

KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION BUSINESS MEETING



January 27, 2023 – 9:30 a.m. ET
KCTCS Offices, 300 N Main St., Versailles, KY 40383 – Rm 102A

**indicates action item*

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XV. Other Business

XVI. Adjournment

Next Meetings: March 30-31, 2023 @ Eastern Kentucky University

TITLE: Proposed Council Resolutions

RECOMMENDATION: Three Council resolutions will be presented for approval.

PRESENTER: Eric Farris, Acting Chair

SUPPORTING INFORMATION

Periodically, the Council recognizes certain individuals for their support of and service to postsecondary education in Kentucky.

At the meeting, resolutions for Council members, Lucas Mentzer, Lori Harper, and Richard Nelson, will be proposed for approval by the Council. Copies of the resolutions can be found in your board materials.

A RESOLUTION HONORING AND COMMENDING

LUCAS MENTZER

for his service to the Council on Postsecondary Education
and the Commonwealth of Kentucky

WHEREAS, Lucas Mentzer served on the Council on Postsecondary Education from July 5, 2016, through January 17, 2023; and

WHEREAS, Mr. Mentzer was an active member of the Council, serving as Chair from May 2021 through the end of his term, and participating on nearly every committee, including the Executive Committee, the Finance Committee (as chair), the Academic and Strategic Initiatives Committee, and the Commonwealth Education Continuum, among others; and

WHEREAS, Mr. Mentzer is a strong advocate for college affordability, transparency and equity, and as such, championed annual financial literacy notices to undergraduate students providing a concise snapshot of students' cumulative student loan debt and estimated monthly payments; and

WHEREAS, Mr. Mentzer has used his platform as an IT professional and entrepreneur to advocate for STEM-related careers and technology-based solutions in the education sector; and

WHEREAS, Mr. Mentzer gives freely of his time, mentoring students and volunteering to serve on numerous boards and organizations for the betterment of the Commonwealth; and

WHEREAS, Mr. Mentzer has demonstrated his strong commitment to higher education by dedicating countless hours to the Council on Postsecondary Education, and participating in meetings, campus tours, and other activities; and

WHEREAS, the members of the Council value and respect Luke's intelligence, compassion, work ethic and desire to serve, and the application of these skills to public higher education;

NOW, THEREFORE, BE IT RESOLVED, that the Council on Postsecondary Education does hereby adopt this resolution, January 27, 2023, thanking Lucas Mentzer for his dedication and service, and wishing him good fortune in his future endeavors.

Eric Farris, Acting Chair

Aaron Thompson, Ph.D., President

A RESOLUTION HONORING AND COMMENDING

LORI HARPER

for her service to the Council on Postsecondary Education
and the Commonwealth of Kentucky

WHEREAS, Lori Harper served on the Council on Postsecondary Education from April 17, 2018, through January 17, 2023; and

WHEREAS, Ms. Harper was an active member of the Council, chairing the Academic and Strategic Initiatives Committee for three years and serving on the Executive Committee in 2020 and 2021; and

WHEREAS, Ms. Harper helped lead the development of the statewide strategic agenda, “Higher Education Matters,” which focuses on efforts to raise the percentage of Kentuckians with a high-quality postsecondary degree or certificate to 60 percent by the year 2030; and

WHEREAS, Ms. Harper willingly dedicates her time and talents to organizations that impact the well-being of the Commonwealth, having served on the Kentucky Commission of Military Affairs, the Pennyryle Area Development District, the Kentucky Association of Highway Contractors, and as a trustee of Transylvania University’s board; and

WHEREAS, Ms. Harper has demonstrated her strong commitment to higher education by dedicating countless hours to the Council on Postsecondary Education, and participating in meetings, campus tours, and other activities; and

WHEREAS, the members of the Council value and respect Ms. Harper’s intelligence, compassion, work ethic and desire to serve, and the application of these skills to public higher education;

NOW, THEREFORE, BE IT RESOLVED, that the Council on Postsecondary Education does hereby adopt this resolution, January 27, 2023, thanking Lori Harper for her dedication and service, and wishing her good fortune in her future endeavors.

Eric Farris, Acting Chair

Aaron Thompson, Ph.D., President



A RESOLUTION HONORING AND COMMENDING

RICHARD NELSON

for his service to the Council on Postsecondary Education
and the Commonwealth of Kentucky

WHEREAS, Richard Nelson served on the Council on Postsecondary Education from August 16, 2019, through January 17, 2023; and

WHEREAS, Mr. Nelson was an active member of the Council, having served on the Academic and Strategic Initiatives Committee and the Finance Committee; and

WHEREAS, as Founder and Executive Director of the Commonwealth Policy Center, Mr. Nelson promotes public higher education and encourages additional funding for Kentucky's postsecondary institutions; and

WHEREAS, Mr. Nelson dedicates his time and talents to organizations that improve Kentucky's workforce and citizenry, serving on the Hopkinsville Community College Board of Directors, the Kentucky Council on Environmental Education, and the Pennyrite Christian Community Board; and

WHEREAS, Mr. Nelson has demonstrated his strong commitment to higher education by dedicating countless hours to the Council on Postsecondary Education, and participating in meetings, campus tours, and other activities; and

WHEREAS, the members of the Council value and respect Mr. Nelson's intelligence, compassion, work ethic and desire to serve, and the application of these skills to public higher education;

NOW, THEREFORE, BE IT RESOLVED, that the Council on Postsecondary Education does hereby adopt this resolution, January 27, 2023, thanking Richard Nelson for his dedication and service, and wishing him good fortune in his future endeavors.

Eric Farris, Acting Chair

Aaron Thompson, Ph.D., President

DRAFT MINUTES
Council on Postsecondary Education

Type: Work Session
Date: November 18, 2022
Time: 9:30 a.m. ET
Location: Council on Postsecondary Education, Conference Room B, 100 Airport Road, Frankfort, KY 40601

WELCOME REMARKS

The Council on Postsecondary Education met in a work session on Friday, November 18, 2022, at 9:30 a.m., ET. The meeting occurred in Conference Room B at the offices of the Council on Postsecondary Education. Chair Lucas Mentzer presided.

ATTENDANCE

Members attending in person: Jacob Brown, Kellie Ellis, Lori Harper, Karyn Hoover, Lucas Mentzer, Richard Nelson (arrived at 11:00), Garrison Reed, and Elaine Walker.

Members attending by ZOOM teleconference: CB Akins, Faith Kemper, and Connie Smith

Members not in attendance: Muhammad Babar, Eric Farris, Madison Silvert, Kevin Weaver, and Commissioner Jason Glass.

CPE President Aaron Thompson served as Secretary of the board, per the CPE Bylaws. Ms. Heather Faesy, CPE's senior associate for Board Relations, served as recorder of the meeting minutes.

ONBOARD REFRESHER

Heather Faesy, CPE's board liaison, provided a refresher on the features of OnBoard, the meeting materials distribution tool for the Council.

STRATEGIC DISCUSSION WITH UNIVERSITY OF KENTUCKY

President Eli Capilouto and Provost Kristin Turner provided the Council with an institutional update on the University of Kentucky (UK). The update focused on the UK's key strategies for each of the strategic priorities of the new statewide agenda as well as the baseline data and 2023-24 targets for the key performance indicators. They answered questions regarding their pilot project using student success navigators and how they incentivize retention and persistence rates for first generation students.

STRATEGIC DISCUSSION WITH MURRAY STATE UNIVERSITY

President Robert Jackson and Assistant Provost Renee Fister provided the Council with an institutional update on the Murray State University (MuSU). The update focused on the MuSU's key strategies for each of the strategic priorities of the new statewide agenda as well as the baseline data and 2023-24 targets for the key performance indicators. They answered questions regarding their FAFSA workshops and Council members commended them on their increase on URM metrics.

STRATEGIC DISCUSSION: FOCUS ON FINANCE AND BUDGETING

Dr. Bill Payne, CPE's Vice President of Finance and Administration, and Mr. Shaun McKiernan, Executive Director of Finance and Budget, discussed the processes and elements considered during the tuition development process and the biennial budget request process and the Council's role in the review of the performance funding guidelines. The session was interactive and Council members asked questions of clarification throughout.

CLOSING OF THE WORK SESSION

The Council adjourned the work session at noon. and were scheduled to reconvene for a business meeting at 1:00 p.m.

MINUTES REVIEWED AND APPROVED BY THE COUNCIL: _____

DRAFT MINUTES
Council on Postsecondary Education

Type: Business Meeting
Date: November 18, 2022
Time: 1:00 p.m. ET
Location: Council on Postsecondary Education, Conference Room B, 100 Airport Road, Frankfort, KY 40601

WELCOMING & CALL TO ORDER

The Council on Postsecondary Education met Monday, November 18, 2022, at 1:00 p.m., ET. The meeting occurred in the Conference Room B at the Council on Postsecondary Education. Chair Lucas Mentzer presided.

ATTENDANCE

Members attending in person: Jacob Brown, Kellie Ellis, Lori Harper, Karyn Hoover, Lucas Mentzer, Richard Nelson (arrived at 11:00), Garrison Reed, and Elaine Walker.

Members attending by ZOOM teleconference: Muhammad Babar, Eric Farris, Faith Kemper, Connie Smith, and Kevin Weaver.

Members not in attendance: CB Akins, Faith Kemper, Madison Silvert, and Commissioner Jason Glass.

CPE President Aaron Thompson served as Secretary of the board, per the CPE Bylaws. Ms. Heather Faesy, CPE's senior associate for Board Relations, served as recorder of the meeting minutes.

APPROVAL OF THE MINUTES

The minutes of the September 19 and October 31, 2022 meetings were approved as distributed.

ANNUAL BRIEFING FROM THE ASSOCIATION OF INDEPENDENT KENTUCKY COLLEGES AND UNIVERSITIES (AIKCU)

AIKCU President OJ Oleka provided the annual briefing to the Council on the status of AIKCU's 18 member institutions. AIKCU's mission is to advance the interests of Kentucky's independent, private nonprofit colleges and universities by promoting postsecondary affordability and student success through policy advocacy, strategic partnerships, and community buy-in. AIKCU's 18 member colleges and universities -- all accredited by the Southern Association of Colleges and Schools Commission on Colleges and licensed by the Kentucky Council on Postsecondary Education -- play a critical role in Kentucky's postsecondary education system, serving more than 55,000 students and awarding more than 13,000 degrees annually. AIKCU is a 501(c)3 nonprofit that combines the missions of two earlier organizations, the Kentucky Independent College Foundation (a fundraising organization established in 1952) and the policy-focused Council of Independent Kentucky Colleges and Universities.

CPE PRESIDENT REPORT, AGENCY UPDATE, AND PRIORITIES FOR FUTURE ACTION

President Aaron Thompson provided a written president's report in the board materials, and highlighted a few highlights from the Higher Education Matters Community Conversations tour. He also provided an overall agency update and discussed its work including its oversight, employee reductions over the last 15 years, and its enhanced and added duties and responsibilities in recent years. He also discussed agency's progress of work over the last five years as well as the direction the agency is taking to accelerate progress. Council members made several complementary comments on the agency's priorities and work in recent years and asked that an emphasis on continuing to quantify and qualify value and how its expressed/targeted to the varying audiences in the state.

ACADEMIC AND STRATEGIC INITIATIVES COMMITTEE – REPORT & ACTION ITEM

Lori Harper, chair of the Academic and Strategic Initiatives (ASI) Committee, presented its report and recommendations for approval by the Council.

The Academic and Strategic Initiatives Committee met on November 10, 2022. At the meeting, the Committee received an update on the work of the Commonwealth Education Continuum which included a highlight of the highly successful legislative reception held on September 20th, and a review of work conducted by its three

workgroups. The Committee also reviewed and approved a request from Western Kentucky University for a staff-focused certification of their Cultural Competency Credential. Per the process adopted by the Council in 2021, the ASI Committee's approval of this certification served as final, therefore no action was needed by the full Council.

The Committee also reviewed and approved one new academic program proposal from Murray State University:

- Wildlife and Conservation Biology (M.S.) - CIP 03.0601. The 30-credit hour program builds upon the university's existing bachelor's program and equips students with the fundamental concepts related to wildlife and conservation biology; helps them develop skills in communication, ethical decision-making, and leadership in the field; and provides the opportunity for students to use their skills in real world applications of conservation related issues.

MOTION: The Academic and Strategic Initiatives Committee recommendation of approval of the new academic program served as the motion. A second was not needed.

VOTE: The motion passed.

COMMITTEE ON EQUAL OPPORTUNITIES – REPORT

Committee Chair Elaine Walker presented the report of the Committee on Equal Opportunities.

The Committee met on October 24, 2022. They reviewed and approved performance improvement plans from four institutions, reviewed and approved 2021-22 strategy revisions for Northern Kentucky University, reviewed and approved 2022-23 strategy revisions for 8 institutions, and received an update on the Strategic Agenda area of Transition and the role equity plays in meeting the 2030 goals.

Dr. Dawn Offutt, Executive Director of Diversity, Equity and Inclusion, provided an overview of the 4th annual Higher EDequity Symposium, which was held on November 14-15, 2022 at Northern Kentucky University.

CAMPUS “GOOD NEWS” REPORTS

Reports from the institutions were provided in the agenda materials.

OTHER BUSINESS

Chair Mentzer made the following committee appointments:

- Mr. Richard Nelson, Ms. Karyn Hoover, and Dr. Kellie Ellis to the Nominating Committee. Mr. Nelson will serve as chair.

ADJOURNMENT

The Council adjourned at 1:55 p.m. ET.

MINUTES REVIEWED AND APPROVED BY THE COUNCIL: _____

DRAFT

TITLE: Nominating Committee Report and Election of the 2022 CPE Chair and Vice Chair

DESCRIPTION: The Committee Chair will present the Nominating Committee's slate of officers for consideration by the Council

PRESENTER: Karyn Hoover, Chair of Nominating Committee

SUPPORTING INFORMATION

The Nominating Committee met on January 24, 2023 to discuss and recommend members to serve as chair and vice chair of the CPE through January 2024.

The chair shall serve as the convener of all Council meetings and as the central voice of the Council. In the absence of the chair, or in the event the chair is unable to perform, the vice chair shall perform the duties of the chair. In the event the chair resigns and the vice chair assumes the duties of the chair, the council may select a vice chair to complete the unexpired term of the vice chair. The chair and vice chair are limited to three consecutive one-year terms.

After the election of the chair and vice chair, the officers will begin their duties immediately.

TITLE: Report from CPE President Aaron Thompson

DESCRIPTION: President Thompson will highlight specific initiatives during his report to the Council. This written report serves as his official report for January 27, 2023.

PRESENTER: Aaron Thompson, CPE President

CPE Student Success Summit – CPE will hold its signature event for academic and student support professionals on February 27-28 at the UK Gatton Student Center. Campus teams are invited to attend best practices workshops and develop action plans for continuous improvement. In-person registration closes on February 15, and online registration closes on February 24. (The virtual option includes the plenary sessions on both days and the breakout sessions on the first day only.) Featured speakers include:

- **Dr. Alison Kadlec** - Kadlec is a senior partner and co-founder of Sova, a higher education consulting service. She has worked deeply with systems and institutions in more than half the states in the U.S. to help leaders improve student-focused reform of policy and practice at scale.
- **Dr. Drew K. Koch** - Koch is the chief executive officer of the John N. Gardner Institute for Excellence in Undergraduate Education, a non-profit organization which partners with schools and systems to improve outcomes associated with teaching, learning, retention and completion. Koch is a staunch advocate and leader of efforts that increase student access to and, ultimately, completion of postsecondary education.
- **Dr. Zainab Okolo** - Okolo is a strategy officer at Lumina Foundation, an independent, private foundation that works with governmental, nonprofit, and private-sector organizations to bring about change. Okolo has developed assessment tools for institutional practitioners and has served as a licensed clinical marriage and family therapist.

Organizational Changes at CPE – CPE created a new External Affairs and Economic Partnerships unit, which will be led by Vice President Rick Smith and includes Sue Patrick, Gabrielle Gayheart, Lisa McKinney and Mary Jackson. The unit will lead the agency’s strategic communication efforts, promoting the value of higher education and increasing public awareness about the role and priorities of CPE. The office also will work to strengthen our external partnerships with economic development leaders, associations, state agencies, nonprofit organizations, community organizations, and other key stakeholders.

CPE Forms Action Network to Examine Food and Housing Insecurity – CPE’s Kentucky Student Success Collaborative has formed an action network to examine the scope of housing and food insecurity in the Commonwealth and identify ways to increase support so students don’t opt out of college. To support this work, college and university faculty members are conducting a campus voice research project, studying student basic needs and auditing student supports available at all 49 postsecondary education institutions in Kentucky. The network will use this research to create a set of policy recommendations for CPE and state policymakers to increase students’ access to public benefits and scale and replicate effective campus support programs. The 47-member network held its first meeting on January 18. The group includes leaders from Kentucky colleges and universities, government and education-focused nonprofits. Five additional meetings are set through May. The project is funded by a grant from Lumina Foundation.

CPE Wins Grant to Improve Transfer – CPE will get some extra help to improve the student transfer process, thanks to a national education group that is recognizing best practices for student success. The National Association of System Heads (NASH) announced last week that CPE was in the first round of awardees for its newly established Catalyst Fund. According to NASH, the awards are aimed at recognizing hotspots of best practices that demonstrate interventions that are already underway and proving to be successful with the potential to have a catalytic impact in meeting NASH’s goals. CPE’s proposal builds on work with Western Kentucky University (WKU) and Southcentral Kentucky Community and Technical College (SKYCTC) that grew out of an earlier NASH project. This effort helped campuses identify unnecessary obstacles to transfer and implement a rapid improvement process, which identified relatively low-cost strategies to simplify the transfer process in just a few months. CPE plans to use the new grant to implement the rapid improvement process with an additional set of partners, which would include one regional university and at least one feeder community college. The team will identify transfer process barriers, address those barriers in a short timeframe, and then start conversations about instituting fundamental change

CPE Selects Three Student Voice Fellows - Three Kentucky college students were selected to serve as student voice research fellows for the Kentucky Student Success Collaborative, collecting qualitative data on two- and four-year college students' experiences across the Commonwealth. The research will be used to improve transfer processes between colleges, strengthen the student advising experience, elevate campus efforts related to student basic needs and increase equity in higher education. The student voice fellows will conduct one-on-one interviews, lead focus groups and distribute surveys to gather information on students' experiences at each of Kentucky's public colleges and universities. The interns were selected based on their ability to understand issues facing diverse students; their exceptional verbal, written and presentation skills; and their demonstrated interest in improving the college student experience. They are: Katie Bellman, UofL; Sydney Jones, ECU; and Darryl Parker, Morehead State University.

Speaking Engagements – I delivered a presentation at the AAC&U Annual Meeting in San Francisco on January 18-20, as well as an address about Dr. Martin Luther King's legacy as an educator at the ABL Foundation's unity breakfast on MLK Day. I gave the keynote at the Kentucky Association of School Superintendents' annual conference on December 5. I also sat down with The Bottom Line News to discuss higher education's plan to improve economic opportunity and Kentucky's workforce.

TITLE: Kentucky State University Management Improvement Plan

DESCRIPTION: Staff recommend the Council approve the outlined modifications to the Kentucky State University Management Improvement Plan in accordance with HB 250 (2022).

PRESENTERS: Travis Powell, Vice President and General Counsel

SUPPORTING INFORMATION

Funding for Facilities Management Services

On October 31, 2022, the Council adopted a Management Improvement Plan for Kentucky State University (KSU) HB 250 (2022). One of the Objectives in the “Accounting and fiscal reporting systems, collections, budget, and internal controls over expenditures and financial reporting” Plan Area outlined in the legislation was for KSU to “Implement a long-range planning process to support the strategic and capital investment decision-making process.” The initial Deliverable for the Objective was to “Contract for custodial, grounds, and facilities management.”

On October 12, 2022, Kentucky State University’s Board of Regents, pursuant to KRS 45A.380, approved a declaration of emergency relating to campus facilities, transportation, maintenance, and custodial services. As indicated by that declaration, KSU requires onsite expertise in facility management to improve the use and maintenance of its assets, boost performance, and increase student and employee satisfaction - all while supporting the University’s focus on controlling cost, providing quality service, and the mitigating the risk of environmental and safety hazards.

After the emergency declaration, KSU began engaging with the Sodexo corporation to provide the following services to raise the condition of KSU’s campus and facilities to an Association of Physical Plant Administrators (APPA) Level 3 standard from the current conditions that are below APPA Level 5, which is the lowest level quantified by APPA (The Association of Higher Education Facilities Officers).:

- onsite leadership management

- training and oversight of KSU staff
- deferred maintenance plan
- locksmith access control system
- energy consumption management
- project management
- campus landscape management
- waste management/recycling
- HVAC systems management
- commercial cleaning
- facilities usage program
- pest control program management

KSU has annually budgeted \$5.5 million for campus facilities, maintenance, and custodial services, however the institution has consistently overrun the budget with actual expenses exceeding \$7 million, as evidenced by historic data trends.

The Sodexo Personal Service Contract and Management Agreement is for the period January 2023 to December 2023, which straddles the second half of FY 2023 and the first half of FY 2024. The cost incurred by the University during the contract period will depend on the actual services performed (professional leadership, work order tracking system, labor, technology, and in-house staff training) by Sodexo. The total cost of the contract, however, shall not exceed \$3,068,784.46:

- Second-half FY 2023 (January 2023 –June 2023) projected budgetary impact is \$1,573,097.49.
- First-half FY 2024 (July 2023 – December 2023) projected budgetary impact is \$1,495,686.97.

The trend toward budget overrun coupled with the additional expense of Sodexo services to raise current facilities standards to a more acceptable level and the unbudgeted expenditure of \$676,507.23 for an energy savings performance contract payment requires that KSU seek additional resources to support facilities. As such, KSU has requested that the Council provide \$1,200,000 in FY 23 to support facilities and infrastructure expenditures. The current Plan allocates \$3.3 million of the \$5 million appropriated in FY 2022-2023, which leaves \$1.7 million for the Council to allocate for the remainder of the fiscal year.

After extensive discussions with KSU administration and providing significant input on the contractual obligations set forth in the agreement, President Thompson and CPE

staff support this request and recommend the Council approve the allocation of \$1.2 million in FY 2023 to support this initiative.

Method of Transfer of Incentive Funds to KSU

Council staff recommends that the following be added to the KSU Management Improvement Plan “Plan Evaluation” section to outline how funds will be transferred upon successful completion of deliverables or achieving benchmarks:

Upon successful completion of deliverables, or achieving benchmarks, that result in the distribution of funds, CPE shall enter into memoranda of agreement with KSU to facilitate the transfer the designated funds. The MOA shall outline the terms and conditions for distribution of funds, which may include but shall not be limited to, invoicing and expenditure justification, project reporting requirements, and XXX. CPE shall be provided full access to any vendors engaged through the funding provided in order to help ensure the successful completion of the underlying objective.

TITLE: Report from the Academic and Strategic Initiatives (ASI) Committee

DESCRIPTION: The following is a summary of the Committee's January 24, 2023, meeting.

PRESENTER: Eric Farris, Acting Chair of ASI Committee

The Academic and Strategic Initiatives Committee met on January 24, 2023. Below is a summary of their work, and copies of the committee's agenda materials have also been included.

Action Item

- Reviewed and approved the KCTCS Academic Program Review Policy. It will be presented for final approval at the Council meeting.

