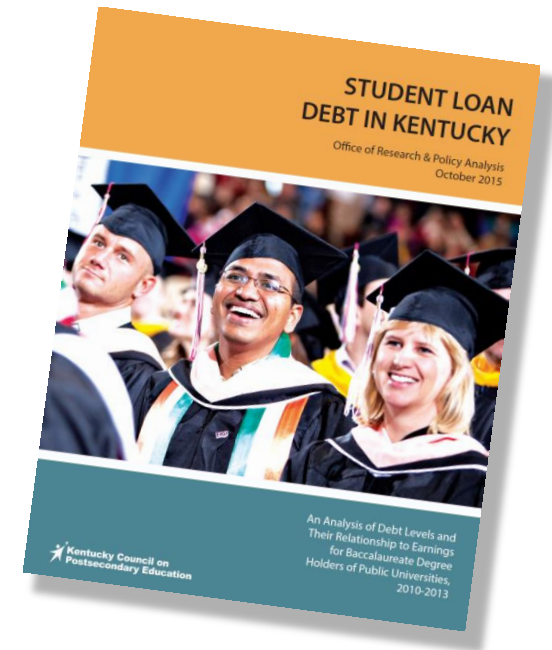
Campus and state scorecards will be available on-line and at meetings.

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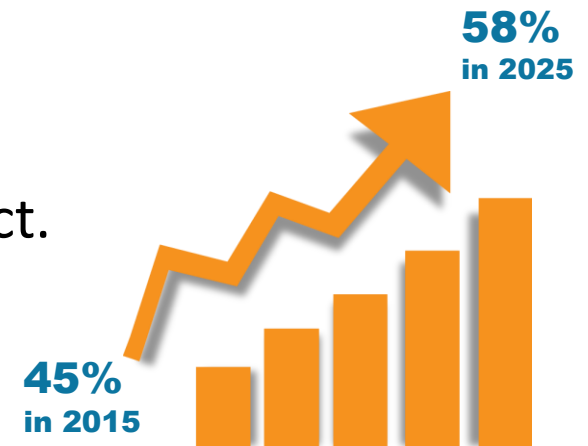
Special Reports and Issue Analysis

- Annual Research Agenda based on key issues and initiatives, for example:
 - Transfer
 - Student Debt
 - College Completion
 - College Readiness
 - Dual Credit
- Joint projects with campuses, KCEWS and other state partners (PS Feedback Report, Future Skills Report).
- Contracted projects with state and national organizations (ROI analysis, educational attainment, affordability).



Kentucky's Educational Attainment Goal

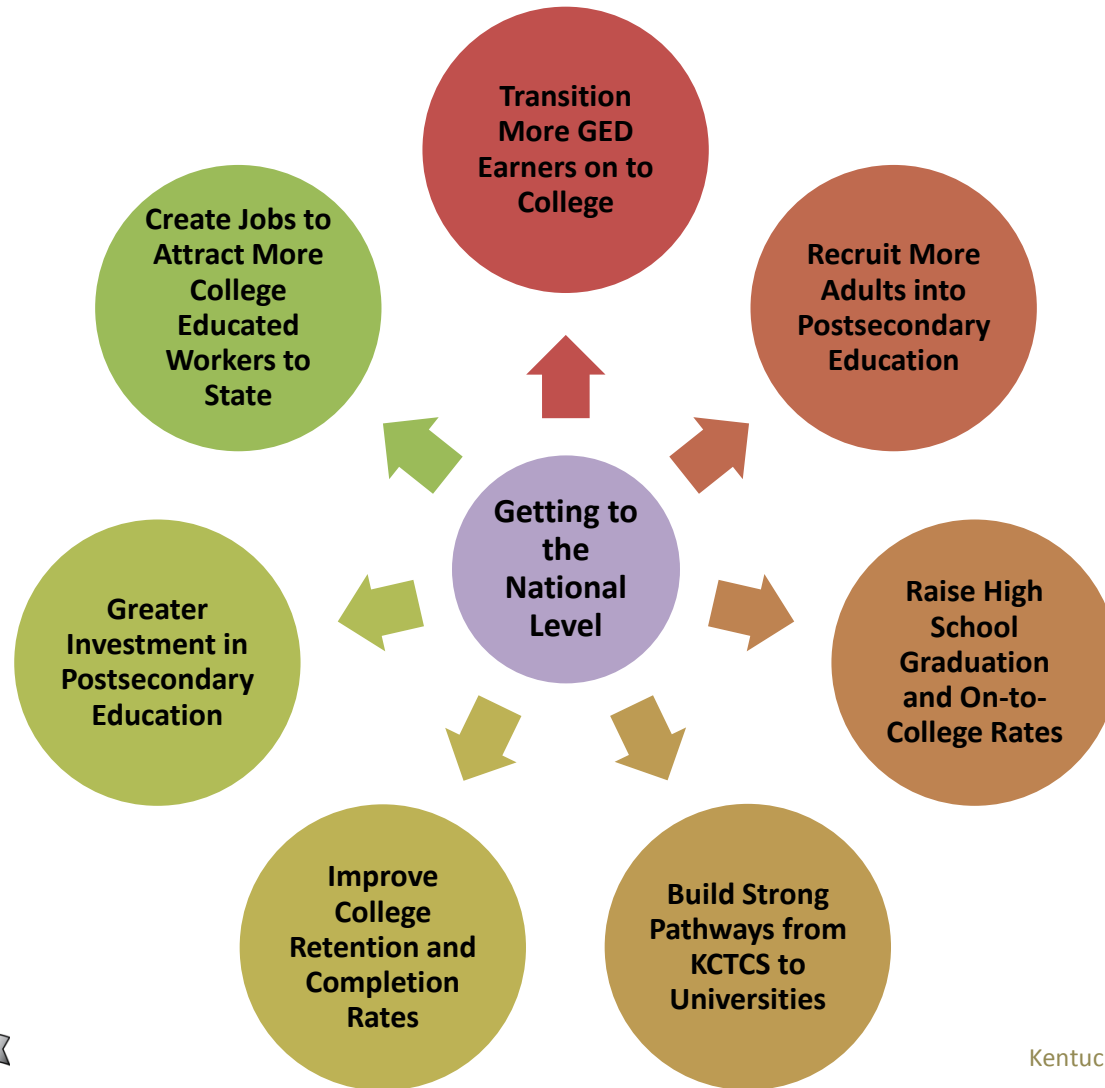
- To increase educational attainment (**certificate and above**) to the national average, which is projected to be 58% in 2025 (or 60% in 2030).
- Currently 45% of Kentucky's population has a postsecondary degree or certificate.
- Responds to mandates in the 1997 Postsecondary Education Improvement Act.
- Reflects economic development and workforce demand for a more highly trained, highly educated population.