Information Items

- Received insider look at the Affordable Learning Kentucky initiative of the Kentucky Virtual Library, a division of the Council on Postsecondary Education, in which its vision for the Commonwealth is one where all students benefit from high-quality open, accessible and affordable educational materials.
- Received a review of the drafted statewide transfer policy, that should release at the Kentucky Student Success Summit in February. The purpose of the strategy is to highlight improvements specifically in transfer, credit mobility, and recognition of learning that will facilitate degree completion and ultimately help Kentucky reach its 60 by 30 attainment goal.

The ASI Committee's next meeting is scheduled for March 21, 2023, at 10:00 a.m. ET.

TITLE: KCTCS Academic Program Review

RECOMMENDATION: The Academic and Strategic Initiatives Committee recommends the Council approve the proposed process for reviewing academic programs at Kentucky Community and Technical College institutions.

PRESENTER: Eric Farris, Acting Chair of the ASI Committee

COMMITTEE REVIEW & APPROVAL

The ASI Committee reviewed and approved the proposed KCTCS Academic Program Review Policy at its January 24, 2023, meeting.

STATUTORY AUTHORITY

KRS 164.020 (16) outlines four criteria for statewide academic program review to determine:

- Consistency with the institution's mission.
- Alignment with the state's strategic postsecondary agenda and implementation plan.
- Elimination of unnecessary duplication of programs within and among institutions.
- Efforts to create cooperative programs with other institutions through traditional means, or by use of distance learning technology and electronic resources, to achieve effective and efficient program delivery.

OVERVIEW OF ACADEMIC PROGRAM REVIEW

The academic program review process is a key responsibility of state coordinating boards like the Council on Postsecondary Education (CPE). The process ensures that academic programs are consistent with state priorities and that public resources are used efficiently for the greater good of the Commonwealth.

Purpose of Program Review

There are two types of program review – institutional and statewide. The statewide process is designed to complement and enhance, not supplant, institutional-level program reviews.

Institutional program reviews serve several purposes. They are undertaken to promote continuous improvement. Because there are limited resources, programs must fit with the institution's mission and strategic direction and must be economically viable. Institutional program reviews also focus on academic quality issues, specifically attainment of student learning outcomes as well as distinction of faculty research. And institutional program reviews must meet all the requirements of both institutional and programmatic accreditation.

There is some overlap in purpose between institutional and statewide review. Both focus on continuous improvement and alignment with mission and strategic direction. While institutional review focuses on the viability of individual programs, statewide review looks at efficiency from a broader perspective.

ACADEMIC PROGRAM REVIEW - UNIVERSITIES

In 2019, CPE contracted with Gray Associates to work with universities to review all baccalaureate programs. Through an intensive process that included extensive data analysis and intra-institutional conversations, institutional teams evaluated all undergraduate programs and identified programs to Start, Sunset, Fix/Grow or Sustain.

Upon completion of this process, in June 2021 CPE approved a statewide academic program review policy for universities that consists of consists of three major components: 1) Annual reports summarizing institutional review efforts; 2) Statewide data analysis focused on efficiency criteria; and 3) Efforts to scale up implementation of the statewide postsecondary education strategic agenda.

ACADEMIC PROGRAM REVIEW - KCTCS

Since funding was not available for KCTCS programs to undertake the same baseline process that the universities underwent, CPE worked with KCTCS leaders to develop a statewide program review process focused on the following elements: 1) centrality to institutional mission and statewide goals, 2) academic quality, 3) student success, 4) program outcomes and impact.

The proposed process incorporates elements of the statewide process used for universities without using a vendor and outlines the role of the KCTCS System Office in program review.



Statewide Academic Program Review for KCTCS

Approved by Council: _____

Effective Date: _____

Overview

The academic program review process is a key responsibility of state coordinating boards like the Council on Postsecondary Education (CPE). The process ensures that academic programs are consistent with state priorities and that public resources are used efficiently for the greater good of the Commonwealth.

In Kentucky, CPE's program review authority is outlined in KRS 164.020 (16) which states that CPE can:

Eliminate, in its discretion, existing programs or make any changes in existing academic programs at the state's postsecondary educational institutions, taking into consideration these criteria: (a) Consistency with the institution's mission and the strategic agenda; (b) Alignment with the priorities in the strategic implementation plan for achieving the strategic agenda; (c) Elimination of unnecessary duplication of programs within and among institutions; and (d) Efforts to create cooperative programs with other institutions through traditional means, or by use of distance learning technology and electronic resources, to achieve effective and efficient program delivery.

Purpose of Program Review

There are two types of program review – institutional and statewide. The statewide process is designed to complement and enhance, not supplant, institutional-level program reviews.

Institutional program reviews serve several purposes. They are undertaken to promote continuous improvement. Because there are limited resources, programs must fit with the institution's mission and strategic direction and must be economically viable. Institutional program reviews also focus on academic quality issues, specifically attainment of student learning outcomes as well as distinction of faculty research. And institutional program reviews must meet all the requirements of both institutional and programmatic accreditation.

There is some overlap in purpose between institutional and statewide review. Both focus on continuous improvement and alignment with mission and strategic direction. While institutional review focuses on the viability of individual programs, statewide review looks at efficiency from a broader perspective.

In short, institutional program review is an intensive, micro-level evaluation of programs while statewide review focuses on the macro view, looking across institutional reviews for data patterns, outliers, and opportunities for efficiencies. The combination of these two levels of evaluation – institutional and statewide – provide a thorough framework for academic program review in Kentucky.

KCTCS Academic Program Review Process

For KCTCS programs undergoing the statewide program review process, CPE will analyze enrollment trends, degree/credential production trends, and market data through Gray Associates to identify any programs with:

- Low enrollment, defined as fewer than 10 students;
- Declining enrollment for the previous four years;
- Declining number of degrees or credentials conferred for the previous four years;
- Low regional student demand, defined as 40th percentile or lower according to Gray Associates data;
- Low regional market demand defined as 40th percentile or lower according to Gray Associates data.

The KCTCS System Office will review each institution's self-assessment and communicate directly with each institution regarding recommendations and/or concerns. More specifically, the KCTCS System Office will work with each institution to recommend whether a program should be classified as grow, sustain, fix, or sunset based on the following definitions:

- Grow – a program with high student and/or demand and/or an area of emerging growth.
- Sustain – a program that is performing well and the outlook is positive.
- Fix – a previously strong program that can be turned around.
- Sunset – small or specialized programs with unfavorable student/market demand and limited growth potential.

While all programs must undergo review and a summary of results evaluated by CPE, programs meeting any of the conditions outlined above (low enrollment, declining enrollment, declining degree/credential production, low student demand, or low market demand) must submit a program improvement plan to the KCTCS system office that proposes efforts to address each area that does not meet these defined standards. KCTCS system office staff will evaluate program improvement plans and summarize these plans for CPE staff. A program that meets any of these criteria but is recommended to sunset does not need to submit a program improvement plan.

The KCTCS System Office will provide CPE with an executive summary containing the following information:

- Recommendation (grow, sustain, fix, or sunset) for the program offered at each institution;
- Description of the strengths and/or opportunities of the program compared to the other similar programs offered across the KCTCS institutions.
- Description of the weakness and/or threats of program compared to the other similar programs offered across the KCTCS institutions.

- Description of the variations (e.g., similarities and/or differences in strengths/opportunities and weaknesses/threats) across institutions offering each program; and
- Any program improvement plans.

CPE staff will evaluate these reports, work with institutions if any information is missing or any questions arise, and determine next steps, if any. Staff will provide a summary report to the Academic and Strategic Initiatives Committee as well as the full Council.

For AY 2022-23, the KCTCS System Office will choose programs in one CIP code to pilot this process. The executive summary is due to CPE on December 31, 2023. In addition, by this date the KCTCS System Office will identify programs to be evaluated in AY 2023-24 (25% of all KCTCS offerings), those to be evaluated in AY 2024-25 (another 25% of all KCTCS offerings), those to be evaluated in AY 2025-26 (another 25% of all KCTCS offerings), and those to be evaluated in AY 2026-27 (all remaining programs).

The above statewide program review process will be followed for each set of academic programs identified by the KCTCS system office to undergo the review process in each academic year. By the end of four years, all KCTCS programs will have undergone this statewide process.

Reports from the KCTCS system office are due annually by July 15th. CPE will review the summary as well as all program improvement plans and provide feedback to the KCTCS System Office.

**COMMITTEE MEETING COPY
NO ACTION NEEDED AT 1/27/23 MEETING**

**ACADEMIC & STRATEGIC INITIATIVES COMMITTEE
KY COUNCIL ON POSTSECONDARY EDUCATION**

INFORMATION ITEM
January 24, 2023

TITLE: Affordable Learning KY: An Initiative of the Kentucky Virtual Library

DESCRIPTION: Staff will provide the Committee with an overview of the work of the Kentucky Virtual Library and discuss how its work is helping make postsecondary education more affordable for its students.

PRESENTER: Ilona Burdette, CPE's Executive Director of KYVL

SUPPORTING INFORMATION

The Kentucky Virtual Library (KYVL) is a statewide, multi-type consortium of 350 members, including Kentucky academic libraries, public libraries, public school districts, private K-12 schools, hospitals, and more. All of Kentucky's public colleges and universities participate, along with all private AIKCU-affiliated institutions and some nonaffiliated academics. In cooperation with the Kentucky Department for Libraries and Archives (KDLA), KYVL resources are also available to state government employees.

KYVL's mission is to provide all Kentuckians a common foundation of high-quality resources, and support in their use, to enhance lifelong learning, working and living. Primary KYVL services and resources include a core collection of research and skill-building databases serving learners of all ages; a library-to-library courier service to support resource sharing among public and academic libraries; and the Kentucky Digital Library (KDL) platform for sharing digital archival collections. Affordable Learning KY began to take shape in the fall of 2020.

During the 2021-22 academic year, KYVL supported:

- 67 million database searches.
- 84 thousand items transported by courier.
- 1.2 million items indexed in or accessible through KDL.

KYVL's operates on a total annual budget of roughly \$4.5 million. For F21-22, 55% percent of revenues came from member fees, with additional funding from CPE (34%) and KDLA (11%). F21-22 expenditures included database licensing (85%), courier fees (8%), technology / systems (3%), and staffing and other expenses (5%). Annual savings for member institutions are estimated at over \$20 million statewide.

KYVL has two full-time staff members and a well-established committee structure of representing library constituencies and member institutions. A summary of current committee membership in KYVL work groups conveys a sense of the broad engagement of Kentucky academic institutions in the work of KYVL.

| Work Group | Public University and KCTCS Membership |
|--------------------------|--|
| Affordable Learning | Co-chairs ECU & WKU; KSU, MoSU, MuSU, NKU, UK, UL, Big Sandy CTC, Bluegrass CTC, Gateway CTC |
| Alliance | KYSU, Owensboro CC, UK, UL |
| Collections | ECU, WKU, UofL, Bluegrass CTC, Gateway CTC, Maysville CC |
| Funding | MuSU, Southcentral KY CTC, Jefferson CTC |
| Kentucky Digital Library | <i>Mostly public libraries, small academics</i> |
| Information Literacy | Co-chair SKYCTC, Gateway CTC, Maysville CC |
| Leadership Team | MoSU – David Gregory Jefferson CTC – Sheree Williams |

KYVL launched in November of 1999.

**COMMITTEE MEETING COPY
NO ACTION NEEDED AT 1/27/23 MEETING**

**ACADEMIC AND STRATEGIC INITIATIVES COMMITTEE
KY COUNCIL ON POSTSECONDARY EDUCATION**

INFORMATION ITEM
January 24, 2023

TITLE: Statewide Transfer Strategy

DESCRIPTION: Staff will discuss the drafted statewide transfer strategy, which was designed eliminate process barriers and facilitate student transfer.

PRESENTERS: Melissa Bell, Ph.D., CPE's Vice President of Academic Excellence and Student Success

BACKGROUND INFORMATION

The Kentucky Student Success Collaborative (KYSSC) developed the Kentucky Student Success Framework (connect the path, chart the path, continue the path, and complete the path) to provide a coherent, comprehensive, and holistic approach to improving degree completion, closing equity gaps, and strengthening career transitions for students. Transfer is a priority in the Connect the Path area of the framework.

SUPPORTING INFORMATION

KYSSC, working with Sova Solutions, facilitated a discussion with KCTCS and university transfer specialists on priorities, best practices, and persistent challenges for student transfer to inform statewide transfer strategy development and implementation. Twenty campuses attended this discussion. In addition, Sova helped facilitate a discussion among chief academic officers and other academic leaders around transfer.

Building on national best practices and these state-level discussions, the KYSSC has created a draft statewide transfer strategy that will be officially unveiled at the Kentucky Student Success Summit in February 2023. The purpose of the strategy is to highlight improvements specifically in transfer, credit mobility, and recognition of learning that will facilitate degree completion and ultimately help Kentucky reach its 60 by 30 attainment goal—to have 60 percent of our working-age population with a degree or credential by the year 2030.

Kentucky's Moment

A Statewide Vision for Transfer Student Success

Kentucky's educational North Star is the 60 by 30 attainment goal—to have 60 percent of our working-age population with a degree or credential by the year 2030. This goal, developed through extensive data analysis, focuses on cultivating a highly skilled workforce to keep the state's economy thriving. Promoting and facilitating the seamless transfer of students and credits among institutions is an essential piece of the attainment puzzle. Transfer has always been a major element of the work of the Kentucky Council on Postsecondary Education (CPE). Improving transfer is one of the objectives in the statewide postsecondary education strategic agenda, and it is a primary statutory duty. For Kentucky to prosper in the future, a statewide effort focused on credit mobility and recognition of learning must be prioritized by all. While this document outlines a strategy for pursuing systematic improvements specifically in transfer, credit mobility, and recognition of learning, these issues are intrinsically connected to CPE's broader strategic agenda: affordability, transitions, success, talent, and value are all impacted by efforts to improve transfer, credit mobility and recognition of learning.

As with the broader statewide postsecondary education strategic agenda, every piece of this transfer strategy was developed through an equity lens. The National Association of System Heads (NASH) Equity Action Framework and the Kentucky Student Success Collaborative Equity by Design process will serve as foundational resources for CPE as we seek to make progress on the strategic objectives and priorities outlined here. CPE agrees with NASH that "equity is measurable and should be attended to along the student success continuum, ensuring access to and completion of quality education programs across student populations, disaggregated whenever possible by protected status including race/ethnicity, religion, income, gender, gender identity, ability, first-generation, and veteran status." We must pursue progress on the strategic objectives and priorities outlined here with a clear-eyed focus on operationalizing our commitment to equity.

CPE would like to thank the many stakeholders, including transfer specialists, advisors, presidents, associate provosts and provosts whose thoughtful input served as the groundwork for this strategy.

INSERT:

- Key data points about KY’s future (CPE/KYSSC to decide which 3-4 data points to include)
- Powerful pull quote from the right person (CPE/KYSSC to determine)

Building on Unique Strengths

For the past decade, through legislation and policy, CPE has worked to create the conditions for better and more equitable outcomes for transfer students in Kentucky. The building blocks now in place include:

- A statewide general education core of 30 credit hours accepted for transfer at any public institution built around learning outcomes rather than courses;
- Guidelines and guiding principles for awarding college credit for learning acquired outside of a college classroom, including college-level knowledge acquired in high school, the workplace, and through military service;
- State policy requiring institutions to notify CPE of any changes that could potentially affect transferability of credits;
- Extensive program-based pathways work to allow baccalaureate-seeking students to begin their education at one of Kentucky’s community and technical colleges;
- Common course numbering for the sixteen community and technical colleges

In addition to the well-established convening power of the CPE, the Kentucky Student Success Collaborative is poised to serve as an accelerator of improvement. By providing access to national experts, networked peer learning opportunities, and technical assistance, the Collaborative is positioned to support accelerated progress.

Transfer Strategy Aligned to CPE Strategy & KY Pathways

While transfer is one of the three student success objectives in the “Statewide Strategic Agenda for Kentucky Postsecondary Education 2022-2030,” it also is a way to make college more affordable for many Kentuckians. By smoothing students’ transitions

between institutions, we can help more students reach their education goals and experience the value of higher education.

Transfer is integral to the success of the state’s broader strategy and should be viewed through the lens of the Kentucky Student Success Framework which expands the traditionally narrow view of transfer to include the entire student learning journey.

[Insert Graphics on CPE strategy, KY Pathways]

3 Strategic Objectives Grounded in Core Values

Our strategic objectives are the enduring, foundational priorities and long-term guideposts for statewide transfer improvement efforts. These objectives aim directly at the state’s educational North Star goal, and their pursuit must be understood as integral to our success in achieving this goal.

1. We will center students’ needs above all else in the pursuit of scalable improvements in transfer, credit mobility, and recognition of learning across Kentucky.
2. We will prioritize efforts related to strengthening institutional collaboration in service to better and more equitable outcomes for students who attend multiple institutions, and who acquire learning in a variety of settings, on their way to a credential.
3. We will focus on removing obstacles to seamless transfer and credit mobility for Kentuckians, and our efforts will be aimed at maximizing the applicability of credits toward students’ programs of study.

2023-2026 Strategic Priorities Aligned to Objectives

Visible commitment to nearer-term priorities is integral and indispensable to the long-term success and value of any strategy. The strategic priorities outlined here are designed to inform and guide concrete, near-term improvement efforts aligned to the strategic objectives. The strategic priorities were chosen because they speak to the most important work currently underway, they reflect the current state of national evidence

about promising policies and practices, or they were raised as significant areas of near-term opportunity by a cross-section of vital internal stakeholders including institutional leaders and practitioners.

1. Centering Student Needs

We will launch, monitor, refine, and continuously improve a student-facing **transfer website** to help students map out how to complete any program in the state. Serving as an informal degree audit tool, the website will empower students to make informed decisions and plan effectively for the completion of a credential. The website will also have an institutional-facing component to support faculty collaboration for creating seamless pathways and to equip advisors to provide accurate information to students.

We will support institutions in creating **student journey maps** that show how transfer students are faring and where they are encountering barriers to seamless transfer and maximum applicability of transfer credits. By helping institutions take clear-eyed stock of the impact of their policies and practices on transfer students, we will make visible the equity implications of transfer improvement efforts and foster the courageous leadership required for success.

We will build on and utilize our substantial **data** infrastructure to make student experience, progression, and outcomes transparent to institutional leaders at every level, including state-level actors and equity-minded advocates of our North Star attainment goal. In addition to ensuring the availability and effective use of finely disaggregated quantitative data, we will evaluate credit mobility patterns across the state and make this information available on an annual basis. In addition, we will build the statewide infrastructure for producing and using rich qualitative data about student experience, progression, and outcomes.

2. Building on Institutional Collaborations

We will leverage and expand our work on creating “**improvement communities**” to strengthen bilateral, regional, and statewide pathways work and to cultivate a critical mass of champions at every level capable of tackling the most persistent problems of practice impacting transfer students. By adopting improvement science methodologies

and improved strategies, we will help institutions prototype small tests of change and scale improvements. Through this work, we will help two-year and four-year institutions strengthen advising and student supports; address ‘hidden’ prerequisites that cost students time and money; increase transfer scholarships and financial aid for transfer students; effectively translate prior learning into credits applied toward a credential; and increase the baccalaureate completion rate for students who transfer after completing an Associate of Arts or Associate of Science.

We will create venues and opportunities for high-quality **professional learning** for faculty, staff, and administrators tasked with building transfer-affirming and transfer-receptive institutions and programs. In addition to providing access to national experts and technical assistance through the Kentucky Student Success Collaborative, we will include faculty, staff, and administrators in statewide conversations. Ensuring practitioners have access to leading-edge professional learning opportunities and a seat at the statewide table is essential to improving outcomes for students.

We will widen our lens on **institutional collaborations** to explore cross-registration, course sharing, and program sharing as next-generation approaches to ensuring learners in Kentucky—including geographically isolated students—have access to the courses and programs they need to achieve their educational and career goals. Other states and systems are turning their attention to institutional collaboration as a great opportunity and increasing need.

3. Removing Obstacles to Seamless Transfer & Recognition of Learning

We will **analyze Kentucky’s postsecondary ecosystem** to better understand how barriers and disincentives to seamless transfer and recognition of learning exist within structures, policies, and practices. With the goal of creating new incentives for seamless transfer and meaningful recognition of learning, we will examine existing policies and participate in broader national conversations about the role of state, system, and institutional policies in establishing the conditions for better and more equitable outcomes for today’s learners.

We will update our policy around high school **dual credit** to promote the seamless applicability of dual credits into program pathways. Ensuring that credits achieved in high school are meaningfully counted toward a student’s program of study is an important piece of the equity puzzle for learners in Kentucky, and our work in dual

credit will be one of the many places our work on credit mobility is aligned to our work on guided pathways.

Another key area where credit mobility efforts will align to our ongoing work on guided pathways is in the development and expansion of **statewide transfer pathways** in high-priority, high-impact workforce areas. Beginning with the work currently underway to build a statewide transfer agreement for Nursing students, we will broaden our efforts to increase the number of statewide agreements in programs vital to the future of Kentucky.

We will intensify efforts around **Prior Learning Assessment/credit by exam** to ensure that learning acquired through military service and work is effectively translated into credits that apply toward a student’s program of study.

To keep up with the times and prepare for the future, we will continue to explore the use of **promising technologies**, including machine learning and AI to improve equitable credit evaluation and to analyze curricular complexity. Gaining a better understanding of how credit evaluation practices impact learners will provide greater curricular transparency while delivering insights for institutional improvement.

Making it Real

To achieve our statewide postsecondary attainment goal, CPE must visibly commit to the courageous leadership required for sustainable progress on the objectives and priorities outlined here. Toward that end, CPE will begin implementation of the strategic priorities by setting goals with metrics that align with the North Star. By setting goals and showing the contribution of transfer, credit mobility, and recognition of learning efforts to the 2030 statewide attainment goals, CPE will set the table for accelerated progress on strategic priorities. In addition to setting goals with clear metrics and key progress indicators, CPE is committed to monitoring and transparently reporting progress.

CPE will model our commitment to centering student needs above all else and will advocate for a broader public understanding of the moral and economic imperatives to improve transfer, credit mobility, and recognition of learning in our great state. By

supporting courageous leadership across the state, Kentucky secure its own future and serve as a national exemplar.

The Kentucky Student Success Collaborative will serve as an engine of progress and its work will be tuned to the strategic priorities outlined here. By providing technical assistance and structured learning opportunities, the Collaborative will help create the conditions for skilled and committed adoption of student-focused policies and practices across Kentucky’s diverse institutional contexts. In addition to supporting the accelerated progress on priorities, the Collaborative will also provide Kentucky’s institutions access to national student success conversations and elevate the profile of Kentucky’s work on national stages.

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Talking Points for the Logic Behind the Strategy

1. A strong strategy will *prioritize the interests of students (i.e., maximum applicability of credits in transfer, recognition of learning as progress toward credential, accessible, affordable)* and, in doing so, encourage and support bold leadership at institutions.
2. A clear-eyed strategy will center recognition that improving outcomes for transfer students is *everyone’s work* and will therefore attend to the resources required for institutions to reform policies, practices, and institutional culture at scale.
3. An effective strategy will be *outcomes driven* and will connect the dots between longer-term goals and the near- and mid-term indicators of progress.
4. A useful strategy will prioritize *achievable, pragmatic, and sustainable progress on practical challenges* -- and it will be flexible enough to *promote courageous leadership* in a wide range of contexts.
5. A widely endorsable strategy will include explicit recognition of the harmful effects of unfunded mandates and will *strengthen the ability of CPE leadership to advocate* for institutions to the legislature.

TITLE: Report from the Finance Committee

DESCRIPTION: Committee Chair Silvert will provide a report of activities from the Finance Committee meeting on January 24, 2023.

PRESENTER: Madison Silvert, Chair of Finance Committee

The Finance Committee met on January 24, 2023. Below is a summary of their work, and copies of the committee's agenda materials have also been included.

Action Item

- None presented for approval

Information Items

- Discussed the 2023-24 tuition-setting process, including a preliminary timeline and potential changes to the current Tuition and Mandatory Fee Policy.
- Received a preview of the data and information that will be discussed at the first meeting of the Postsecondary Education Working Group on Performance Funding on January 25, 2023.

The Finance Committee's next meeting is scheduled for March 21, 2023 @ 1pm ET.

**COMMITTEE MEETING COPY
NO ACTION NEEDED AT 1/27/23 MEETING**

**FINANCE COMMITTEE
COUNCIL ON POSTSECONDARY EDUCATION**

INFORMATION ITEM
January 24, 2023

TITLE: 2023-24 Tuition Setting Process

DESCRIPTION: Staff provides an update on the 2023-24 tuition-setting process, including copies of a Preliminary 2023-24 Tuition Setting Timeline and the Council's current Tuition and Mandatory Fee Policy for academic year 2022-23.

PRESENTERS: Shaun McKiernan, Executive Director for Finance and Budget, CPE
Bill Payne, Vice President for Finance and Administration, CPE


TUITION SETTING TIMELINE

A copy of a *Preliminary 2023-24 Tuition Setting Timeline* can be found in Attachment A to this agenda item. As can be seen in the timeline, it is anticipated that the Council will take action on staff's tuition and fee ceiling recommendation on March 31, 2023 and will take action on campus tuition and fee proposals on June 9, 2023. Staff will work with campus chief budget officers and presidents over the next six weeks to finalize the *2023-24 Tuition Setting Timeline*, the Council's *Tuition and Mandatory Fee Policy*, and ceiling recommendations for academic year 2023-24.



TUITION AND MANDATORY FEE POLICY

Included in Attachment B to this agenda item is a copy of the Council's current *Tuition and Mandatory Fee Policy* for academic year 2022-23. Typically, once the tuition policy is approved by the Council it helps guide the development of tuition and mandatory fee ceiling recommendations for the upcoming academic year and facilitates submission and evaluation of campus tuition and fee proposals. It is anticipated that changes to the tuition policy for the upcoming year will be minimal and the policy will primarily be used to facilitate the development and submission of campus tuition and fee proposals.

Council on Postsecondary Education Preliminary 2023-24 Tuition Setting Timeline

| | |
|--|--|
| Dec – Jan | Council staff will work with campus chief budget officers (CBOs) to identify any proposed changes to the Council's <u>current</u> 2022-23 Tuition and Mandatory Fee Policy and to develop a Preliminary 2023-24 Tuition Setting Timeline. |
| Jan 11, 2023 | <u>Presidents' Meeting</u> – Council staff will share the <u>current</u> 2022-23 Tuition and Mandatory Fee Policy and Preliminary 2023-24 Tuition Setting Timeline with campus presidents and potential changes will be discussed. |
| Jan 17, 2023 | CBO Meeting – Council staff and CBOs will review and discuss proposed changes to the tuition and fee policy and preliminary timeline. |
|  Jan 24, 2023 | Finance Committee Meeting – Council staff will share the <u>current</u> 2022-23 Tuition and Mandatory Fee Policy and Preliminary 2023-24 Tuition Setting Timeline with committee members and potential changes will be discussed. |
| Jan 27, 2023 | CPE Meeting – The Chair of the Finance Committee will update the Council regarding any potential changes to the <u>current</u> 2022-23 Tuition and Mandatory Fee Policy and will share the Preliminary 2023-24 Tuition Setting Timeline. |
| Feb – Mar | Council staff will identify key issues that could impact the 2023-24 tuition-setting cycle and update policy relevant data in the areas of funding adequacy, shared benefits and responsibility, affordability and access, effective use of resources, and attracting and importing talent. Campus officials will collect and submit data on fixed cost increases, tuition and fee revenue estimates, potential impacts of a tuition increase, anticipated uses of tuition and fee revenue, and budgeted student financial aid expenditures. |
| Feb 1, 2023 | <u>Presidents' Meeting</u> – Council staff will share any proposed changes to the current 2022-23 Tuition and Mandatory Fee Policy and will finalize the 2023-24 Tuition Setting Timeline with campus presidents. |
| Feb 15, 2023 | CBO Meeting — Council staff and campus CBOs will review and discuss key issues and other policy relevant data that could impact the 2023-24 tuition-setting cycle and will begin discussing proposed tuition and mandatory fee ceilings for academic year 2023-24. |

ATTACHMENT A

- Feb 22, 2023 **Deadline** for campus submission of fixed cost and tuition revenue data.
- Mar 1, 2023 Presidents' Meeting – Council staff and campus presidents will review key issues and other policy relevant data, discuss proposed tuition and fee ceilings for academic year 2023-24, and finalize proposed changes to the Council's Tuition and Mandatory Fee Policy.
- Mar 10, 2023 Specially Called Presidents' Meeting (If Necessary) – Finalize tuition and fee ceiling recommendation for academic year 2023-24.
-  Mar 21, 2023 Finance Committee Meeting – Council staff will present the new 2023-24 Tuition and Mandatory Fee Policy and recommended 2023-24 tuition and mandatory fee ceilings for committee review and action.
- Mar 31, 2023 **CPE Meeting** – The Finance Committee Chair will present the new 2023-24 Tuition and Mandatory Fee Policy and recommended 2023-24 tuition and mandatory fee ceilings for Council action.
- Apr 5, 2023 Presidents' Meeting – If needed, Council staff and campus presidents will debrief regarding the Council's approved 2023-24 tuition and fee parameters.
- Apr – May Campus officials will submit to the Council proposed tuition and mandatory fee rates for all categories students, including rates by degree level (undergraduate and graduate), residency (in-state and out-of-state), and attendance status (full-time and part-time). The Council president will keep Council members updated regarding campus rate proposals.
- May 3, 2023 Presidents' Meeting – Council staff will remind the presidents of an approaching deadline for submitting campus tuition and fee rate proposals.
- May 19, 2023 **Deadline** for submitting campus tuition and fee rate proposals to the Council.
-  June 6, 2023 Finance Committee Meeting – Council staff will present campus tuition and mandatory fee rate proposals for committee review and action.
- Jun 9, 2023 **CPE Meeting** – The Finance Committee Chair will present campus 2023-24 tuition and fee rate proposals for Council action.

Council Postsecondary Education Tuition and Mandatory Fee Policy

Academic Year 2022-23

The Council on Postsecondary Education is vested with authority under KRS 164.020 to determine tuition at public postsecondary education institutions in the Commonwealth of Kentucky. Kentucky's goals of increasing educational attainment, promoting research, assuring academic quality, and engaging in regional stewardship must be balanced with current needs, effective use of resources, and prevailing economic conditions. For the purposes of this policy, mandatory fees are included in the definition of tuition. During periods of relative austerity, the proper alignment of the state's limited financial resources requires increased attention to the goals of the *Kentucky Postsecondary Education Improvement Act of 1997* (HB 1) and the Strategic Agenda for Kentucky Postsecondary and Adult Education.

Fundamental Objectives

- Funding Adequacy

HB 1 states that Kentucky shall have a seamless, integrated system of postsecondary education, strategically planned and adequately funded to enhance economic development and quality of life. In discharging its responsibility to determine tuition, the Council, in collaboration with the institutions, seeks to balance the affordability of postsecondary education for Kentucky's citizens with the institutional funding necessary to accomplish the goals of HB 1 and the Strategic Agenda.

- Shared Benefits and Responsibility

Postsecondary education attainment benefits the public at large in the form of a strong economy and an informed citizenry, and it benefits individuals through elevated quality of life, broadened career opportunities, and increased lifetime earnings. The Council and the institutions believe that funding postsecondary education is a shared responsibility of state and federal governments, students and families, and postsecondary education institutions.

- Affordability and Access

Since broad educational attainment is essential to a vibrant state economy and to intellectual, cultural, and political vitality, the Commonwealth of Kentucky seeks to ensure that postsecondary education is broadly accessible to its citizens. The Council and the institutions are committed to ensuring that college is affordable and accessible to all academically qualified Kentuckians with particular emphasis on adult learners, part-time students, minority students, and students from low- and moderate-income backgrounds.

The Council believes that no citizen of the Commonwealth who has the drive and ability to succeed should be denied access to postsecondary education in Kentucky because of inability to pay. Access should be provided through a reasonable combination of savings, family contributions, work, and financial aid, including grants and loans.

In developing a tuition and mandatory fees recommendation, the Council and the institutions shall work collaboratively and pay careful attention to balancing the cost of attendance—including tuition and mandatory fees, room and board, books, and other direct and indirect costs—with students' ability to pay by taking into account (1) students' family and individual income; (2) federal, state, and institutional scholarships and grants; (3) students' and parents' reliance on loans; (4) access to all postsecondary education alternatives; and (5) the need to enroll and graduate more students.

- **Effective Use of Resources**

Kentucky's postsecondary education system is committed to using the financial resources invested in it as effectively and productively as possible to advance the goals of HB 1 and the Strategic Agenda, including undergraduate and graduate education, engagement and outreach, research, and economic development initiatives. The colleges and universities seek to ensure that every dollar available to them is invested in areas that maximize results and outcomes most beneficial to the Commonwealth and its regions. It is anticipated that enactment of Senate Bill 153, the *Postsecondary Education Performance Funding Bill*, during the 2017 legislative session will provide ongoing incentives for increased efficiency and productivity within Kentucky's public postsecondary system. The Council's Strategic Agenda and funding model metrics will be used to monitor progress toward attainment of both statewide and institutional HB 1 and Strategic Agenda goals.

- **Attracting and Importing Talent to Kentucky**

It is unlikely that Kentucky can reach its 2030 postsecondary education attainment goal by focusing on Kentucky residents alone. The Council and the institutions are committed to making Kentucky institutions financially attractive to nonresident students, while recognizing that nonresident undergraduate students should pay a significantly larger proportion of the cost of their education than do resident students. Tuition reciprocity agreements, which provide low-cost access to out-of-state institutions for Kentucky students that live near the borders of other states, also serve to attract students from surrounding states to Kentucky's colleges and universities.

A copy of the Council's nonresident student tuition and mandatory fee policy is contained in the paragraphs below. Going forward, Council staff will periodically review and evaluate the policy to determine its impact on attracting and retaining students that enhance diversity and the state's competitiveness.

Nonresident Student Tuition and Fees

The Council and the institutions believe that nonresident students should pay a larger share of their educational costs than do resident students. As such, published tuition

and fee levels adopted for nonresident students shall be higher than the prices for resident students enrolled in comparable programs of study.

In addition, every institution shall manage its tuition and fee rate structures, price discounting, and scholarship aid for out-of-state students, such that in any given year, the average net tuition and fee revenue generated per nonresident undergraduate student equals or exceeds 130% of the annual full-time tuition and fee charge assessed to resident undergraduate students (i.e., the published in-state sticker price). As part of the tuition and fee setting process, staff shall monitor and report annually to the Council regarding compliance with this requirement.

The Council acknowledges that in some instances increasing nonresident student enrollment benefits both the Commonwealth and the institution. For this reason, exceptions to the 130% threshold may be requested through a Memorandum of Understanding (MOU) process and will be evaluated on a case-by-case basis by the Council. The main objective of the MOU process is to clearly delineate goals and strategies embedded in enrollment management plans that advance the unique missions of requesting institutions.

Special Use Fee Exception Policy

During the 2010-11 tuition setting process, campus officials requested that the Council consider excluding student-endorsed fees from its mandatory fee definition, thus omitting consideration of such fees when assessing institutional compliance with Council approved tuition and fee rate ceilings. Based on feedback received from institutional Chief Budget Officers (CBOs) at their December 2010 meeting, it was determined that there was general interest in treating student-endorsed fees differently from other mandatory fees.

In January and February 2011, Council staff collaborated with institutional presidents, CBOs, and their staffs in developing the following Special Use Fee Exception Policy:

- To the extent that students attending a Kentucky public college or university have deliberated, voted on, and requested that their institution's governing board implement a special use fee for the purposes of constructing and operating and maintaining a new facility, or renovating an existing facility, that supports student activities and services;
- And recognizing that absent any exemption, such student-endorsed fees, when implemented in the same year that the Council adopts tuition and fee rate ceilings, would reduce the amount of additional unrestricted tuition and fee revenue available for an institution to support its E&G operation;
- The Council may elect to award an exemption to its tuition and fee rate ceiling equivalent to all or a portion of the percentage increase resulting from imposition of the student-endorsed fee, provided said fee meets certain eligibility requirements.

Definitions

A student-endorsed fee is a mandatory flat-rate fee that has been broadly discussed, voted on, and requested by students and adopted by an institution's governing board, the revenue from which may be used to pay debt service and operations and maintenance expenses on new facilities, or capital renewal and replacement costs on existing facilities and equipment that support student activities and services, such as student unions, fitness centers, recreation complexes, health clinics, and/or tutoring centers.

Maintenance and Operations (M&O) expenses are costs incurred for the administration, supervision, operation, maintenance, preservation, and protection of a facility. Examples of M&O expenses include janitorial services, utilities, care of grounds, security, environmental safety, routine repair, maintenance, replacement of furniture and equipment, and property and facility planning and management.

Eligibility Criteria

A student-endorsed fee will continue to be a mandatory fee within the context of the Council's current mandatory fee definition and may qualify for an exemption from Council approved tuition and fee rate ceilings. Campus officials and students requesting an exemption under this policy must be able to demonstrate that:

- All enrolled students have been afforded ample opportunity to be informed, voice their opinions, and participate in the decision to endorse a proposed fee. Specifically, it must be shown that fee details have been widely disseminated, broadly discussed, voted on while school is in session, and requested by students.
- For purposes of this policy, voted on means attaining:
 - a) a simple majority vote via campus-wide referendum, with a minimum of one-quarter of currently enrolled students casting ballots;
 - b) a three-quarters vote of elected student government representatives; or
 - c) a simple majority vote via campus-wide referendum, conducted in conjunction and coinciding with the general election of a student government president or student representative to a campus board of regents or board of trustees.
- The proposed fee and intended exemption request have been presented to, and adopted by, the requesting institution's governing board. It is anticipated that elected student government representatives will actively participate in board presentations.
- Revenue from such fees will be used to pay debt service and M&O expenses on new facilities, or capital renewal and replacement costs on existing facilities and equipment that support student activities and services, such as student unions, fitness centers, recreation complexes, health clinics, and/or tutoring centers. The Council expects these uses to be fully explained to students prior to any votes endorsing a fee.

- In any given year, the impact of a student-endorsed fee on the overall increase in tuition and mandatory fees for students and their families will be reasonable. It may be appropriate to phase in the exemption over multiple years to maintain affordability and access.
- Requests for student-endorsed exemptions are infrequent events. The Council does not expect requests for exemptions under this policy to occur with undue frequency from any single institution and reserves the right to deny requests that by their sheer number are deemed excessive.
- A plan is in place for the eventual reduction or elimination of the fee upon debt retirement, and details of that plan have been shared with students. The Council does not expect a fee that qualifies for an exemption under this policy to be assessed at full rate in perpetuity. Such fees should either terminate upon completion of the debt or, in the case of new facilities, may continue at a reduced rate to defray ongoing M&O costs. In either case, to qualify for an exemption, students should be fully aware of the extent of their obligation prior to any votes endorsing a fee.

Exemption Process

Requests for an exemption under this policy will be evaluated on a case-by-case basis. To initiate the process:

- The requesting institution will notify Council staff of any pending discussions, open forums, referendums, or student government actions pertaining to a proposed special use fee and discuss fee details with Council staff as needed.
- After a fee has been endorsed by student referendum or through student government action and approved by the institution's governing board, campus officials and students will submit a written exemption request to the Council for its consideration.
- Council staff will review the request, assess whether or not the proposed fee qualifies for an exemption, and make a recommendation to the Council.

To facilitate the exemption request process, requesting institutions and students are required to provide the Council with the following information:

- Documents certifying that the specific project and proposed fee details have been widely disseminated, broadly discussed, voted on, and requested by students, as well as adopted by the institution's governing board.
- Documents specifying the fee amount, revenue estimates, uses of revenue, impact on tuition and fees during the year imposed (i.e., percentage points above the ceiling), and number of years the fee will be in place.

- Documents identifying the project's scope, time frame for completion, debt payment schedule, and plan for the eventual reduction or elimination of the fee upon debt retirement.

Asset Preservation Fee Exception Policy

During the 2017-18 tuition setting process, campus officials asked if the Council would consider allowing institutions to assess a new student fee, dedicated to supporting expenditures for asset preservation and renovation projects, that would be treated as being outside the tuition and fee caps set annually by the Council. Staff responded that it was too late in the process to allow for a full vetting of a proposed change to the Council's Tuition and Mandatory Fee Policy prior to the Council adopting tuition ceilings at the March 31, 2017 meeting. In addition, staff wanted to explore the possibility of adopting a system-wide asset preservation fee that would benefit and address asset preservation needs at every public postsecondary institution.

In August 2017, staff determined that there was general interest among campus officials to pursue a change in tuition policy that would allow each institution the option to implement a student fee for asset preservation, if its administrators and governing board chose to do so, that would be exempted from Council approved tuition and fee ceilings. In September and October, Council staff worked with campus presidents, chief budget officers, and Budget Development Work Group members to develop the Asset Preservation Fee Exception Policy described below.

- Given that in 2007, Council and postsecondary institution staffs contracted with Vanderweil Facilities Advisors, Inc. (VFA) and Paulien and Associates to conduct a comprehensive assessment of Kentucky's public postsecondary education facilities to determine both system and individual campus needs for new and expanded space, asset preservation and renovation, and fit-for-use capital projects;
- Given that in 2013, VFA adjusted the data from its 2007 study to account for continuing aging of postsecondary facilities and rising construction costs, and projected that the cumulative need for asset preservation and fit-for-use expenditure would grow to \$7.3 billion within the 2017 to 2021 timeframe;
- Given that over the past five biennia, 2008-10 through 2016-18, the Commonwealth of Kentucky has appropriated a total of \$262.0 million for its public colleges and universities to address asset preservation and renovation and fit-for-use projects, representing about 3.6% of the total cumulative need identified by VFA;
- Given that in late summer 2017, the Council and postsecondary institutions concluded that one reasonable course of action to begin to address the overwhelming asset preservation and renovation and fit-for-use needs was through sizable and sustained investment in existing postsecondary facilities, which could be accomplished through a cost sharing arrangement involving the state, postsecondary institutions, and students and families;

- Given that the best way to ensure the ongoing commitment and participation of students and families in a cost-sharing partnership to address asset preservation and renovation needs is through the implementation of an optional dedicated student fee;
- Given that such an asset preservation fee, when implemented in the same year that the Council adopts a tuition and fee rate ceiling, would reduce the amount of additional unrestricted tuition and fee revenue available for an institution to support its E&G operation;
- The Council may elect to award an exemption to its tuition and fee rate ceiling of up to \$10.⁰⁰ per credit hour at the public universities, capped at 15 credit hours per semester for undergraduate students, for a dedicated student fee that supports asset preservation and renovation projects related to the instructional mission of the institution;
- The Council may elect to award an exemption to its tuition and fee rate ceiling of up to \$5.00 per credit hour at KCTCS institutions, capped at 15 credit hours per semester, for a dedicated student fee that supports asset preservation and renovation projects related to the instructional mission of the institution.

Definition

An asset preservation fee is a mandatory, flat-rate fee that has been approved by an institution's governing board, the revenue from which shall either be expended upon collection on asset preservation and renovation and fit-for-use capital projects or used to pay debt service on agency bonds issued to finance such projects, that support the instructional mission of the institution. Thus, by definition, fee revenue and bond proceeds derived from such fees shall be restricted funds for the purposes of financing asset preservation and renovation projects. As a mandatory fee, an asset preservation fee may be assessed to students regardless of degree level or program or full-time or part-time status.

Eligibility Criteria

An asset preservation fee may qualify for an exemption from Council approved tuition and fee rate ceilings, provided the following criteria are met:

- The proposed asset preservation project(s) and related fee shall be approved by the requesting institution's governing board.
- Revenue from the fee may either be expended upon collection on asset preservation and renovation or fit-for-use projects, accumulated to meet a specific project's scope, or used to pay debt service on agency bonds or other instruments used to finance such projects.
- Both the direct expenditure of fee revenue and the expenditure of agency bond funds generated by the fee may be used to meet matching requirements on state

bond funds issued for asset preservation projects. In previous biennia, state leaders have required a dollar-for-dollar institutional match on state-funded asset preservation pools.

- In any given academic year, the impact of implementing an asset preservation fee, when combined with a tuition and fee increase supporting campus operations, will be reasonable for Kentucky students and families. For the purposes of this policy exemption, the Council shall determine whether a proposed asset preservation fee, in combination with a tuition and fee increase allowed under a Council-approved tuition ceiling, is reasonable. This assessment will be made within the context of state economic and budgetary conditions, institutional resource needs, and affordability concerns at the time.
- Depending on the outcome of the aforementioned assessment, it may be appropriate to phase in a requested fee over multiple years to maintain affordability and access.
- The Council does not expect a fee that qualifies for an exemption under this policy to remain in effect in perpetuity. To be eligible for an exemption, the requesting institution must have a plan in place for the eventual elimination of a proposed asset preservation fee within 25 years of its initial implementation date.

Exemption Process

The Council will evaluate requests for a fee exemption under this policy on a case-by-case basis. To initiate the process:

- An institution's governing board must approve the proposed asset preservation project(s) and related student fee.
- Campus officials must submit to the Council a copy of that board approval, along with a written request to exempt the asset preservation fee from Council tuition and fee ceilings.
- Council staff will review the request, assess whether or not the proposed project(s) and related fee qualify for an exemption, and make a recommendation to the Council.

To facilitate the exemption-request review process, a requesting institution shall provide the Council with the following information:

- Documents certifying that the specific asset preservation project(s) financed and proposed fee details have been approved by the institution's governing board.
- Documents specifying the fee amount, anticipated implementation date, revenue projections, uses of revenue, number of years the fee will be in place, and impact on tuition in year imposed (i.e., percentage points above ceiling).

- Documents identifying the project's scope, its timeframe for completion, debt payment schedule, and plan for the eventual elimination of the fee upon debt retirement.

Periodic Reporting

- Upon request by the Council, the postsecondary institutions will provide documentation certifying the date an asset preservation fee was implemented, annual amounts of fee revenue generated to date, uses of fee revenue, the amount of fee revenue or agency bond funds used to meet state matching requirements on asset preservation project appropriations, and the number of years the fee will remain in place.

Ongoing Usage

- Once an Asset Preservation Fee is approved by the Council, revenue generated from the fee may be used for ongoing asset preservation, renovation and fit-for-use projects with institutional board approval.
- Asset preservation, renovation and fit-for-use project(s) financed with asset preservation fee revenue shall comply with all statutory requirements pertaining to the approval of capital projects (KRS 45.750, KRS 45.763, KRS 164.020 (11) (a), KRS 164A.575).