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What Will It Take to Reach the Goal?



Reaching the Goal Is a Shared Responsibility

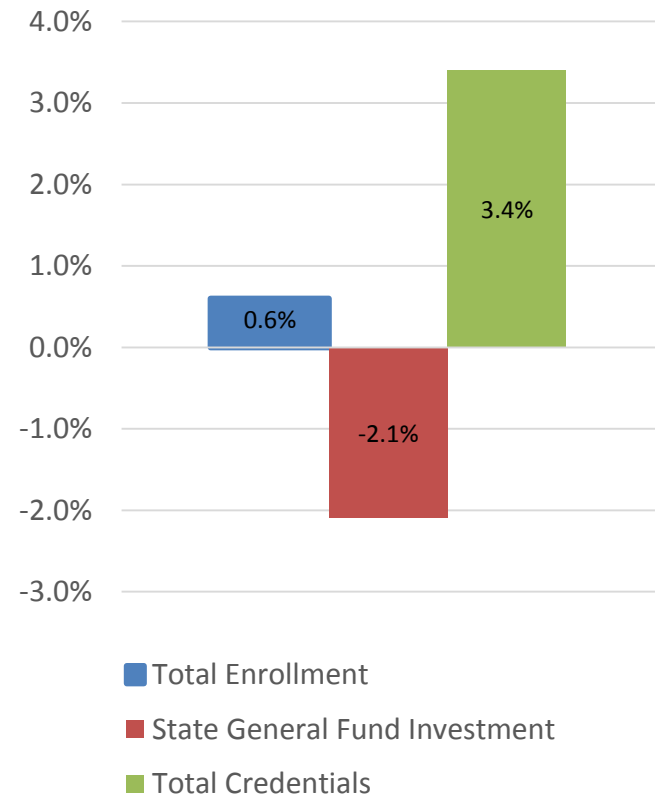
- P-12
- Adult Education
- KCTCS
- Universities
- Business and Economic Development Communities
- State Government

Are We Making Progress?

45% of Kentucky adults have a postsecondary credential versus a national average of 53%; however:

- Kentucky has been a leading state in growing its level of education attainment since 2000 (tied for third place with IA and PA), and **exceeding the national growth rate by nearly 30%.**
- Degree and credential production has continued to increase despite a leveling of enrollment and declines in state investment.

Average Annual Percent Change, 2006-2016



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Postsecondary Education's Contribution

How many additional degrees and certificates will be needed to help Kentucky reach the national educational attainment level in 2025 and 2030?

Goal Year	Years to Goal	Annual Growth Rate Needed (cmpd yearly)	Additional Credentials Needed Per Year	Annual Credentials Needed By Goal Year
2025	10	3.9%	2,745	86,632
2030	15	1.6%	1,047	74,897

Credentials Conferred in KY in 2014-15 – 59,186
Annual Growth Rate from 2013-2016 – 2.29%

Source: KY Postsecondary Education System (KPEDS),
The National Center for Higher Education Management Systems (NCHEMS)



Next Steps

- CPE staff will meet with campus representatives to negotiate 2020-2021 strategic agenda targets (including degree/certificate goals) in April and May.
 - Given declining enrollment in some regions, is the required increase in degree/credential production to meet the 2025 goal realist? What effect would pushing the goal to 2030 have?
 - What are the state’s expectations for KCTCS? What is its capacity to ramp up production of high demand certificates to meet growing workforce demands?
 - What effect will performance funding and new scholarship programs have on degree/certificate production?
- Staff will bring a recommendation to the board regarding the attainment goal at a future meeting.

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QUESTIONS?