**COMMITTEE MEETING COPY
NO ACTION NEEDED AT 1/27/23 MEETING**

**FINANCE COMMITTEE
COUNCIL ON POSTSECONDARY EDUCATION**

INFORMATION ITEM
January 24, 2023

TITLE: Performance Funding Model Review Update

DESCRIPTION: Staff provides an update on the 2023 Performance Funding Model Review process and shares copies of the Postsecondary Education Working Group's membership and a preliminary meeting schedule.

PRESENTERS: Bill Payne, Vice President for Finance and Administration, CPE
Shaun McKiernan, Executive Director for Finance and Budget, CPE

FUNDING MODEL REVIEW

Kentucky's performance funding statute, KRS 164.092 *Comprehensive Funding Model for the Public Postsecondary Education System*, directs the Council to convene a Postsecondary Education Working Group beginning in 2020-21 and every three fiscal years thereafter to determine if the comprehensive funding model is functioning as expected, identify any unintended consequences of the model, and recommend any adjustments to the model. The statute allows the Council to assemble the working group prior to the start of the required fiscal year to afford sufficient time for the group to complete its work.

The working group was last convened on July 30, 2020 and met four additional times between September 2 and December 2 of that year, before reporting the results of its review and recommendations to the Governor, the Interim Joint Committee on Appropriations and Revenue, and the Interim Joint Committee on Education by January 5, 2021. At this time, Council staff is planning to reconvene the working group to undertake a second comprehensive review of the funding models (i.e., university and KCTCS models).

By statute, the Postsecondary Education Working Group is comprised of the president of the Council, the president or designee of each public postsecondary institution, including the president of KCTCS, the Governor or designee, the Speaker of the House or designee, and the President of the Senate or designee (KRS 164.092). The membership of the 2023 iteration of the working group has been determined and can be found in Attachment A to this agenda item.

A copy of a preliminary *Performance Funding Work Group Meeting Schedule* can be found in Attachment B. As can be seen in the schedule, the first meeting of the work group will take place on Wednesday, January 25, 2023. Council staff anticipates an additional six meetings (one about every six weeks) over the next nine months. The last meeting of the working group is scheduled to take place on October 18, 2023, at which time it will complete its work and finalize recommendations. The results of the working group's review and recommendations to the Governor and General Assembly are due by close of business Friday, December 1, 2023.

2023 Performance Funding Work Group Members

| Name | Representing |
|-----------------------------|---------------------------------------|
| Dr. Aaron Thompson | KY Council on Postsecondary Education |
| Secretary John Hicks | Governor's Office |
| Representative James Tipton | House |
| Senator David Givens | Senate |
| Dr. Eli Capilouto | University of Kentucky |
| Dr. Lori Gonzalez | University of Louisville |
| Dr. David McFaddin | Eastern Kentucky University |
| Dr. Ronald Johnson | Kentucky State University |
| Dr. Jay Morgan | Morehead State University |
| Dr. Bob Jackson | Murray State University |
| Dr. Bonita Brown | Northern Kentucky University |
| Dr. Tim Caboni | Western Kentucky University |
| Dr. Paul Czarapata | KCTCS |

Commonwealth of Kentucky
 Performance Funding Work Group Meeting Schedule
 Calendar Year 2023

ATTACHMENT B

Draft - For Discussion Purposes

| <u>Meeting</u> | <u>Day of Week/Month</u> | <u>Date/Time</u> | <u>Planned Activities</u> |
|----------------|----------------------------|--------------------------|--|
| 1 | 4th Wednesday in January | 01/25/23 10:00 AM EST | Background Information <ul style="list-style-type: none"> • Impetus for the Model • Guiding Principles • Desired State Goals • Major Decision Points Components and Metrics Model Mechanics Distributions and Impact Trends in Student Outcomes |
| 2 | 1st Wednesday in March | 03/01/23 1:00 PM EST | Environmental Scan <ul style="list-style-type: none"> • Performance Funding Landscape Performance Funding Survey <ul style="list-style-type: none"> • Campus Responses • CPE Staff Responses Major Decision Points |
| 3 | 3rd Wednesday in April | 04/19/23 1:00 PM EDT | TBD |
| 4 | 1st Wednesday in June | 06/07/23 1:00 PM EDT | TBD |
| 5 | 3rd Wednesday in July | 07/19/23 1:00 PM EDT | TBD |
| 6 | 1st Wednesday in September | 09/06/23 1:00 PM EDT | TBD |
| 7 | 3rd Wednesday in October | 10/18/23 1:00 PM EDT | Finalize recommendations of the work group in preparation for submission to the Governor and General Assembly |
| ® | 1st Friday in December | 12/01/23 COB | The results of the review and recommendations of the work group are due to the Governor, the Interim Joint Committee on Appropriations and Revenue, and the Interim Joint Committee on Education |

TBD - To be determined
 COB - Close of business

TITLE: Report from the Executive Committee

DESCRIPTION: The Committee will provide a report of activities from the Executive Committee's January 27, 2023 meeting.

PRESENTER: CPE Board Chair

The Executive Committee will meet the morning of January 27, 2023. The Committee is expected to review and approve the Meeting Dates of the Council for academic year 2023-24, and review and accept the FY22 Audit. Both items will go before the full Council for final approval.

TITLE: 2023-24 Council Meeting Dates

DESCRIPTION: If approved at its January 27 morning meeting, the Executive Committee recommends the Council provide final approval for the proposed meeting dates for 2023-24 academic year.

PRESENTER: Committee Chair

COMMITTEE APPROVAL

This action item will go before the Executive Committee at its January 27, 2023 meeting, that is set to occur directly before the business meeting.

SUPPORTING INFORMATION

Per KRS 164.011(9), the Council is required to meet quarterly, but may meet more upon the call of the chair. In order to conduct its business efficiently, the Council typically meets five times per year and standing committees meet prior to each Council meeting.

The following dates are proposed for the 2023-24 academic year:

| PROPOSED DATES | MEETING TYPE |
|-----------------------------|---|
| Sept 11, 2023 (Mon) | ASI Committee – 10am Finance Committee – 1pm |
| Sept 18-19, 2023 (Mon-Tues) | Trusteeship Conference, HB 15 Board Training, CPE work session & meeting |
| Oct 23, 2023 (Mon) | ASI Committee – 10am Finance Committee – 1pm |
| Oct 27, 2023 (Fri) | CPE finance/budget workshop and business meeting |
| Jan 15, 2024 (Mon) | ASI Committee – 10am Finance Committee – 1pm |
| Jan 18-19, 2024 (Thurs-Fri) | Work session and business meeting |

| PROPOSED DATES | MEETING TYPE |
|-----------------------------|---|
| Mar 25, 2024 (Mon) | ASI Committee – 10am Finance Committee – 1pm |
| Mar 28-29, 2024 (Thurs-Fri) | Work session and business meeting |
| Jun 10, 2024 (Mon) | ASI Committee – 10am Finance Committee – 1pm |
| Jun 20-21, 2024 (Thurs-Fri) | Work session and business meeting |

*The Executive Committee meetings will be scheduled/requested by the Chair.

TITLE: Review Results of FY22 Audit

DESCRIPTION: If approved at its January 27 morning meeting, the Executive Committee recommends the Council provide final acceptance of the results of the annual audit for fiscal year 2021-22.

PRESENTER: Committee Chair

COMMITTEE APPROVAL

This action item will go before the Executive Committee at its January 27, 2023 meeting, that is set to occur directly before the business meeting.

SUPPORTING INFORMATION

For fiscal year 22, the auditors issued an unmodified opinion, stating that the Council's financial statements present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, the expenditures of federal awards and supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole. The firm also noted that it did not identify any deficiencies in internal control that they consider to be material weaknesses.



**KENTUCKY COUNCIL ON
POSTSECONDARY EDUCATION**

MATTERS TO BE COMMUNICATED TO

THE COUNCIL MEMBERS

JUNE 30, 2022



Blue & Co., LLC / 250 West Main Street, Suite 2900 / Lexington KY 40507 main
859.253.1100 fax 859.253.1384 email blue@blueandco.com

January 6, 2023

To the Council Members
Council on Postsecondary Education
Frankfort, Kentucky

We have audited the financial statements of the Council on Postsecondary Education (the Council) for the year ended June 30, 2022, and have issued our report thereon dated as of the date of this letter. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards* and *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our letter dated September 28, 2022. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Council are described in Note 1 to the financial statements. No new accounting policies were adopted or the application of existing policies was not changed during the year. We noted no transactions entered into by the Council during the year for which there was a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of compensated leave is accrued when incurred in the government-wide financial statements. Only the accumulated annual and compensatory leave that is estimated to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. We evaluated the key factors and assumptions used to develop the estimate pertaining to compensatory leave in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability, net OPEB (Other Post-employment Benefits) liability and related deferred outflows/inflows of resources determined by the actuary. We evaluated key factors and assumptions used to develop these liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

We believe the disclosures in the financial statements are neutral, consistent and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated as of the date of this letter.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Council's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Council's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison schedules, schedules of proportionate share of net pension and OPEB liabilities, and the schedules of pension and OPEB contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards, supplementary schedule of assets, liabilities, and fund balances (for major and non-major funds), supplementary schedule of revenues, expenditures, and changes in fund balances (for major and non-major funds), and the schedule of grants and subsidies, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * * *

This communication is intended solely for the use of management, the Council Members, others within the Council, and the Auditor of Public Accounts of the Commonwealth of Kentucky, and is not intended to be and should not be used by anyone other than these specified parties.

To the Council Members
Council on Postsecondary Education
Page 4

We appreciate this opportunity to be of service and extend our thanks to everyone at the Council for their cooperation and assistance. We would be pleased to discuss any of the above matters with you at your convenience.

Blue & Co., LLC



**KENTUCKY COUNCIL ON
POSTSECONDARY EDUCATION**

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

JUNE 30, 2022

COUNCIL ON POSTSECONDARY EDUCATION
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REPORT OF INDEPENDENT AUDITORS

To the Council Members
Council on Postsecondary Education

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Council on Postsecondary Education (the "Council"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which comprise the Council's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

To the Council Members
Council on Postsecondary Education

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

To the Council Members
Council on Postsecondary Education

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, the schedule of proportionate share of the net pension liability and the schedule of pension contributions on pages 50 through 51, the schedule of proportionate share of the net Other Postemployment Benefits (OPEB) liability and the schedule of OPEB contributions on pages 52 through 53, and the budgetary comparison information on pages 54 through 57, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented on pages 63 through 64 for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information included in the accompanying schedules on pages 58 through 62 is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2023, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal

To the Council Members
Council on Postsecondary Education

control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Blue & Co., LLC

Lexington, Kentucky
January 6, 2023

COUNCIL ON POSTSECONDARY EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

The Council on Postsecondary Education (the Council) was established by the passage of House Bill 1 during the first 1997 extraordinary session of the Kentucky General Assembly. As a component unit of the Commonwealth of Kentucky, the Council provides direction and oversight to Kentucky's postsecondary education system.

The Council's management offers this narrative overview and analysis of the financial performance of the Council for the fiscal year (FY) ended June 30, 2022. Readers are encouraged to read this management discussion and analysis in conjunction with the Council's financial statements and the accompanying notes.

FINANCIAL HIGHLIGHTS

- The liabilities of the Council exceeded its assets at the close of FY 2022 by \$21,745,449.
- Net position increased \$286,125 between FY 2021 and FY 2022.
- As of the close of FY 2022, the Council's governmental funds reported an ending fund balance of \$4,233,207, which includes balances in strategic investment and incentive funding programs appropriated to the Council on behalf of public postsecondary education institutions and agency operations.
- Total fund revenues for FY 2022 were \$24,493,805, representing a 4% decrease from FY 2021.
- Total fund expenditures for FY 2022 were \$24,120,597, representing a 13% decrease from FY 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

The audit report consists of four parts: management's discussion and analysis (this section), the government-wide financial statements, the fund financial statements, and the accompanying notes to the financial statements.

The Council has established separate accounts to track appropriations from the Commonwealth of Kentucky to ensure they are used solely for the purposes for which they were appropriated. Activities of the Council are accounted for as governmental and fiduciary funds.

Government-wide Financial Statements:

The Council's financial statements are designed to provide readers with a broad overview of the Council's finances, with an emphasis on the major funds within the governmental category.

The statement of net position presents information on all of the Council's assets, deferred outflows, liabilities and deferred inflows, with the difference between the two reported as net position.

The statement of activities presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus,

COUNCIL ON POSTSECONDARY EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Governmental Fund Financial Statements:

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to segregate appropriations designated for specific purposes. The Council reports on two fund types, governmental and fiduciary.

Under the governmental fund type, the Council's finances are displayed by discrete program or activity that also may be described as a fund group. The grouping of programs and discrete activities provides useful information by using a grouping that is more easily recognized by the reader.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental fund financial statements with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Council's near-term financial decisions. Both the fund balance sheet and statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison. These two reconciliations can be found on pages 16 and 18 of this report.

Fiduciary funds are used to account for resources held for the benefit of individuals or units outside of the Council. The Council is the trustee or fiduciary responsible for assets, which can be used only for the trust beneficiaries per trust agreement. The Council is responsible for ensuring the assets reported in these funds are used for their intended purposes. All the Council's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The accounting for fiduciary funds is much like that used for proprietary funds. The statement of fiduciary net position and the statement of changes in fiduciary net position can be found on page 19 and 20, respectively of this report.

Notes to the Financial Statements:

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found beginning on page 21.

COUNCIL ON POSTSECONDARY EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

FINANCIAL ANALYSIS OF THE COUNCIL

Government-wide Financial Analysis:

Condensed Financial Information Statement of Net Position

| | June 30, 2022 | June 30, 2021 |
|----------------------------------|------------------------|------------------------|
| Assets: | | |
| Current | \$ 3,479,558 | \$ 3,675,903 |
| Noncurrent | 2,508,888 | 2,509,432 |
| Total assets | <u>5,988,446</u> | <u>6,185,335</u> |
| Deferred outflows of resources | <u>2,773,490</u> | <u>2,996,700</u> |
| Total assets and deferrals | <u>\$ 8,761,936</u> | <u>\$ 9,182,035</u> |
| Liabilities: | | |
| Current | \$ 1,388,722 | \$ 1,596,985 |
| Noncurrent | 26,345,173 | 27,184,660 |
| Total liabilities | <u>27,733,895</u> | <u>28,781,645</u> |
| Deferred inflows of resources | <u>1,513,530</u> | <u>1,172,004</u> |
| Total liabilities and deferrals | <u>\$ 29,247,425</u> | <u>\$ 29,953,649</u> |
| Net position (deficit): | | |
| Net investment in capital assets | \$ -0- | \$ 2,705 |
| Restricted | 1,506,289 | 1,685,745 |
| Unrestricted deficit | <u>(21,991,778)</u> | <u>(22,460,064)</u> |
| Total net position (deficit) | <u>\$ (20,485,489)</u> | <u>\$ (20,771,614)</u> |

Current assets consist primarily of program cash and cash equivalents, intergovernmental receivables, amounts due from the Federal government under the Council's Federal programs, and prepaid expenses. Noncurrent assets consist primarily of investments.

Current liabilities consist primarily of operating accounts payable, accrued payroll, and accrued compensated absences. As of June 30, 2022, current liabilities also include amounts due to the state investment pool (amounts temporarily advanced by the state pending reimbursement from Federal grantor agencies). The portion of accrued compensated absences not expected to be liquidated with expendable financial resources has been estimated and included as a noncurrent liability.

COUNCIL ON POSTSECONDARY EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Net position is divided into three components: *net investment in capital assets*, which represents the Council's capital assets, net of accumulated depreciation; *restricted* net position, which primarily consists of cash and cash equivalents and investments related to the Council's strategic trust funds and other funding programs, net of outstanding liabilities; and *unrestricted net position*, which consists primarily of cash and cash equivalents and investments related to the Council's Operations and Technology Initiative Trust Funds, net of outstanding liabilities.

As of the close of the fiscal year, net position represents the difference between assets and liabilities mentioned above. Liabilities exceeded assets by approximately \$21.7 million. Total assets and deferrals decreased by approximately \$420,000, primarily in deferred outflows related to the net OPEB liability. Total liabilities and deferrals decreased by approximately \$706,000, primarily related to a decrease in accrued expenses and decreases to the net pension liability and net OPEB liability. Therefore, net position remained mostly consistent between FY 2021 and FY 2022.

COUNCIL ON POSTSECONDARY EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Condensed Financial Information Statements of Activities For the Fiscal Years Ended

| | June 30, 2022 | June 30, 2021 |
|---|-----------------|-----------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 4,202,925 | \$ 3,379,428 |
| Operating grants and contributions | 8,450,635 | 14,033,344 |
| Capital grants and contributions | 626,579 | 470,822 |
| General revenues: | | |
| State appropriations | 11,213,666 | 7,609,722 |
| Loss on disposal of capital assets | (2,541) | -0- |
| Total revenues | 24,491,264 | 25,493,316 |
| Expenses: | | |
| Strategic investment and incentive funding programs | 9,228,113 | 8,308,954 |
| Agency and KYVC/KYVL Operations | 6,274,281 | 3,631,273 |
| Federal Programs | 7,771,081 | 13,038,705 |
| Postsecondary Education Equine Trust Fund | 480,000 | 480,000 |
| Other | 164 | 724 |
| Total expenses | 23,753,639 | 25,459,656 |
| Transfer to state general fund | (451,500) | -0- |
| Change in net position | 286,125 | 33,660 |
| Net position (deficit), beginning of year | (20,771,614) | (20,805,274) |
| Net position (deficit), end of year | \$ (20,485,489) | \$ (20,771,614) |

General Fund appropriations from the Commonwealth of Kentucky are the primary funding source for the activities of the Council. The Kentucky General Assembly, through the appropriations bill and other statutory provisions, directs the use of those appropriations to specific activities. The most significant changes in this year's funding was an increase in state appropriation of \$3.6 million, a decrease of \$5.3 million in Federal Program expenses due to the Governor's Emergency Education Relief Funds, and a \$2.6 million increase in Agency and KYVC/KYVL Operations expense.

COUNCIL ON POSTSECONDARY EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Appropriations to the Council give the agency varying discretion in implementing the significant reforms adopted in 1997 and 2000. In particular, the Strategic Investment and Incentive Funding Programs are directed toward specific reform activities and implementation of the Council's strategic agenda for postsecondary education. Expenses for these programs comprise 39% of the Council's total expenses. The Strategic Investment and Incentive Funding Programs are the primary vehicles for implementation of the postsecondary education reform. Recipients include the postsecondary institutions, adult education service providers and other recipients of adult education services, and providers and businesses participating in the new economy initiatives.

Governmental Fund Financial Analysis:

As noted earlier, the Council uses fund accounting to ensure and to demonstrate compliance with finance-related and legal requirements. The focus of the Council's fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, fund balances may serve as a useful measure of an agency's net resources available for program purposes at the end of the fiscal year.

Condensed Financial Information Balance Sheets

| | June 30, 2022 | June 30, 2021 |
|--|---------------|---------------|
| Total assets | \$ 5,621,929 | \$ 5,908,484 |
| Total liabilities | 1,388,722 | 1,596,985 |
| Fund balances | 4,233,207 | 4,311,499 |
| Total liabilities and fund balances | \$ 5,621,929 | \$ 5,908,484 |

The fund balance primarily represents the cash balances, investment balances, and amounts due from the Federal government. The fund balances of the Council decreased approximately \$78,000 between fiscal years.

COUNCIL ON POSTSECONDARY EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Condensed Financial Information Statements of Revenues, Expenditures, and Changes in Fund Balances For the Fiscal Years Ended

| | June 30, 2022 | June 30, 2021 |
|---|---------------|---------------|
| Revenues: | | |
| State appropriations | \$ 11,213,666 | \$ 7,609,722 |
| Charges for services | 4,202,925 | 3,379,428 |
| Intergovernmental revenues | 626,579 | 470,822 |
| Federal programs | 8,040,594 | 13,256,932 |
| Other | 410,041 | 776,412 |
| Total revenues | 24,493,805 | 25,493,316 |
| Expenditures: | | |
| Personnel services | 13,191,119 | 12,658,115 |
| Grants and subsidies | 5,766,778 | 10,530,414 |
| Other | 5,162,700 | 4,557,023 |
| Total expenditures | 24,120,597 | 27,745,552 |
| Interfund transfer out | (451,500) | -0- |
| Net change in fund balances | (78,292) | (2,252,236) |
| Fund balances, beginning of year | 4,311,499 | 6,563,735 |
| Fund balances, end of year | \$ 4,233,207 | \$ 4,311,499 |

The most significant change in this year's revenue is with an increase in state appropriations of \$3.6 million and a decrease of \$5.2 million in federal programs related to the Governor's Emergency Education Relief Funds.

Grants and subsidies primarily consist of payments to institutions, state agencies, and other service providers for costs related to discrete authorized activities. In FY 2022, grants and subsidies decreased by \$4.8 million due to the Governor's Emergency Education Relief Funds for the effects of COVID-19. The other expenditures are consistent between FY 2022 and FY 2021.

Other expenditures represent all other operating expenses of the Council such as postage and related services, rentals and equipment leases, supplies, travel, and dues and subscriptions, as well as contractual obligations for the Kentucky Virtual Campus/Library databases and courier services.

COUNCIL ON POSTSECONDARY EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

BUDGETARY HIGHLIGHTS

Final budgeted revenues and expenditures remained consistent from the original budget.

CONTACTING THE COUNCIL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Council's finances. If you have any questions concerning the information provided in this report or need additional financial information, contact Mr. Bill Payne, Vice President for Finance and Administration or Leslie Brown, Director, Administrative Services, Council on Postsecondary Education, 100 Airport Drive, Third Floor, Frankfort, Kentucky, 40601. Both individuals can be contacted by phone at (502) 573-1555.

COUNCIL ON POSTSECONDARY EDUCATION

STATEMENT OF NET POSITION JUNE 30, 2022

| | Governmental Activities |
|---|----------------------------|
| <u>ASSETS AND DEFERRALS</u> | |
| Current assets: | |
| Cash and cash equivalents | \$ 1,191,561 |
| Cash and cash equivalents - restricted | 1,276,294 |
| Accounts receivable | 210,389 |
| Accrued interest receivable | -0- |
| Intergovernmental receivables | -0- |
| Due from the Federal government | 434,797 |
| Prepaid expenses | 366,517 |
| Total current assets | 3,479,558 |
| Noncurrent assets: | |
| Investments | 2,148,188 |
| Investments - restricted | 360,700 |
| Total noncurrent assets | 2,508,888 |
| Total assets | 5,988,446 |
| Deferred outflows of resources | |
| Deferred outflows - pension | 1,871,420 |
| Deferred outflows - OPEB | 902,070 |
| Total deferred outflows of resources | 2,773,490 |
| Total assets and deferrals | \$ 8,761,936 |
| <u>LIABILITIES AND DEFERRALS</u> | |
| Current liabilities: | |
| Accounts and other payables | \$ 387,916 |
| Interfund payable | 106,348 |
| Due to the state investment pool | 2,207 |
| Accrued expenses | 383,848 |
| Accrued compensated absences - current portion | 508,403 |
| Total current liabilities | 1,388,722 |
| Noncurrent liabilities: | |
| Accrued compensated absences - noncurrent portion | 329,300 |
| Net pension | 22,231,529 |
| Net OPEB | 3,784,344 |
| Total noncurrent liabilities | 26,345,173 |
| Total liabilities | 27,733,895 |
| Deferred inflows of resources | |
| Deferred inflows - pension | 594,757 |
| Deferred inflows - OPEB | 918,773 |
| Total deferred inflows of resources | 1,513,530 |
| Total liabilities and deferrals | \$ 29,247,425 |
| <u>NET POSITION (DEFICIT)</u> | |
| Restricted | \$ 1,506,289 |
| Unrestricted deficit | (21,991,778) |
| Total net position (deficit) | \$ (20,485,489) |

COUNCIL ON POSTSECONDARY EDUCATION

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2022

| FUNCTIONS/PROGRAMS: | Program Revenues | | | | Net (Expenses) Revenues and Changes in Net Position |
|---|------------------|-------------------------|--|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Operations | \$ 6,274,281 | \$ 485,700 | \$ 270,315 | \$ -0- | \$ (5,518,266) |
| Federal Programs | 7,771,081 | -0- | 7,770,279 | -0- | (802) |
| Postsecondary Education Equine Trust Fund | 480,000 | -0- | -0- | 626,579 | 146,579 |
| Technology Initiative Trust Fund | 7,932,818 | 3,717,225 | 410,041 | -0- | (3,805,552) |
| Assessment and Professional Development | 1,295,295 | -0- | -0- | -0- | (1,295,295) |
| Unallocated depreciation expense | 164 | -0- | -0- | -0- | (164) |
| Total governmental activities | \$ 23,753,639 | \$ 4,202,925 | \$ 8,450,635 | \$ 626,579 | (10,473,500) |
| General revenues: | | | | | |
| State appropriations | | | | | 11,213,666 |
| Loss on disposal of capital assets | | | | | (2,541) |
| Total general revenues | | | | | 11,211,125 |
| Transfer to state general fund | | | | | (451,500) |
| Change in net position | | | | | 286,125 |
| Net position (deficit), beginning of year | | | | | (20,771,614) |
| Net position (deficit), end of year | | | | | \$ (20,485,489) |

COUNCIL ON POSTSECONDARY EDUCATION

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2022

| | Operations | Federal Programs | Technology Initiative Trust Fund | Other (Non-major) Governmental Funds | Total Governmental Funds |
|--|--------------|------------------|--|--|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 185,300 | \$ -0- | \$ 1,006,261 | \$ -0- | \$ 1,191,561 |
| Cash and cash equivalents - restricted | -0- | 50,000 | 1,178,371 | 47,923 | 1,276,294 |
| Investments | 1,394,688 | -0- | 753,500 | -0- | 2,148,188 |
| Investments - restricted | -0- | -0- | -0- | 360,700 | 360,700 |
| Accounts receivable | 24,959 | 50,000 | 133,771 | 1,659 | 210,389 |
| Due from the Federal government | -0- | 434,797 | -0- | -0- | 434,797 |
| Total assets | \$ 1,604,947 | \$ 534,797 | \$ 3,071,903 | \$ 410,282 | \$ 5,621,929 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts and other payables | \$ 25,013 | \$ 262,191 | \$ 99,053 | \$ 1,659 | \$ 387,916 |
| Interfund payable | -0- | 106,348 | -0- | -0- | 106,348 |
| Due to the state investment pool | -0- | 2,207 | -0- | -0- | 2,207 |
| Accrued expenses | 243,660 | 93,370 | 21,967 | 24,851 | 383,848 |
| Accrued compensated absences | 421,410 | 70,681 | 9,363 | 6,949 | 508,403 |
| Total liabilities | 690,083 | 534,797 | 130,383 | 33,459 | 1,388,722 |
| Fund balances: | | | | | |
| Restricted: | | | | | |
| for Technology Initiative | -0- | -0- | 955,912 | -0- | 955,912 |
| for James Graham Brown Foundation | -0- | -0- | 222,459 | -0- | 222,459 |
| for University Equine programs | -0- | -0- | -0- | 408,623 | 408,623 |
| Assigned: | | | | | |
| for agency operations | 914,864 | -0- | -0- | -0- | 914,864 |
| for Technology Trust Fund | -0- | -0- | 1,763,149 | -0- | 1,763,149 |
| Unassigned | -0- | -0- | -0- | (31,800) | (31,800) |
| Total fund balances | 914,864 | -0- | 2,941,520 | 376,823 | 4,233,207 |
| Total liabilities and fund balances | \$ 1,604,947 | \$ 534,797 | \$ 3,071,903 | \$ 410,282 | \$ 5,621,929 |

See accompanying notes
to the financial statements.

COUNCIL ON POSTSECONDARY EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2022

| | | |
|--|-----------|-----------------------------------|
| Fund balances - total governmental funds | \$ | 4,233,207 |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p> | | |
| <p>The deferred outflows of resources are not current financial resources, and therefore, are not reported in the governmental funds.</p> | | |
| | | 2,773,490 |
| <p>Prepaid expenses are accounted for in the governmental funds as expenditures in the period of acquisition and, therefore, are not financial resources and are not reported in the governmental funds.</p> | | |
| Prepaid expenses | | 366,517 |
| <p>The noncurrent portion of accrued compensated absences is not due and payable in the current year and, therefore, is not reported in the governmental funds.</p> | | |
| Accrued compensated absences - noncurrent portion | | (329,300) |
| <p>The deferred inflows of resources is not due and payable in the current year and, therefore, is not reported in the governmental funds.</p> | | |
| | | (1,513,530) |
| <p>The net pension liability and net OPEB liability is not due and payable in the current year and, therefore, is not reported in the governmental funds.</p> | | |
| | | <u>(26,015,873)</u> |
| Net position of governmental activities | \$ | <u><u>(20,485,489)</u></u> |

COUNCIL ON POSTSECONDARY EDUCATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2022

| | Operations | Federal Programs | Technology Initiative Trust Fund | Other (Non-major) Governmental Funds | Total Governmental Funds |
|--|--------------|------------------|----------------------------------|--------------------------------------|--------------------------|
| REVENUES: | | | | | |
| State appropriations | \$ 6,278,827 | \$ -0- | \$ 3,628,300 | \$ 1,306,539 | \$ 11,213,666 |
| Charges for services | 485,700 | -0- | 3,717,225 | -0- | 4,202,925 |
| Intergovernmental revenues | -0- | -0- | -0- | 626,579 | 626,579 |
| Federal programs | 270,315 | 7,770,279 | -0- | -0- | 8,040,594 |
| Other revenues | -0- | -0- | 410,041 | -0- | 410,041 |
| Total revenues | 7,034,842 | 7,770,279 | 7,755,566 | 1,933,118 | 24,493,805 |
| EXPENDITURES: | | | | | |
| Personnel services | 5,332,692 | 2,817,924 | 3,942,364 | 1,098,139 | 13,191,119 |
| Utilities, rental, and other services | 699,948 | 415,305 | 474,099 | 7,686 | 1,597,038 |
| Commodities and supplies | 506,252 | 258,634 | 2,635,906 | 17,471 | 3,418,263 |
| Grants and subsidies | -0- | 4,228,948 | 901,999 | 635,831 | 5,766,778 |
| Travel | 60,335 | 49,468 | 19,177 | 18,419 | 147,399 |
| Total expenditures | 6,599,227 | 7,770,279 | 7,973,545 | 1,777,546 | 24,120,597 |
| Excess (deficiency) of revenues over expenditures | 435,615 | -0- | (217,979) | 155,572 | 373,208 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Interfund transfers in (out) | (451,500) | -0- | -0- | -0- | (451,500) |
| Net change in fund balances | (15,885) | -0- | (217,979) | 155,572 | (78,292) |
| Fund balances, beginning of year | 930,749 | -0- | 3,159,499 | 221,251 | 4,311,499 |
| Fund balances, end of year | \$ 914,864 | \$ -0- | \$ 2,941,520 | \$ 376,823 | \$ 4,233,207 |

See accompanying notes
to the financial statements.

COUNCIL ON POSTSECONDARY EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2022

| | | |
|---|----|----------|
| Net change in fund balances - total governmental funds | \$ | (78,292) |
|---|----|----------|

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report as expenditures certain payments that benefit future periods. In the statement of activities, this future benefit is deferred until the service has been received.

| | | |
|----------------------------|--|--------|
| Change in prepaid expenses | | 92,371 |
|----------------------------|--|--------|

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.

| | | |
|-----------------------------------|--|-------|
| Current year depreciation expense | | (164) |
|-----------------------------------|--|-------|

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

| | | |
|---|--|---------|
| Current year loss on disposal of capital assets | | (2,541) |
|---|--|---------|

Pension and OPEB expenses not payable from current year resources are not reported as expenditures of the current year. In the statement of activities these costs represent expenses of the current year.

| | | |
|--|--|---------|
| | | 203,551 |
|--|--|---------|

Accrued compensated absences not payable from current year resources are not reported as expenditures of the current year. In the statement of activities these costs represent expenses of the current year.

| | | |
|--|--|--------|
| Change in the noncurrent portion of accrued compensated absences | | 71,200 |
|--|--|--------|

| | | |
|--|-----------|----------------|
| Change in net position of governmental activities | \$ | 286,125 |
|--|-----------|----------------|

COUNCIL ON POSTSECONDARY EDUCATION

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2022

| | <u>Total Custodial Funds</u> |
|--|------------------------------|
| <u>ASSETS</u> | |
| Cash and cash equivalents - restricted | \$ 435 |
| Interfund receivable | 23,000,000 |
| Investments - restricted | <u>3,273</u> |
| Total assets | <u><u>\$ 23,003,708</u></u> |
| <u>LIABILITIES</u> | |
| Accounts payable | <u><u>\$ 3,708</u></u> |
| <u>NET POSITION</u> | |
| Restricted for: | |
| Individual, organizations, and other governments | <u><u>\$ 23,000,000</u></u> |

COUNCIL ON POSTSECONDARY EDUCATION

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION YEAR ENDED JUNE 30, 2022

| | <u>Total Custodial Funds</u> |
|---|------------------------------|
| <u>ADDITIONS</u> | |
| State Allotments | \$ 34,593,924 |
| <u>DEDUCTIONS</u> | |
| Payments to beneficiaries | 11,584,420 |
| Administrative expenses | <u>9,504</u> |
| Total deductions | <u>11,593,924</u> |
| Changes in net position | 23,000,000 |
| NET POSITION - Beginning of the year | <u>-0-</u> |
| NET POSITION - End of the year | <u><u>\$ 23,000,000</u></u> |

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

This summary of significant accounting policies of the Council on Postsecondary Education (the Council) is presented to assist in understanding the Council's financial statements. The financial statements and notes are representations of the Council's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

The accompanying financial statements of the Council are included in the general-purpose financial statements of the Commonwealth of Kentucky (the Commonwealth) as a discretely presented component unit (within component units - universities and colleges).

Council on Postsecondary Education:

The Council was created by the passage of House Bill 1 during the 1997 Extraordinary Session of the Kentucky General Assembly to provide direction and oversight to all of Kentucky's postsecondary education institutions. The Council was established as an agency, instrumentality, and political subdivision of the Commonwealth. The Council is composed of the Commissioner of Education (nonvoting ex officio member), a faculty member, a student member, and thirteen citizen members. Citizen Council members are selected from a list of nominees provided to the Governor under the nominating process set forth in the Kentucky Postsecondary Education Improvement Act of 1997. Kentucky Revised Statute Chapter 164 provides that the Council has the responsibility to develop a strategic plan for postsecondary education with advice from the Strategic Committee on Postsecondary Education; to develop an accountability system to evaluate the performance and effectiveness of the Commonwealth's postsecondary education system and its compliance with the strategic plan; to revise and approve the missions of the Commonwealth's universities and the Kentucky Community and Technical College System; and to determine the compliance of the postsecondary institutions with their academic, service, and research missions. The Council shall determine tuition and approve the minimum qualifications for admission to the postsecondary educational system. The Council shall review and approve all capital construction projects including real property acquisitions. The Council shall define and approve the offering of all postsecondary education technical, associate, baccalaureate, graduate, and professional degree, certificate, or diploma programs in the public postsecondary education institutions. Additional responsibilities include, but are not limited to, promoting employee and faculty development statewide; ensuring coordination, transferability, and connectivity of technology among the Commonwealth's postsecondary educational institutions; and identifying standardized degree programs and eliminating or making changes in existing academic programs at the Commonwealth's postsecondary educational institutions.

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022

Kentucky Virtual Campus:

In accordance with Kentucky Revised Statute (KRS) 164.800, the Council has established the Commonwealth Virtual Campus to make academic programs available to the citizens of the Commonwealth through the use of modern methods of communications and information dissemination as determined by the Council after consideration of the recommendations of the Distance Learning Advisory Committee and the needs expressed by regional advisory groups. The Council has established a Distance Learning Advisory Committee to advise the Council on matters relating to the Kentucky Virtual Campus. The members of the advisory committee include the Presidents of each of the nine State postsecondary education institutions, the Executive Director of the Kentucky Educational Television Network, a representative of the Association on Independent Kentucky Colleges and Universities, and other representatives as the Council deems appropriate. Regional universities shall be the primary developers and deliverers of baccalaureate and master's degree programs to be delivered by the Kentucky Virtual Campus. The Council shall determine the allocation of tuition, course offerings, source of courses, technology to be used, and other matters relating to the use of distance learning to promote education through the Kentucky Virtual Campus. The accounts of the Kentucky Virtual Campus (KYVC) include the Kentucky Virtual Library (KYVL) and are included in the accompanying financial statements.

Basis of Presentation

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, "*Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*," the financial statements include a Management's Discussion and Analysis (MD&A) section providing an analysis of the Council's overall financial position and results of operations. The Council also presents two sets of financial statements: government-wide financial statements and governmental fund financial statements.

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Council. For the most part, the effect of interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. *General revenues* include appropriations and other items not included in program revenues.

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund balance, revenues, and expenditures. Funds reported by the Council are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Council or total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least ten percent of the total for all governmental funds combined. In addition, any other fund that management feels has importance to the financial statement users may be reported.

Governmental funds are those through which most of the Council's functions are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Council's major governmental funds:

Operations - Includes general agency operations for the whole agency, including those associated with KYVC/KYVL. This fund represents the general operations of the Council and accounts for all financial resources except those required to be accounted for in another fund. The Operations fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of the Commonwealth of Kentucky.

Federal Programs - This fund represents all programs financed by a federal agency, including both grants directly awarded to the Council and grants passed through to the Council from another entity (i.e. pass-through). The Council is the recipient of the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP) and the Governor's Emergency Education Relief Fund (GEER).

Technology Initiative Trust Fund - This fund is intended to support investments in electronic technology to improve student learning throughout the Commonwealth of Kentucky. The fund also is designed to promote other programs consistent with purposes of the postsecondary education reform. The Council may establish subsidiary programs to be funded from this fund.

Other governmental funds of the Council account for appropriations, grants, and other resources whose use may be restricted for a particular purpose and include all governmental funds not meeting the criteria of a major fund. These include the Postsecondary Education Equine Trust and Revolving Fund and the Assessment and Professional Development Fund.

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022

Fiduciary Funds:

Following the Council's financial statements are separate financial statements for fiduciary funds. Fiduciary funds are excluded from the Council's financial statements as these assets are held in a true capacity for various institutions and cannot be used to support the Council's funds. The fiduciary funds (not included in the government-wide financial statements) include:

Custodial Funds - Custodial funds account for monies held by the Council for custodial purposes only. Pass-through programs currently accounted for through agency funds include:

- Cancer Research Institutions Matching Fund
- Ovarian Cancer Screenings
- Cancer Research and Screenings
- Spinal Cord and Head Injury Research
- Southern Regional Education Board (SREB) Scholars Program
- Kentucky State University Fiscal Stabilization

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus:

The government-wide financial statements of the Council (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Council. The government-wide financial statements are reported using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of changes in net position and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the governmental fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. These funds use fund balance as the measure of available spendable financial resources at the end of the period.

Fiduciary funds consist of custodial funds, and they present statement of fiduciary net position and statement of changes in fiduciary net position.

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022

Basis of Accounting:

The government-wide financial statements and the fiduciary fund financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are susceptible to accrual and are recognized in the financial statements when they are measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. The Council defines "available" as revenues to be collected within 30 days, except for intergovernmental revenues, which are available if expected receipt is within one year. Revenues from federal, state, and other grants designated for payment of Council expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Material revenues susceptible to accrual primarily include Federal grants. Expenditures and liabilities are recognized when obligations are incurred, except noncurrent accrued compensated absences which are accounted for in the governmental funds balance sheet and recorded as expenditures of the period when used.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Restricted Cash

Restricted cash and cash equivalents principally consist of funds relative to the Council's Federal and strategic investment and incentive funding programs, as well as its pass-through (fiduciary) programs.

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022

Investments

Investments are reported at fair value as determined by quoted market prices. The equity position of the Council in the long-term portion of the Commonwealth's investment pool is reported as investments of the Council. Unrealized gains and losses are included in the government-wide statement of activities (primarily program revenues) and the governmental funds statement of revenues, expenditures, and changes in fund balances (income/loss from investments). Restricted investments principally consist of funds relative to the Council's Federal and strategic investment and incentive funding programs, as well as its pass-through (fiduciary) programs.

Intergovernmental Transactions

During the course of operations, numerous transactions occur with other state governmental entities that may result in amounts due to/from and revenues from/expenditures to other governmental entities. See Note 9 for details of such transactions.

Due from the Federal Government

Amounts due from the Federal government represent the amounts due to the Council under its Federal awards programs. At June 30, 2022, the balance consists of amounts due under the Council's GEAR-UP and GEER programs.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements. Prepaid expenses are accounted for in the governmental funds as expenditures in the period of acquisition and, therefore, are not financial resources and are not reported in the governmental funds.

Capital Assets

General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital outlay is reflected as an expenditure of the respective governmental fund, and the related assets are reported in the statement of net position. Capital assets are defined by the Council as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from five to thirty years, and is recorded in the statement of activities. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are reported as expenditures of the respective governmental fund.

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022

Interfund Transactions

During the course of operations, transactions may occur between funds within Council activities that may result in amounts owed between funds. Interfund receivables and payables are eliminated in the statement of net position.

Unearned Revenue

The Council reports unearned revenue to the extent that resources have been received before the applicable revenue recognition criteria have been satisfied. Grants received before the eligibility requirements are met are recorded as unearned revenue in the governmental funds. When the eligibility requirements are met, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Compensated Absences

All annual and compensatory leave is accrued when incurred in the government-wide financial statements. Only the accumulated annual and compensatory leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Equity Classifications

Government-Wide Financial Statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, and then unrestricted resources as they are needed.

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022

As of June 30, 2022, Postsecondary Education Equine Trust Fund net position totaling \$408,623 is restricted by enabling legislation.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Council. Assigned fund balances are a limitation imposed by a designee of the Council members. Unassigned fund balances in the General Fund are the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

The Council generally segregates restricted, committed, and assigned resources by account. When resources meeting more than one of these spendable classifications are commingled in an account in the Commonwealth's accounting system, the assumed order of spending is restricted first, committed second, and finally assigned. Once restricted resources have been exhausted, unrestricted resources will then be spent on the specific purpose.

Program Revenues

The primary sources of the Council's program revenues are revenues received from the United States Department of Education under the Council's two Federal programs and the intergovernmental revenues primarily associated with the funding of the Postsecondary Equine Trust and Revolving Fund (see Note 9).

State Appropriations

The primary funding source for the activities of the Council is legislative General Fund appropriations from the Commonwealth of Kentucky. Except for those prescribed by statute or other legislation, unexpended allotments lapse to the General Fund. The Council may, subject to appropriations from the General Fund of the Commonwealth or from funds made available to it from any other public source, provide program support restricted to the extent of its remaining unexpended funds. The Council's unexpended allotments are maintained by the Commonwealth's Finance and Administration Cabinet.

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022

Expenses/Expenditures

Expenses are classified by function/program in the government-wide financial statements. Expenditures are classified by object category (personnel services, travel, etc.) in the governmental fund financial statements. Indirect expenses are not allocated to functions in the statement of activities.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of Kentucky Employees Retirement System (KERS) and addition to/deduction from KERS fiduciary net position have been determined on the same basis as they are reported by the respective retirement systems.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the KERS and additions to/deductions from the KERS's fiduciary net position have been determined on the same basis as they are reported by the respective retirement systems.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The KERS Non-hazardous Insurance Funds are reported as OPEB trust funds and are accounted for on the accrual basis of accounting.

Total Columns on the Governmental Fund Financial Statements

The total columns on the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with GAAP, nor is such data comparable to a consolidation.

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

For purposes of budgeting, the Commonwealth's budgetary structure and accounting principles differ from those utilized to present financial statements in conformity with GAAP.

The budget for the biennium is prepared with two-year projections being made in light of long-range program requirements and revenue estimates. The biennial budget request is prepared by the Council and presented to the Governor for submission to the Kentucky General Assembly.

The Kentucky General Assembly is required to enact a balanced budget. Budgetary control is exercised by the Finance and Administration Cabinet on the basis of appropriation to the various cabinets. For purposes of managing budgeted appropriations, the Council controls expenditures on a functional basis. Except for those prescribed by statute or other legislation, unexpended allotments lapse to the Commonwealth's General Fund.

The Council's budgeting is dependent upon undesignated fund balances and estimated revenues in determining available funds for statutory programs and operating requirements. The budget is developed from the analysis of the above factors, prior-year performance, and new data modifying or expanding the postsecondary education program for the fiscal period in question.

Deficit Fund Balances

The Assessment and Professional Development Fund had a negative fund balance on June 30, 2022 in the amount of \$31,800. The negative fund balances above are due to revenue recognition of the Council under the modified accrual basis of accounting. Additional revenues received in fiscal year 2023 are expected to eliminate the deficits.

3. DEPOSITS AND INVESTMENTS

All Council receipts are deposited directly in the Commonwealth's general depository or depositories designated by the State Treasurer, which has statutory responsibility and authority to safeguard the funds. At June 30, 2022, the Council's share of deposits in the Commonwealth's general depository (State investment pool) totals \$4,976,736. Custodial funds held by the Council in the Commonwealth's general depository total \$3,708 at June 30, 2022.

The Commonwealth's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2022 should be referred to for disclosures required by GASB Statement No. 3, "*Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*" and GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*" (an amendment of GASB Statement No. 3).

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

4. CAPITAL ASSETS

Capital asset activity during the year ended June 30, 2022 is as follows:

| | Balance July 1, 2021 | Increases | Decreases | Balance June 30, 2022 |
|--|-------------------------|-----------------|-----------------|--------------------------|
| Capital assets: | | | | |
| Office equipment | \$ 5,070 | \$ -0- | \$ 5,070 | \$ -0- |
| Data processing equipment | -0- | -0- | -0- | -0- |
| Capital assets at cost | <u>5,070</u> | <u>-0-</u> | <u>5,070</u> | <u>-0-</u> |
| Less accumulated depreciation: | | | | |
| Office equipment | 2,365 | 164 | 2,529 | -0- |
| Data processing equipment | -0- | -0- | -0- | -0- |
| Total accumulated depreciation: | <u>2,365</u> | <u>164</u> | <u>2,529</u> | <u>-0-</u> |
| Capital assets - net | <u>\$ 2,705</u> | <u>\$ (164)</u> | <u>\$ 2,541</u> | <u>\$ -0-</u> |

Depreciation expense for the year ended June 30, 2022 totals \$164.

5. INTERFUND RECEIVABLE/ PAYABLE

Pursuant to House Bill 250 in the 2022 regular session, the General Assembly appropriated \$23 million to the Council in 2022 to address financial instability at Kentucky State University (KSU).

In accordance with the provisions of House Bill 250, the disbursements from the Council to KSU out of the \$23 million shall be a non-interest-bearing loan to be repaid by KSU. House Bill 250 also created a trust fund for the purpose of holding funds not disbursed to KSU as well as receiving and holding loan repayments collected from KSU. All receipts in the trust fund shall remain in the trust fund until reappropriated by the General Assembly. The entire \$23 million had been disbursed to KSU as of June 30, 2022. Accordingly, the Council reported an interfund receivable in the accompanying statement of fiduciary net position of \$23 million due from KSU. Though no repayment terms currently exist, the General Assembly will consider the terms and schedule for repayment of the loan during the 2026 Regular Session.

In addition, at June 30, 2022, the Council reported an interfund payable of \$106,348 to the Kentucky Cabinet for Health and Family Services, the grantor of the Coronavirus State and Local Fiscal Recovery Fund. The interfund payable represents the unspent amounts under this grant program that were refundable to the grantor as of June 30, 2022.

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

6. ACCRUED COMPENSATED ABSENCES

It is the Council’s policy to permit employees to accumulate earned but unused annual leave, compensatory leave, and sick pay benefits. The policy of the Commonwealth of Kentucky is to only record the cost of annual and compensatory leave.

Annual and Compensatory Leave:

Annual leave is accumulated at amounts ranging from 7.50 to 15.00 hours per month, determined by length of service, with maximum accumulations ranging from 30 to 60 days. The calendar year is the period used for determining accumulated leave. Compensatory leave is granted to authorized employees.

Activity in the liability for accrued compensated absences during the year ended June 30, 2022 is summarized as follows:

| | Balance July 1, 2021 | Increases | Decreases | Balance June 30, 2022 |
|------------------------------|-------------------------|------------|------------|--------------------------|
| Accrued compensated absences | \$ 840,562 | \$ 505,141 | \$ 508,000 | \$ 837,703 |

As of June 30, 2022, the amount estimated to be due within one year totals approximately \$508,000.

Sick Leave:

It is the policy of the Council to record the cost of sick leave when paid. Generally, sick leave (earned one day per month with unlimited accumulation) is paid only when an employee is absent due to illness, injury, or related family death. There is no liability recorded for sick leave at June 30, 2022. The estimated accumulated amount of unused sick leave at June 30, 2022, totals approximately \$1,377,000.

7. RETIREMENT PLANS

Teachers’ Insurance and Annuity Association-College Retirement Equities Fund:

In accordance with KRS 61.520(2)(a) and Executive Order 74-762, professional staff may elect upon joining the staff of the Council to participate in the Teachers’ Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) or elect to participate in the Kentucky Employees Retirement System (see below).

In order to provide the opportunity to continue participation in the TIAA-CREF, the Council has established a tax-deferred annuity plan, which requires electing participants to enter into a written salary reduction agreement with the Council in order to participate. All eligible employees

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022

may begin participation in the plan on a voluntary basis on the first day after beginning employment at the Council. Electing participants are required by the plan to contribute 5.00% of their salaries to the plan.

Currently, the Council is required to contribute 8.03% of the covered employees' salaries. The contribution requirement for the year ended June 30, 2022 totals approximately \$352,000, consisting of approximately \$217,000 from the Council and \$135,000 from employees. The contribution requirement for the year ended June 30, 2021 totals approximately \$272,000, consisting of approximately \$168,000 from the Council and \$104,000 from employees.

Participants may also elect to make contributions on an after-tax basis. Total contributions to the plan will not exceed limits imposed by section 415 and section 403(b) of the Internal Revenue Code. These limits may be adjusted from time to time. In addition, salary reduction contributions to the plan will be further limited by Code section 402(g).

Kentucky Employees Retirement System

All employees who work more than one hundred hours per month participate in a defined benefit plan administered by the Kentucky Employees Retirement System (KERS), a cost-sharing multi-employer public employee retirement system per Kentucky Revised Statute 61.565(3).

| | Tier 1 | Tier 2 | Tier 3 |
|---------------------------|--|--|---------------------------------------|
| | Participation Prior to 9/1/2008 | Participation 9/1/2008 through 12/31/2013 | Participation on or after 1/1/2014 |
| Covered Employees: | Substantially all regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board, or any agency directed by Executive Order to participate in KERS. | | |
| Benefit Formula: | Final Compensation X Benefit Factor X Years of Service | | Cash Balance Plan |
| Final Compensation | Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump sum compensation payments (before and at retirement). | 5 complete fiscal years immediately preceding retirement; each year must contain 12 months. Lump sum compensation payments (before and at retirement) are not to be included in creditable compensation. | No final compensation. |

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022

| | Tier 1 Participation Prior to 9/1/2008 | Tier 2 Participation 9/1/2008 through 12/31/2013 | Tier 3 Participation on or after 1/1/2014 |
|--|---|--|---|
| Benefit Factor: | 1.97% - If do not have 13 months of credit for 1/1/1998 - 1/1/1999. 2.00% - If have 13 months of credit for 1/1/1998 - 1/1/1999. | 10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 = 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years). | No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and a method adopted by the board based on member's accumulated account balance. |
| Cost of Living Adjustment (COLA): | No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier. | | |
| Unreduced Retirement Benefit: | Any age with 27 years of service. Age 65 with 48 months of service. Money Purchase for age 65 with less than 48 months based on contributions and interest. | Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service. No Money Purchase calculations. | |
| Reduced Retirement Benefit: | Any age with 25 years of service. Age 55 with 5 years of service. | Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military). | No reduced retirement benefit. |

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022

Benefits and contribution rates are established by state statute. Per Kentucky Revised Statute 61.565, contribution requirements of the active employees and the participating organizations are established and may be amended by the Kentucky Retirement System's Board. For the fiscal year ended June 30 2022, plan employees were required to contribute 5 percent of their annual covered salary for retirement benefits. Employees participating in Tier 2 and 3 were required to contribute an additional 1 percent for the insurance fund. The Council was contractually required to contribute 7.90 percent of covered payroll plus a monthly amount determined by the KERS actuary for its own portion of the total unfunded liability over a set period regardless of covered payroll to the nonhazardous KERS pension plan during the year ended June 30, 2022. The contribution rate is actuarially determined as an amount that, when combined with employee contributions during the year, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded liability. The Council's total required contributions to KERS nonhazardous pension plan for the year ended June 30, 2022 was \$1,522,252.

In accordance with Senate Bill 2, signed by the Governor of Kentucky on April 4, 2013, plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute 5% of their creditable compensation each month to their own account, and 1% to the Insurance Fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board of Trustees of the Kentucky Retirement Systems based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit of 4% is deposited to the member's account. The employer pay credit represents a portion of the employer contribution.

At June 30, 2022, the Council reported a liability of \$22,231,529 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, rolled forward to 2021 using generally accepted actuarial principles. The Council's proportion of the net pension liability was based on projection of the Council's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities. At June 30, 2022, the Council's proportion was 0.166941 percent.

There have been no actuarial assumption or method changes since June 30, 2020.

House Bill 1 passed during the 2019 Special Legislative Session allows certain employers in the KERS Non-hazardous plan to elect to cease participating in the System as of June 30, 2020 under different provisions that were previously established. Senate Bill 249 passed during the 2020 legislative session delayed the effective date of cessation for these provisions to June 30, 2021. Only one employer elected to cease participation under these provisions and freeze benefit

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accruals for their current employees. As such, there is no material impact on the total pension liability due to this legislation.

House Bill 8 passed during the 2021 regular session and changed the KERS nonhazardous actuarially accrued liability contribution (unfunded liability payment) that is payable by employers on or after July 1, 2021, from a value that is paid as a percent of pay on each employee to a set dollar amount and provide that the set dollar amount shall be allocated to each individual employer based upon the employer's percent share of the liability as of the June 30, 2019, actuarial valuation and shall be paid by employers in equal installments monthly.

Actuarial Assumptions

| | |
|--------------------------------------|---|
| Actuarial Valuation Date | June 30, 2020 |
| Actuarial Cost Method | Entry age normal |
| Amortization Method | Level percent of pay |
| Asset Valuation Method | 20% of the difference between the market value of assets and the expected actuarial value of the assets is recognized. |
| Remaining Amortization Period | 28 years, closed |
| Actuarial Assumptions: | |
| Investment Rate of Return | 5.25% |
| Inflation Rate | 2.30% |
| Projected Salary Increases | 3.30% to 15.30%, varies by service |
| Mortality Tables: | |
| Active Member | Pub-2010 General Mortality tables projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. |
| Healthy Retired Members | System-specific mortality table based on mortality experience from 2013-2018, |

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| | |
|----------------------------------|---|
| | projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. |
| Disabled Members | PUB-2010 Disable Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. |
| Date of Experience Study | The period July 1, 2013 – June 30, 2018 |
| Update Procedures Applied | The actuarial valuation date of June 30, 2020, was rolled forward from the valuation date to the plan's fiscal year end of June 30, 2021 using standard roll forward procedures. |

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For the year ended June 30, 2022, the Council recognized pension expenses of \$1,307,785 and deferred outflows and deferred inflows related to pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ 22,185 | \$ 115,373 |
| Net difference between projected and actual earnings | -0- | 473,099 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 326,983 | 6,285 |
| Contributions subsequent to the measurement date | 1,522,252 | -0- |
| Total | \$ 1,871,420 | \$ 594,757 |

The \$1,522,252 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized over a period of either five years for investment-related deferrals or the estimated remaining service life for active participants in the pension plan for other deferred items. As of June 30, 2021 plan year, the estimated remaining service life was 2.13 years. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Amounts to be Recognized in Fiscal Years Following the Reporting Date

| Fiscal Years | Amount |
|--------------|--------------|
| 2023 | \$ 79,380 |
| 2024 | (85,393) |
| 2025 | (108,379) |
| 2026 | (131,197) |
| Total | \$ (245,589) |

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of return are developed for each asset

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class. The ranges are combined by weighting the expected future real rates of return by the target asset allocations percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long term inflation assumption is 2.30% per annum for non-hazardous.

The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the following table:

| Kentucky Retirement Systems | | |
|------------------------------------|--------------------------|---|
| Asset Class | Target Allocation | Long-Term Nominal Rate of Return |
| Growth: | | |
| US Equity | 16.25% | 5.70% |
| Non-US Equity | 16.25% | 6.35% |
| Private Equity | 7.00% | 9.70% |
| Specialty Credit/High Yield | 15.00% | 2.80% |
| Liquidity: | | |
| Core Bonds | 20.50% | 0.00% |
| Cash | 5.00% | -0.60% |
| Diversifying Strategies: | | |
| Real Estate | 10.00% | 5.40% |
| Real Return | 10.00% | 4.55% |
| Total | 100.00% | |

The projection of cash flows used to determine the discount rate of 5.25% assumes that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28-year amortization period of the unfunded actuarial accrued liability.

June 30, 2021 is the actuarial valuation date upon which the total pension liability is based. The discount rate is defined as the single rate of return that when applied to all projected payments results in an actuarial value of projected benefits payments. A municipal bond rate was not used.

The following presents the net pension liability of the Council, calculated using the discount rate of 5.25%, as well as what the Council's net position liability would be if it were calculated using a discount rate that is one percentage point lower (4.25%) or one percentage point higher (6.25%):

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8. EMPLOYMENT HEALTH CARE BENEFITS

Kentucky Employers Retirement System

All regular full-time employees who work in non-hazardous duty positions of any state department, board, agency, county, city, school board, and any eligible local agencies participate in an Other Post-employment Benefit (OPEB) plan administered by the Kentucky Employees Retirement System (KERS), a cost-sharing multi-employer public employee retirement system. The plan provides health insurance benefits to plan members and also to certain beneficiaries of plan members under prescribed circumstances.

Covered Employees: Contribution rates for employers and employees are established by Kentucky Statute KRS 21.427. The Traditional plan members do not contribute to the OPEB plan directly. Instead assets have been allocated between pension and retiree medical liabilities on the basis of accrued liability as of July 1, 2021. This amount has been bought forward from that date based on actual cash flows and prorated allocation of investment returns. The Hybrid plan member contribute 1% of their official salary. Employer contributions are determined by the budget bill.

Benefit Factor:

| Participation prior to July 2003 | | Participation between July 2003 and August 2008 | | Participation on or after September 2008 | |
|----------------------------------|--------------------|---|--|--|--|
| Months of Service | Percent of premium | Months of Service | Percent of premium paid | Months of Service | Percent of premium paid |
| <48 | 0% | Greater than or equal to 120 | \$10 per month for each year of service without regard to a maximum dollar adjusted by 1.5% annually. | Greater than or equal to 180 | \$10 per month for each year of service without regard to a maximum dollar adjusted 1.5% annually. |
| 48 to 119 inclusive | 25% | | | | |
| 120 to 179 inclusive | 50% | | | | |
| 180 to 239 inclusive | 75% | | | | |
| 240 or more | 100% | | | | |

Cost of Living Adjustment (COLA): Members participating after 2008 receive 1.5% increase annually

Benefits and contribution rates are established by state statute. Per Kentucky Revised Statute 61.565, contribution requirements of the active employees and the participating organizations are established and may be amended by the Kentucky Retirement System’s Board. Employees with a participation date after September 1, 2008 were required to contribute an additional 1 percent of their salary for retiree healthcare benefits. The Council was contractually required to contribute 2.20 percent of covered payroll plus a monthly amount determined by the KERS actuary for its own portion of the total unfunded liability over a set period regardless of covered payroll to the nonhazardous KERS OPEB plan during the year ended June 30, 2022. The contribution rate is actuarially determined as an amount that, when combined with employee contributions during the year, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded liability. The Council’s total required contributions to KERS nonhazardous insurance plan for the year ended June 30, 2022 was \$196,317.

At June 30, 2022, the Council reported a liability of \$3,784,344 for its proportionate share of collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net collective OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, rolled forward to 2021 using generally accepted actuarial principles. The Council’s proportion of the collective net OPEB liability was

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based on projection of the Council's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the plan's proportion was 0.166029 percent.

For the year ended June 30, 2022, the Council recognized OPEB expenses of \$273,773 and deferred outflows and deferred inflows related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ 219,175 | \$ 524,176 |
| Net difference between projected and actual earnings | -0- | 212,526 |
| Changes of assumption | 372,227 | 3,549 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 47,811 | 178,522 |
| Contributions subsequent to the measurement date | 262,857 | -0- |
| Total | \$ 902,070 | \$ 918,773 |

Of the total amount reported as deferred outflows of resources related to OPEB, \$196,317 resulting from Council statutorily required contributions and \$66,540 resulting from the implicit subsidy subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized over a period of either five years for investment-related deferrals or the estimated remaining service life for active participants in the OPEB plan for other deferred items. As of June 30, 2021 plan year, the estimated remaining service life was 3.53 years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Council's OPEB expense as follows:

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Deferred Amounts to be Recognized in Fiscal Years Following the Reporting Date

| Fiscal Years | Amount |
|--------------|--------------|
| 2023 | \$ (127,040) |
| 2024 | (42,968) |
| 2025 | (42,552) |
| 2026 | (67,000) |
| Total | \$ (279,560) |

The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of collective net OPEB liability was measured based on an actuarial valuation performed as of June 30, 2020 using act actuarial assumptions shown in the table below. The total OPEB liability used to calculate the net collective OPEB liability was rolled forward from the valuation date to the plan’s fiscal year end, June 30, 2021, using generally accepted actuarial principles.

Actuarial Assumptions

| | |
|--------------------------------------|--|
| Actuarial Valuation Date | June 30, 2020 |
| Experience Study | July 1, 2013 – June 30, 2018 |
| Actuarial Cost Method | Entry age normal, Level percentage of pay |
| Asset Valuation Method | 5 years smoothing |
| Remaining amortization period | 28 years, closed |
| Actuarial assumptions: | |
| Investment rate of return | 6.25% |
| Inflation rate | 2.3% |
| Payroll Growth Rate | 0% |
| Salary Growth | 3.30% to 15.30%, varies by service |
| Mortality Tables: | PUB-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. |
| Healthcare Trend Rates Pre-65 | Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a |

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| | |
|---------------------------------------|--|
| Healthcare Trend Rates Post-65 | period of 13 years. Initial trend starting at 6.30 % at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. |
| Update Procedures Applied | The actuarial valuation date of June 30, 2020, was rolled forward from the valuation date to the plan's fiscal year end of June 30, 2021 using standard roll forward procedures. |

The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the healthcare costs. There were no other material assumption changes.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each asset class. The ranges are combined by weighting the expected future real rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the below table.

| Kentucky Retirement Systems | | |
|------------------------------------|--------------------------|---|
| Asset Class | Target Allocation | Long-Term Nominal Rate of Return |
| Growth: | | |
| US Equity | 21.75% | 5.70% |
| Non-US Equity | 21.75% | 6.35% |
| Private Equity | 10.00% | 9.70% |
| Specialty Credit/High Yield | 15.00% | 2.80% |
| Liquidity: | | |
| Core Bonds | 10.00% | 0.00% |
| Cash | 1.50% | -0.60% |
| Diversifying Strategies: | | |
| Real Estate | 10.00% | 5.40% |
| Real Return | 10.00% | 4.55% |
| Total | 100.00% | |

The projection of cash flows used to determine the discount rate of 5.26% for KERS Nonhazardous, assumed that local employers would contribute the actuarially determined

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contribution rate of projected compensation over the remaining 28 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20 -Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the Council's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The projection of cash flows used to determine the single discount rate assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in statute. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the Commonwealth's ACFR.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. The future contributions are projected in accordance with the current funding policy, as most recently revised by Senate Bill 249, passed during the 2020 legislative session. If there is a pattern of legislation that has a resulting effect of employers making contributions less than the actuarially determined rate, Gabriel Roeder Smith (GRS) may be required to project contributions that are reflective of recent actual contribution efforts regardless of the stated funding policy (as required by paragraph 50 of GASB Statement No. 74) Legislation has been enacted for multiple years (for Fiscal Year 18/19, Fiscal Year 19/20, and Fiscal Year 20/21) that allowed certain employers (referred to as "Quasi" agencies) in the KERS Non-hazardous Fund to contribute 8.41% of pay into the insurance fund, which is less than the actuarially determined contribution rate. GRS confirmed that the single discount rate used in the GASB calculations remains unchanged if these Quasi agencies were assumed to continue making contributions at a reduced rate in future years.

Sensitivity of the Council's proportionate share of the collective net OPEB liability to changes in the discount rate. The following presents the Council's proportionate share of the collective net OPEB liability, as well as what the Council's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current discount rate:

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| | 1% Decrease (4.26%) | Discount (5.26%) | 1% Increase (6.26%) |
|-----------------------------------|------------------------|---------------------|------------------------|
| The Council's proportionate share | \$ 4,621,496 | \$ 3,784,344 | \$ 3,097,992 |

Sensitivity of the Council's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates. The following presents the Council's proportionate share of the collective net OPEB liability, as well as what the Council's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|-----------------------------------|--------------|---------------------------------------|--------------|
| The Council's proportionate share | \$ 3,126,255 | \$ 3,784,344 | \$ 4,576,925 |

Detailed information about the KERS's fiduciary net position is available in the separately issued Kentucky Employees' Retirement System's Annual Financial Report (which is a matter of public record). The Commonwealth of Kentucky's Annual Comprehensive Financial Report should be referred to for additional disclosures related to KERS.

9. INTERGOVERNMENTAL TRANSACTIONS

At June 30, 2022, intergovernmental revenue consist of the following:

| | |
|---|------------|
| Funding for the Postsecondary Education Equine Trust and Revolving Fund from a Special Revenue Fund of the Commonwealth of Kentucky | \$ 626,579 |
| Total intergovernmental revenues | \$ 626,579 |

10. RELATED PARTY TRANSACTIONS

The Council had the following transactions with the Commonwealth and its component units:

The Commonwealth Office for Technology (COT) provides technical support for State government agencies in the application of information technology including major information resource functions such as data center operations, data and voice communications (i.e. the

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Kentucky Information Highway), data administration, hardware selection and installation, and related end-user and customer support services. During 2022, the Council paid approximately \$432,000 to COT for services provided during the year.

The Council received the benefit of accounting and administrative services from the Personnel Cabinet and Finance and Administration Cabinet for 2022. During 2022, the Council paid approximately \$1,000 to the Personnel Cabinet and approximately \$23,000 to the Finance and Administration Cabinet for services provided during the year.

The Council uses vehicles from the Transportation Cabinet's fleet. During 2022, the Council paid approximately \$20,000 to the Transportation Cabinet for use of their vehicles.

The Council leases office space from the Department for Facilities and Support Services. During 2022, the Council paid approximately \$285,000 to the Department for Facilities and Support Services for the leased office space and utilities. Additionally, the Council uses the Department for Facilities and Support Services for printing services and postage. During 2022, the Council paid approximately \$21,000 to the Department for Facilities and Support Services for printing and postage.

11. COMMITMENTS AND CONTINGENCIES

As of June 30, 2022, the Council is committed under certain agreements and contracts in the amount of approximately \$30,619,000. These commitments are largely comprised of contractual obligations for future program expenditures under the Council's strategic investment and incentive funding programs, as well as its pass-through (fiduciary) programs. These program disbursements will largely be to the Commonwealth's postsecondary education institutions, as well as the other typical recipients of the Council's program funding. As such, these commitments will be funded primarily during the subsequent fiscal year by legislative General Fund appropriations and federal program revenues.

Federal program revenue consists principally of reimbursable grants from the United States Department of Education. Grants are generally conditioned upon compliance with terms and conditions of the grant agreement and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the Council. As of June 30, 2022, the Council estimates that no material liabilities will result from such audits.

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12. RISK MANAGEMENT

Torts and Errors and Omissions:

The Council manages its risks of loss related to torts and errors and omissions internally.

Injuries to Employees:

The Council is a member of the Statewide Workers' Compensation Insurance Program, a self-insurance program for the benefit of the Commonwealth's employees. The Commonwealth of Kentucky's Annual Comprehensive Financial Report should be referred to for additional disclosures related to the Workers' Compensation Insurance Program.

Theft of, Damage to, and Destruction of Assets:

The Council utilizes the Commonwealth of Kentucky's Risk Management Fund to cover the exposure to losses arising from theft of, damage to, or destruction of the Council's personal property. The Commonwealth of Kentucky's Annual Comprehensive Financial Report should be referred to for additional disclosures related to the Risk Management Fund.

13. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Council has the ability to access
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimized the used of unobservable inputs. The following table sets forth by level, within the hierarchy, the Council's assets and liabilities measured at fair value on a recurring basis as of June 30, 2022 are as follows:

| | Assets at Fair Value as of June 30, 2022 | | | |
|--------------------------------|---|---------------------|----------------|---------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Commonwealth's investment pool | \$ 753,901 | \$ 1,754,987 | \$ -0- | \$ 2,508,888 |
| Total assets at fair value | <u>\$ 753,901</u> | <u>\$ 1,754,987</u> | <u>\$ -0-</u> | <u>\$ 2,508,888</u> |

The Council's policy is to recognize transfers between levels as of the actual date of the event or changes in circumstances. There were no transfers between levels during the year ended June 30, 2022.

The Council holds investments which are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

14. RECENT GASB PRONOUNCEMENT

Management has not currently determined what, if any, effects of implementation of the following statement may have on the financial statements:

In May 2020, the GASB issued GASB Statement No 96, *Subscription-Based Information Technology Arrangements (SBITA)*, which requires the recognition of certain SBITA assets and liabilities for SBITA that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standards for SBITAs are based on the standards established in Statement No. 87, *Leases*. GASB Statement No 96 will be effective for the periods beginning after June 15, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

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SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY KENTUCKY EMPLOYEES' RETIREMENT SYSTEM

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Proportion of the net pension liability (asset) | 0.166941% | 0.160350% | 0.161487% | 0.176962% | 0.184184% | 0.191420% | 0.183165% | 0.169904% |
| Proportionate share of the net pension liability | \$ 22,231,529 | \$ 22,713,021 | \$ 22,806,813 | \$ 24,073,513 | \$ 24,659,174 | \$ 21,821,203 | \$ 18,374,905 | \$ 15,243,442 |
| Covered payroll | \$ 2,173,901 | \$ 2,286,217 | \$ 2,362,042 | \$ 2,708,898 | \$ 2,907,191 | \$ 3,005,194 | \$ 2,988,947 | \$ 2,915,237 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 1022.66% | 993.48% | 965.55% | 888.68% | 848.21% | 726.12% | 614.76% | 522.89% |
| Plan fiduciary net position as a percentage of the total pension liability | 18.48% | 14.01% | 13.66% | 12.84% | 13.32% | 14.80% | 18.83% | 22.32% |

*Note: This schedule is intended to present 10 years of the proportionate share of the net pension liability. Currently, only those years with information available are presented. The amounts presented above for the fiscal year were determined as of June 30 for the year prior (measurement date).

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SCHEDULE OF PENSION CONTRIBUTIONS KENTUCKY EMPLOYEES' RETIREMENT SYSTEM

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|------------------------------------|------------------------------|---------------|
| Statutorily required contribution | \$ 1,522,252 | \$ 1,593,035 | \$ 1,623,900 | \$ 1,677,759 | \$ 1,112,284 | \$ 1,169,854 | \$ 926,802 | \$ 921,837 | \$ 504,336 |
| Contribution in relation to the statutorily required contribution | 1,522,252 | 1,593,035 | 1,623,900 | 1,677,759 | 1,112,284 | 1,169,854 | 926,802 | 921,837 | 504,336 |
| Contribution deficiency (excess) | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- |
| Covered payroll | \$ 2,044,582 | \$ 2,173,901 | \$ 2,286,217 | \$ 2,362,042 | \$ 2,708,898 | \$ 2,907,191 | \$ 3,005,194 | \$ 2,988,947 | \$ 2,915,237 |
| Contribution as a percentage of covered payroll | 74.45% | 73.28% | 71.03% | 71.03% | 41.06% | 40.24% | 30.84% | 30.84% | 17.30% |
| Notes to Schedule | | | | | | | | | |
| Valuation date | June 30, 2019 | June 30, 2017 | June 30, 2017 | June 30, 2016 | June 30, 2016 | June 30, 2015 | June 30, 2015 | June 30, 2014 | Not available |
| Methods and assumptions used to determine contributions: | | | | | | | | | |
| Actuarial cost method | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | Not available |
| Experience study | July 1, 2013 - June 30, 2018 | July 1, 2013 - June 30, 2018 | July 1, 2008 - June 30, 2013 | July 1, 2008 - June 30, 2013 | July 1, 2008 - June 30, 2013 | July 1, 2008 - June 30, 2013 | July 1, 2008 - June 30, 2013 | July 1, 2008 - June 30, 2013 | Not available |
| Amortization method | Level percent of pay | Level percent of pay | Level percent of pay | Level percent of pay | Level percent of pay | Level percent of pay | Level percent of pay | Level percent of pay | Not available |
| Asset valuation method | 20% of the difference between market value of assets and the expected actuarial value of assets is recognized | 20% of the difference between market value of assets and the expected actuarial value of assets is recognized | 20% of the difference between market value of assets and the expected actuarial value of assets is recognized | 20% of the difference between market value of assets and the expected actuarial value of assets is recognized | 20% of the difference between market value of assets and the expected actuarial value of assets is recognized | 20% of the difference between market value of assets and the expected actuarial value of assets is recognized | Five-year smoothed market | Five-year smoothed market | Not available |
| Investment return | 5.25% | 5.25% | 5.25% | 6.75% | 6.75% | 6.75% | 7.50% | 7.75% | Not available |
| Inflation | 2.30% | 2.30% | 2.30% | 3.25% | 3.25% | 3.25% | 3.25% | 3.50% | Not available |
| Projected salary increase | 3.55% to 15.30%, varies by service | 3.30% to 15.55%, varies by service | 3.55% to 15.55%, varies by service | 4.0%, average | 4.0%, average | 4.0%, average, including inflation | 4.0%, average, including inflation | 4.50% per annum | Not available |

Mortality

The rate of mortality for active members is based on the RP-2000 Combined Mortality Table projected to with scale BB to 2013 (multiplied by 50% for males and 30% for females). For health retired members and beneficiaries, the mortality table is the RP-2000 Combined Mortality Table projected with scale BB to 2013 (set back 1 year for females) For disabled members, the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

Note: This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

COUNCIL ON POSTSECONDARY EDUCATION

SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY KENTUCKY EMPLOYEES' RETIREMENT SYSTEM

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Proportion of the net OPEB liability (asset) | 0.166029% | 0.160350% | 0.161487% | 0.177214% | 0.184184% | 0.191420% |
| Proportionate share of the net OPEB liability | \$ 3,784,344 | \$ 4,071,139 | \$ 3,589,688 | \$ 4,201,588 | \$ 4,670,837 | \$ 3,953,169 |
| Covered payroll | \$ 2,173,901 | \$ 2,286,217 | \$ 2,362,042 | \$ 2,708,898 | \$ 2,907,191 | \$ 3,005,194 |
| Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 174.08% | 178.07% | 151.97% | 155.10% | 160.66% | 131.54% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 38.38% | 29.47% | 30.92% | 27.32% | 24.37% | 24.48% |

*Note: This schedule is intended to present 10 years of the proportionate share of the net OPEB liability. Currently, only those years with information available are presented. The amounts presented above for the fiscal year were determined as of June 30 for the year prior (measurement date).

COUNCIL ON POSTSECONDARY EDUCATION

SCHEDULE OF OPEB CONTRIBUTIONS KENTUCKY EMPLOYERS' RETIREMENT SYSTEM

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Statutorily required contribution | \$ 196,317 | \$ 242,390 | \$ 283,491 | \$ 292,893 | \$ 227,818 | \$ 242,750 | \$ 238,312 |
| Contribution in relation to the statutorily required contribution | 196,317 | 242,390 | 283,491 | 292,893 | 227,818 | 242,750 | 238,312 |
| Contribution deficiency (excess) | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| Covered payroll | \$ 2,044,582 | \$ 2,173,901 | \$ 2,286,217 | \$ 2,362,042 | \$ 2,708,898 | \$ 2,907,191 | \$ 3,005,194 |
| Contribution as a percentage of covered payroll | 9.60% | 11.15% | 12.40% | 12.40% | 8.41% | 8.35% | 7.93% |

Notes to Schedule

| | | | | | | | |
|---|--|--|--|---|---|---|---------------|
| Valuation date | June 30, 2019 | June 30, 2017 | June 30, 2017 | June 30, 2016 | June 30, 2016 | June 30, 2015 | Not available |
| Experience Study | July 1, 2013 - June 30, 2018 | July 1, 2008 - June 30, 2013 | July 1, 2008 - June 30, 2013 | July 1, 2008 - June 30, 2013 | July 1, 2008 - June 30, 2013 | July 1, 2008 - June 30, 2013 | Not available |
| Methods and assumptions used to determine contributions: | | | | | | | |
| Actuarial cost method | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | Not available |
| Amortization method | Level percent of pay | Level percent of pay | Level percent of pay | Level percent of pay | Level percent of pay | Level percent of pay | Not available |
| Asset valuation method | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized | Not available |
| Amortization period | 30 Years, Closed | 26 Years, Closed | 26 Years, Closed | 27 Years, Closed | 27 Years, Closed | 28 Years, Closed | Not available |
| Investment return | 6.25% | 6.25% | 6.25% | 7.50% | 7.50% | 7.50% | Not available |
| Inflation | 2.30% | 2.30% | 2.30% | 3.25% | 3.25% | 3.25% | Not available |
| Payroll growth rate | 0.00% | 0.00% | 0.00% | 4.00% | 4.00% | 4.00% | Not available |
| Projected salary increase | 3.55 to 15.55, varies by service | 3.55 to 15.55, varies by service | 3.55 to 15.55, varies by service | 4.00% average | 4.00% average | 4.00% average | Not available |
| Healthcare Trend Rates (Pre-65) | Initial trend starting at 6.25% at 1/1/2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. | Initial trend starting at 7.25% at 1/1/2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. | Initial trend starting at 7.25% at 1/1/2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. | Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years. | Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years. | Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years. | Not available |
| Healthcare Trend Rates (Post-65) | Initial trend starting at 5.50% at 1/1/2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. | Initial trend starting at 5.10% at 1/1/2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years. | Initial trend starting at 5.10% at 1/1/2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years. | Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years. | Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years. | Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years. | Not available |

Mortality

RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females). Beginning in 2022, a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 improvement scale using a based year of 2019

Note: This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

COUNCIL ON POSTSECONDARY EDUCATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (BUDGETARY BASIS) – UNAUDITED YEAR ENDED JUNE 30, 2022

| | Operations | | | Over (Under) Budget |
|--|---------------------|---------------------|---------------------|------------------------|
| | Original Budget | Final Budget | Actual | |
| Budgetary fund balance, July 1 | \$ 2,757,993 | \$ 1,786,856 | \$ 1,753,848 | \$ (33,008) |
| REVENUES: | | | | |
| State appropriations | 7,302,245 | 7,302,245 | 6,278,827 | (1,023,418) |
| Charges for services | 300,000 | 300,000 | 485,700 | 185,700 |
| Federal programs | 265,000 | 265,000 | 270,315 | 5,315 |
| Other revenues | -0- | -0- | -0- | -0- |
| Total revenues | <u>7,867,245</u> | <u>7,867,245</u> | <u>7,034,842</u> | <u>(832,403)</u> |
| Amount available for expenditures | 10,625,238 | 9,654,101 | 8,788,690 | (865,411) |
| EXPENDITURES: | | | | |
| Personnel services | 5,773,700 | 5,773,700 | 5,490,721 | (282,979) |
| Utilities, rentals, and other services | 709,300 | 709,300 | 699,948 | (9,352) |
| Commodities and supplies | 285,800 | 285,800 | 506,252 | 220,452 |
| Grants and subsidies | -0- | -0- | -0- | -0- |
| Travel | 52,300 | 52,300 | 60,335 | 8,035 |
| Total expenditures | <u>6,821,100</u> | <u>6,821,100</u> | <u>6,757,256</u> | <u>(63,844)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Interfund transfers in (out) | -0- | -0- | (451,500) | (451,500) |
| Budgetary fund balance, June 30 | <u>\$ 3,804,138</u> | <u>\$ 2,833,001</u> | <u>\$ 1,579,934</u> | <u>\$ (1,253,067)</u> |

COUNCIL ON POSTSECONDARY EDUCATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (BUDGETARY BASIS) – UNAUDITED YEAR ENDED JUNE 30, 2022

| | Federal Programs | | | Over (Under) Budget |
|--|----------------------|----------------------|-------------------|------------------------|
| | Original Budget | Final Budget | Actual | |
| Budgetary fund balance, July 1 | \$ 15,089,200 | \$ 15,089,200 | \$ 223,646 | \$ (14,865,554) |
| REVENUES: | | | | |
| State appropriations | -0- | -0- | -0- | -0- |
| Charges for services | -0- | -0- | -0- | -0- |
| Federal programs | 3,997,100 | 3,997,100 | 7,770,279 | 3,773,179 |
| Other revenues | -0- | -0- | -0- | -0- |
| Total revenues | <u>3,997,100</u> | <u>3,997,100</u> | <u>7,770,279</u> | <u>3,773,179</u> |
| Amount available for expenditures | 19,086,300 | 19,086,300 | 7,993,925 | (11,092,375) |
| EXPENDITURES: | | | | |
| Personnel services | 2,574,000 | 2,574,000 | 2,877,519 | 303,519 |
| Utilities, rentals, and other services | 776,500 | 776,500 | 415,305 | (361,195) |
| Commodities and supplies | 396,500 | 396,500 | 258,634 | (137,866) |
| Grants and subsidies | -0- | -0- | 4,228,948 | 4,228,948 |
| Travel | 240,000 | 240,000 | 49,468 | (190,532) |
| Total expenditures | <u>3,987,000</u> | <u>3,987,000</u> | <u>7,829,874</u> | <u>3,842,874</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Interfund transfers in (out) | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> |
| Budgetary fund balance, June 30 | <u>\$ 15,099,300</u> | <u>\$ 15,099,300</u> | <u>\$ 164,051</u> | <u>\$ (14,935,249)</u> |

COUNCIL ON POSTSECONDARY EDUCATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (BUDGETARY BASIS) – UNAUDITED YEAR ENDED JUNE 30, 2022

| | Technology Initiative Trust Fund | | | |
|--|----------------------------------|---------------------|---------------------|------------------------|
| | Original Budget | Final Budget | Actual | Over (Under) Budget |
| Budgetary fund balance, July 1 | \$ 4,824,856 | \$ 5,982,551 | \$ 3,183,201 | \$ (2,799,350) |
| REVENUES: | | | | |
| State appropriations | 3,628,300 | 1,628,300 | 3,628,300 | 2,000,000 |
| Charges for services | 2,200,000 | 2,200,000 | 3,717,225 | 1,517,225 |
| Federal programs | -0- | -0- | -0- | -0- |
| Other revenues | -0- | -0- | 410,041 | 410,041 |
| Total revenues | <u>5,828,300</u> | <u>3,828,300</u> | <u>7,755,566</u> | <u>3,927,266</u> |
| Amount available for expenditures | 10,653,156 | 9,810,851 | 10,938,767 | 1,127,916 |
| EXPENDITURES: | | | | |
| Personnel services | 620,000 | 620,000 | 3,934,736 | 3,314,736 |
| Utilities, rentals, and other services | -0- | -0- | 474,099 | 474,099 |
| Commodities and supplies | -0- | -0- | 2,635,906 | 2,635,906 |
| Grants and subsidies | 5,425,000 | 5,425,000 | 901,999 | (4,523,001) |
| Travel | -0- | -0- | 19,175 | 19,175 |
| Total expenditures | <u>6,045,000</u> | <u>6,045,000</u> | <u>7,965,915</u> | <u>1,920,915</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Interfund transfers in (out) | -0- | -0- | -0- | -0- |
| Budgetary fund balance, June 30 | <u>\$ 4,608,156</u> | <u>\$ 3,765,851</u> | <u>\$ 2,972,852</u> | <u>\$ (792,999)</u> |

COUNCIL ON POSTSECONDARY EDUCATION

NOTE TO THE SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (BUDGETARY BASIS) – UNAUDITED YEAR ENDED JUNE 30, 2022

Budgetary Basis Versus GAAP

The accompanying schedules of revenues, expenditures, and changes in fund balances, budget and actual (budgetary basis) - unaudited, presents comparisons of the legally adopted budget with actual data on the budgetary basis. Accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with GAAP follows:

| | Operations | Federal Programs | Technology Initiative Trust Fund |
|--|--------------|---------------------|--|
| Total revenues per the budgetary comparison schedule | \$ 7,034,842 | \$ 7,770,279 | \$ 7,755,566 |
| Total revenues per the statement of revenues, expenditures, and changes in fund balance | \$ 7,034,842 | \$ 7,770,279 | \$ 7,755,566 |
| Total expenditures per the budgetary comparison schedule | \$ 6,757,256 | \$ 7,829,874 | \$ 7,965,915 |
| Change in accrued expenditures | (208,947) | (70,347) | 3,287 |
| Change in short-term compensated absences | 50,918 | 10,752 | 4,343 |
| Total expenditures per the statement of revenues, expenditures, and changes in fund balance | \$ 6,599,227 | \$ 7,770,279 | \$ 7,973,545 |

ADDITIONAL SUPPLEMENTARY INFORMATION

COUNCIL ON POSTSECONDARY EDUCATION

SUPPLEMENTARY SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES – OPERATIONS JUNE 30, 2022

| | Agency Operations | KYVC/ KYVL Operations | Contract Spaces | Total Operations |
|---|---------------------|--------------------------|-----------------|---------------------|
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 185,300 | \$ -0- | \$ -0- | \$ 185,300 |
| Investments | 1,394,688 | -0- | -0- | 1,394,688 |
| Accounts receivable | 24,959 | -0- | -0- | 24,959 |
| | <u>\$ 1,604,947</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 1,604,947</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts and other payables | \$ 25,013 | \$ -0- | \$ -0- | \$ 25,013 |
| Accrued expenses | 243,660 | -0- | -0- | 243,660 |
| Accrued compensated absences | 421,410 | -0- | -0- | 421,410 |
| Total liabilities | <u>690,083</u> | <u>-0-</u> | <u>-0-</u> | <u>690,083</u> |
| Fund balances: | | | | |
| Assigned: | | | | |
| for agency operations | <u>914,864</u> | <u>-0-</u> | <u>-0-</u> | <u>914,864</u> |
| Total liabilities and fund balances | <u>\$ 1,604,947</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 1,604,947</u> |

COUNCIL ON POSTSECONDARY EDUCATION

SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – OPERATIONS YEAR ENDED JUNE 30, 2022

| | Agency Operations | KYVC/ KYVL Operations | Contract Spaces | Total Operations |
|--|--------------------------|--------------------------|----------------------|--------------------------|
| REVENUES: | | | | |
| State appropriations | \$ 6,070,319 | \$ -0- | \$ 208,508 | \$ 6,278,827 |
| Charges for services | 485,700 | -0- | -0- | 485,700 |
| Federal programs | 270,315 | -0- | -0- | 270,315 |
| Total revenues | <u>6,826,334</u> | <u>-0-</u> | <u>208,508</u> | <u>7,034,842</u> |
| EXPENDITURES: | | | | |
| Personnel services | 5,332,692 | -0- | -0- | 5,332,692 |
| Utilities, rentals, and other services | 699,948 | -0- | -0- | 699,948 |
| Commodities and supplies | 297,744 | -0- | 208,508 | 506,252 |
| Travel | 60,335 | -0- | -0- | 60,335 |
| Total expenditures | <u>6,390,719</u> | <u>-0-</u> | <u>208,508</u> | <u>6,599,227</u> |
| Excess (deficiency) of expenditures | <u>435,615</u> | <u>-0-</u> | <u>-0-</u> | <u>435,615</u> |
| OTHER FINANCING SOURCES: | | | | |
| Interfund transfers | <u>-0-</u> | <u>(451,500)</u> | <u>-0-</u> | <u>(451,500)</u> |
| Net change in fund balances | 435,615 | (451,500) | -0- | (15,885) |
| Fund balances, beginning of year | <u>479,249</u> | <u>451,500</u> | <u>-0-</u> | <u>930,749</u> |
| Fund balances, end of year | <u><u>\$ 914,864</u></u> | <u><u>\$ -0-</u></u> | <u><u>\$ -0-</u></u> | <u><u>\$ 914,864</u></u> |

COUNCIL ON POSTSECONDARY EDUCATION

SUPPLEMENTARY SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES – NON-MAJOR FUNDS JUNE 30, 2022

| | Postsecondary Education Equine Trust Fund | Assessment and Professional Development Fund | Other (Non- major) Governmental Funds |
|---|--|---|--|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents - restricted | \$ 47,923 | \$ -0- | \$ 47,923 |
| Investments - restricted | 360,700 | -0- | 360,700 |
| Accounts receivable | -0- | 1,659 | 1,659 |
| Total assets | \$ 408,623 | \$ 1,659 | \$ 410,282 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts and other payables | \$ -0- | \$ 1,659 | \$ 1,659 |
| Accrued expenses | -0- | 24,851 | 24,851 |
| Accrued compensated absences | -0- | 6,949 | 6,949 |
| Total liabilities | -0- | 33,459 | 33,459 |
| Fund balances (deficit) | | | |
| Restricted: | | | |
| for University Equine programs | 408,623 | -0- | 408,623 |
| Unassigned | -0- | (31,800) | (31,800) |
| Total fund balances (deficit) | 408,623 | (31,800) | 376,823 |
| Total liabilities and fund balances | \$ 408,623 | \$ 1,659 | \$ 410,282 |

COUNCIL ON POSTSECONDARY EDUCATION

SUPPLEMENTARY SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR FUNDS YEAR ENDED JUNE 30, 2022

| | Postsecondary Education Equine Trust | Assessment and Professional Development | Other (Non- major) Governmental |
|---|--|---|---------------------------------------|
| REVENUES: | | | |
| State appropriations | \$ -0- | \$ 1,306,539 | \$ 1,306,539 |
| Intergovernmental revenues | 626,579 | -0- | 626,579 |
| Total revenues | <u>626,579</u> | <u>1,306,539</u> | <u>1,933,118</u> |
| EXPENDITURES: | | | |
| Personnel services | -0- | 1,098,139 | 1,098,139 |
| Utilities, rentals, and other services | -0- | 7,686 | 7,686 |
| Commodities and supplies | -0- | 17,471 | 17,471 |
| Grants and subsidies | 480,000 | 155,831 | 635,831 |
| Travel | -0- | 18,419 | 18,419 |
| Total expenditures | <u>480,000</u> | <u>1,297,546</u> | <u>1,777,546</u> |
| Net change in fund balances | 146,579 | 8,993 | 155,572 |
| Fund balances, beginning of year | <u>262,044</u> | <u>(40,793)</u> | <u>221,251</u> |
| Fund balances, end of year | <u><u>\$ 408,623</u></u> | <u><u>\$ (31,800)</u></u> | <u><u>\$ 376,823</u></u> |

COUNCIL ON POSTSECONDARY EDUCATION

SUPPLEMENTARY SCHEDULE OF GRANTS AND SUBSIDIES YEAR ENDED JUNE 30, 2022

| | Governmental Funds | Fiduciary Funds |
|--|-----------------------|----------------------|
| Gaining Early Awareness and Readiness for Undergraduate Programs | \$ 91,446 | \$ -0- |
| Governor's Emergency Education Relief Fund | 3,743,850 | -0- |
| Postsecondary Education Equine Trust Fund | 480,000 | -0- |
| Technology Initiative Trust Fund | 901,999 | -0- |
| Assessment and Professional Development | 155,831 | -0- |
| State Fiscal Recovery | 393,652 | -0- |
| Cancer Research Institutions Matching Fund | -0- | 3,340,620 |
| Spinal Cord and Head Injury Research | -0- | 650,000 |
| Cancer Research Screenings | -0- | 7,043,800 |
| Ovarian Cancer Screenings | -0- | 500,000 |
| Southern Regional Education Board Doctoral Scholars Program | -0- | 50,000 |
| | <u>-0-</u> | <u>50,000</u> |
| Total grants and subsidies | <u>\$ 5,766,778</u> | <u>\$ 11,584,420</u> |

COUNCIL ON POSTSECONDARY EDUCATION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

| | Federal CFDA Number | Grant ID Number | Total Federal Expenditures | Passed Through to Subrecipient |
|--|---------------------------|--------------------|----------------------------------|--------------------------------------|
| Major Programs: | | | | |
| United States Department of Education: | | | | |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334 | P334S180011-20 | \$ 705,293 | \$ 38,830 |
| | 84.334 | P334S180011-21 | 2,867,860 | 52,616 |
| Total Gaining Early Awareness and Readiness for Undergraduate Programs | | | <u>3,573,153</u> | <u>91,446</u> |
| United States Department of the Treasury | | | | |
| Coronavirus State and Local Fiscal Recovery Fund | 21.019 | | 393,652 | 393,652 |
| Non-Major Programs: | | | | |
| Passthrough from the Governor's Office Commonwealth of Kentucky Governor's Emergency Education Relief Fund | 84.425C | S425C200008 | 2,863,300 | 2,693,332 |
| | 84.425C | S425C210008 | 1,210,489 | 1,050,518 |
| Total Governor's Emergency Education Relief Fund | | | <u>4,073,789</u> | <u>3,743,850</u> |
| Total Federal Expenditures | | | <u>\$ 8,040,594</u> | <u>\$ 4,228,948</u> |

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Council on Postsecondary Education (the Council). The information in this Schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Some amounts presented in this Schedule may therefore differ from amounts presented in, or used in the preparation of, the basic financial statements. The Council did not elect to use the 10% de minimis indirect cost rate.

The Schedule is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are susceptible to accrual and recognized in the financial statements when they are measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year.

The award revenues received and expended are subject to audit and adjustment. If any expenditures are disallowed by the grantor as a result of such an audit, any claim for reimbursement to the grantor would become a liability of the Council. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

COUNCIL ON POSTSECONDARY EDUCATION

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

2. SUBRECIPIENTS

The accompanying supplemental schedule of expenditures of federal awards includes expenditures consisting of federal awards provided to subrecipients as follows:

| <u>Subrecipients Name</u> | <u>Amount</u> |
|---|---------------------|
| Morehead State University | \$ 18,921 |
| Fleming County Board of Education | 18,797 |
| Mercer County Board of Education | 9,359 |
| Robertson County Board of Education | 9,141 |
| Frankfort Independent School District | 6,922 |
| Mason County Board of Education | 5,675 |
| Augusta Independent School District | 5,534 |
| Marion County Board of Education | 5,013 |
| Bath County Board of Education | 4,084 |
| Pendleton County Board of Education | 3,674 |
| Bourbon County Board of Education | 3,148 |
| Bracken County Board of Education | 1,178 |
| | <u>\$ 91,446</u> |
| | |
| Association of Independent Kentucky Colleges and Universities | \$ 393,652 |
| | |
| Kentucky Community and Technical College System | \$ 972,281 |
| University of Louisville | 811,825 |
| University of Kentucky | 522,006 |
| Kentucky State University | 313,849 |
| Northern Kentucky University Research Foundation | 276,650 |
| Morehead State University | 121,539 |
| Western Kentucky University | 116,515 |
| University of Kentucky Research Foundation | 106,027 |
| Kentucky Wesleyan College | 92,265 |
| Centre College | 89,180 |
| Murray State University | 78,768 |
| Lindsey Wilson College | 76,758 |
| Bellarmine University | 70,000 |
| Union College | 56,649 |
| University of Pikeville | 23,436 |
| Louisville Presbyterian Theological Seminary | 9,171 |
| Eastern Kentucky University | 3,800 |
| Northern Kentucky University | 1,920 |
| Spalding University | 1,211 |
| | <u>\$ 3,743,850</u> |



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**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Council Members
Council on Postsecondary Education

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Council on Postsecondary Education (the Council), a component unit of the Commonwealth of Kentucky, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated January 6, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Council Members
Council on Postsecondary Education

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC

Lexington, Kentucky
January 6, 2023



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**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH
 EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
 COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Council Members
 Council on Postsecondary Education

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Council on Postsecondary Education's (the "Council") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2022. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the compliance requirements referred to above is that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

To the Council Members
Council on Postsecondary Education

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Council's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance

To the Council Members
Council on Postsecondary Education

requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Blue & Co., LLC

Lexington, Kentucky
January 6, 2023

COUNCIL ON POSTSECONDARY EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|--|
| 84.334 | Gaining Early Awareness and Readiness for Undergraduate Programs |
| 21.019 | Coronavirus State and Local Fiscal Recovery Fund |

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee: yes no

Section II - Findings - Financial Statement Audit

None

Section III - Findings and Questioned Costs - Major Federal Awards Program Audit

None

COUNCIL ON POSTSECONDARY EDUCATION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2022

There were no findings reported for the year ended June 30, 2021.

TITLE: Report from the Committee on Equal Opportunities

DESCRIPTION: The following is a summary of the Committee's January 23, 2023, meeting.

PRESENTERS: Elaine Walker, Chair of the Committee on Equal Opportunities

The Committee on Equal Opportunities met on January 23, 2023. Below is a summary of their work.

- Received update from Dr. Rick Smith on the strategic agenda priority area of Talent and how equity and inclusion is being monitored and measured to ensure success.
- Discussed the lessons learned during the first iteration of the Statewide Diversity Policy.
- Discussed recommendations for revisions to the Statewide Diversity Policy.

The Committee's next meeting is scheduled for April 24, 2023.

TITLE: Data and Research Update

DESCRIPTION: Staff will present the highlights from the 2021-22 Total Degrees and Credentials Report, provide a preview of the Fall 2022 Enrollment Report, and discuss ongoing and upcoming research projects

PRESENTERS: Travis Muncie, Executive Director of Data and Advanced Analytics
Melissa Young, Executive Director and Lead Writer
Chris Ledford, Associate Director of Data and Advanced Analytics
Blake Nantz, Senior Associate of Data and Advanced Analytics

SUPPORTING INFORMATION

The Data and Advanced Analytics unit will provide updates on a number of data and research projects:

- **2021-22 Total Degrees and Credentials**, which is an annual report examining degree and credential production in Kentucky in the previous academic year (July 1 through June 30) and over time. Using data from the Kentucky Postsecondary Education Data System (KPEDS), the report details the number and types of credentials earned at Kentucky's eight public universities, the 18 institutions of the Association of Independent Kentucky Colleges and Universities (AIKCU), and the sixteen campuses of the Kentucky Community and Technical College System (KCTCS).
- **Fall 2022 Enrollment Overview**, which will examine the enrollment trends for both the four-year and two-year institutions.
- Ongoing research and upcoming reports for the 2023 year.

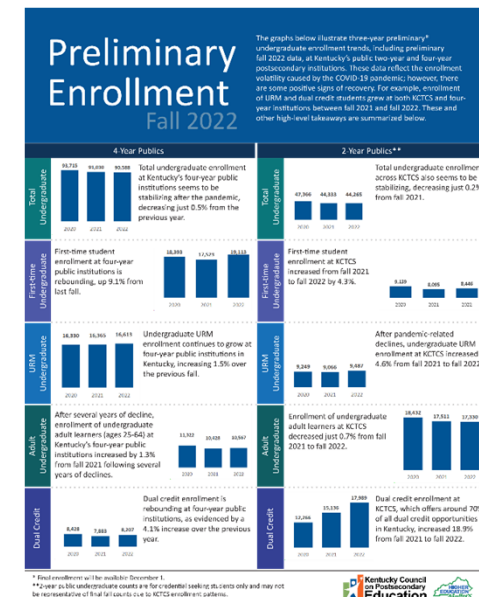
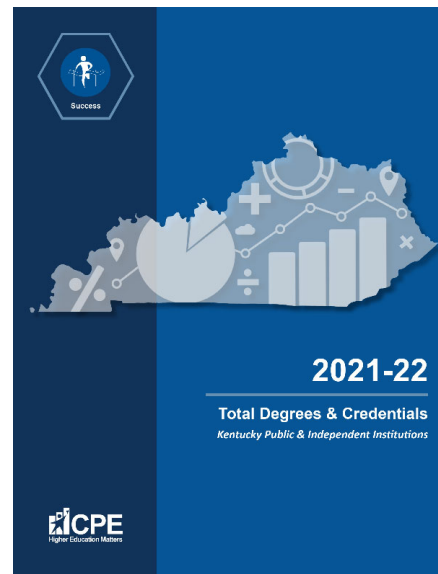
Research & Data Analytics Updates

Kentucky Council on Postsecondary Education
January 27, 2023



Presentation Overview

- 2021-22 Degrees Report
- Fall 2022 Enrollment
- Future Research



2021-22 Degrees Report



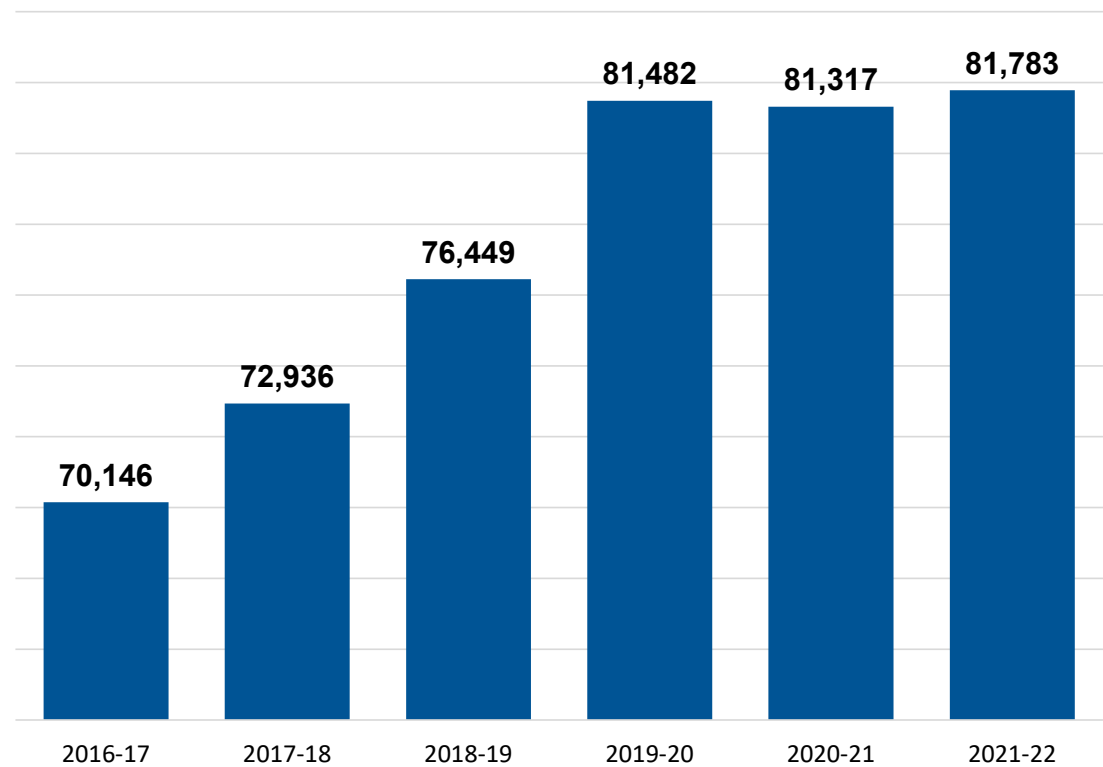
Total Degrees & Credentials

All Institutions, Sectors & Levels

1-Year Trend: + 0.6%

5-Year Trend: + 16.6%

Degree growth has occurred at the certificate and graduate level; undergraduate degrees are flat or declining.



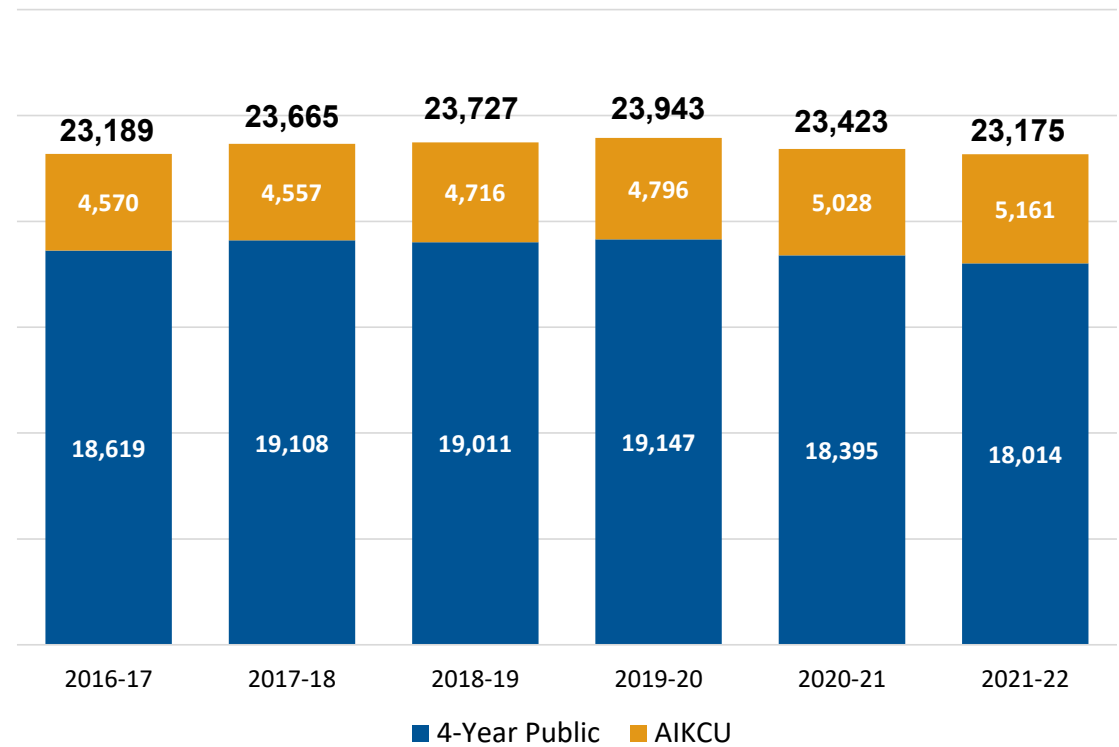
Bachelor's Degrees

Publics & AIKCU

1-Year Trend: - 1.1%

5-Year Trend: Flat

Since 2016-17, AIKCU has increased bachelor's degree production by 12.9%, while publics have declined by 2.1%.



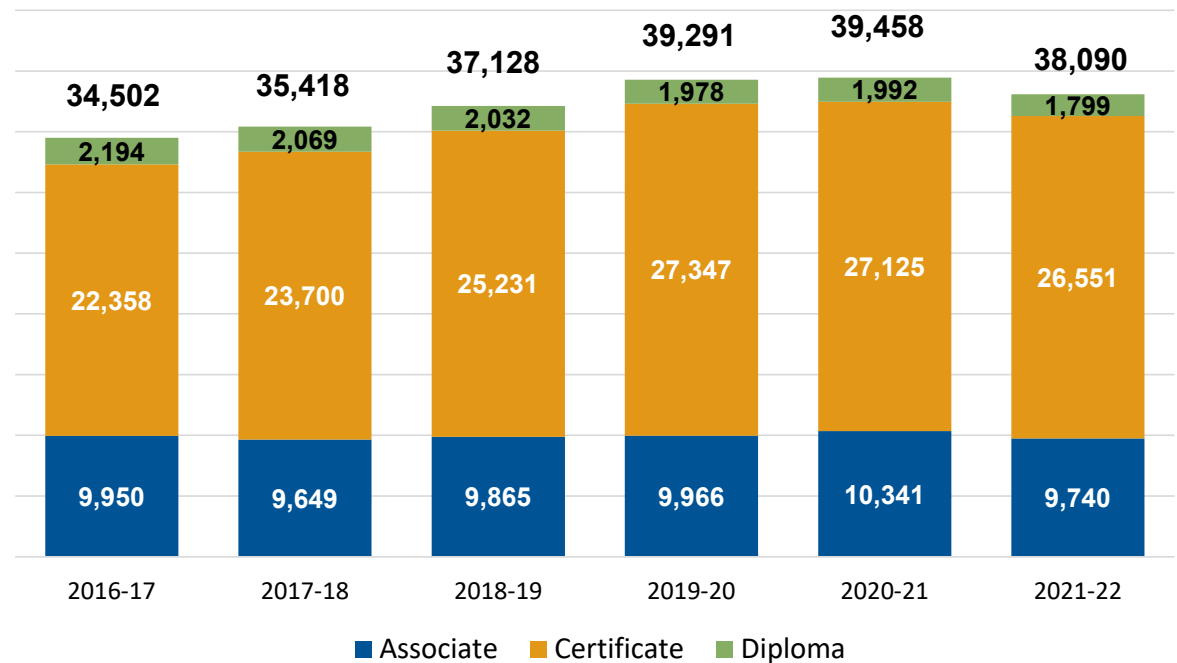
KCTCS Credentials

Associate, Certificate
& Diploma

1-Year Trend: - 3.5%

5-Year Trend: + 10.4%

*Since 2016-17, only certificate
production has increased (by
18.8%).*

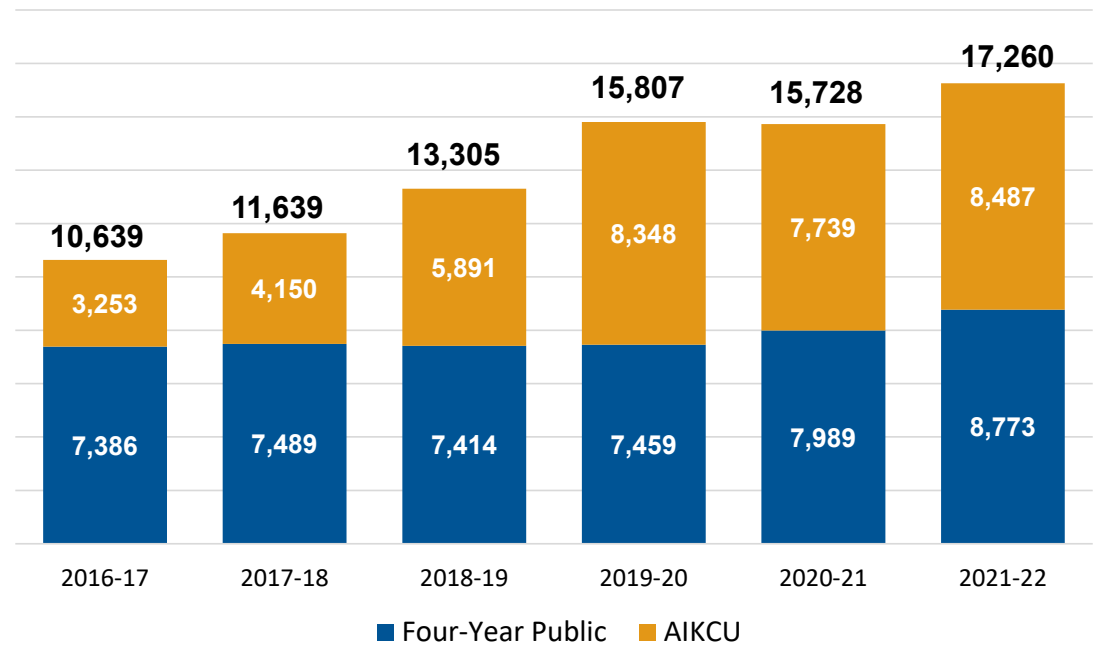


Graduate Degrees

Publics & AIKCU

1-Year Trend: + 9.7%
5-Year Trend: + 62.2%

Since 2016-17, AIKCU has increased graduate degree production by 160.9%, while publics have increased by 18.8%.



Degrees Awarded to Targeted Populations

URM, Low-Income & Working-Age Adult



URM
(Public & AIKCU)

1-Year Trend: + **3.2%**
5-Year Trend: + **30.8%**



Low-Income
(Public Only)

1-Year Trend: + **0.5%**
5-Year Trend: + **8.6%**



Working-Age Adults
(Public & AIKCU)

1-Year Trend: - **4.0%**
5-Year Trend: - **4.5%**

Fall 2022 Enrollment



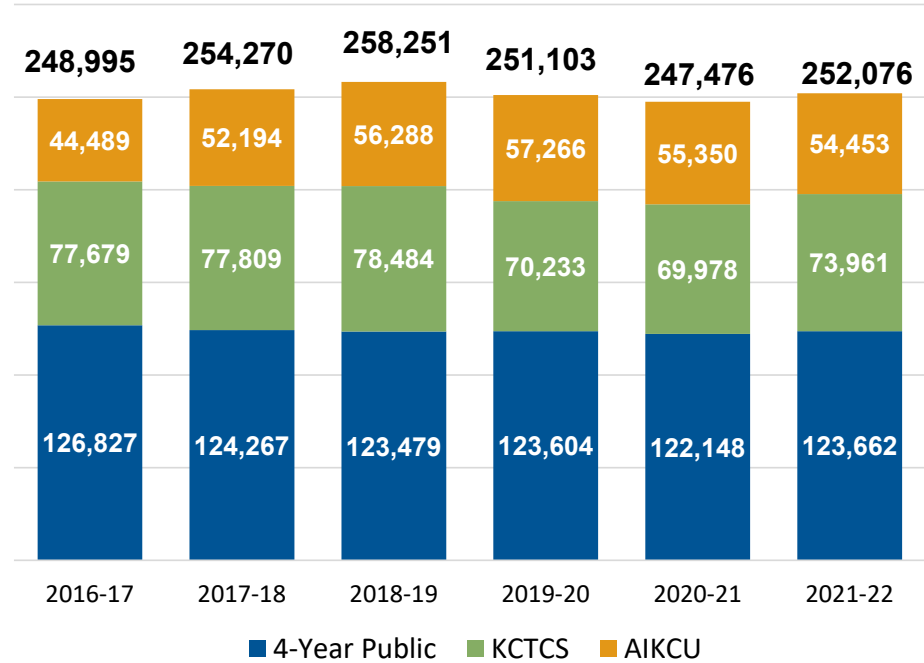
Fall Enrollment

Publics & AIKCU

1-Year Trend: + 1.9%

5-Year Trend: + 1.2%

Since 2016-17, 4-year publics are down 2.5%, KCTCS is down 4.8%, and AIKCU is up 22.4%.



Fall Enrollment

2021-22 to 2022-23
By Sector

4-Year Publics

- Total: + 1.2%
- Undergraduate: + 1.4%
- Graduate: + 0.9%

AIKCU

- Total: - 1.6%
- Undergraduate: + 1.8%
- Graduate: - 6.0%

KCTCS

- Total: + 5.7%

Undergraduate Fall Enrollment

2021-22 to 2022-23
URM
First-Time

2020-21 to 2021-22
Low Income

URM

- 4-Year Public: + 4.6%
- AIKCU: + 4.8%
- KCTCS: + 9.0%
- Total: + 6.3%

First-Time

- 4-Year Public: + 10.0%
- AIKCU: - 9.4%
- KCTCS: + 8.8%
- Total: + 6.3%






Low-Income (2021-22)

- 4-Year Public: - 19.7%
- KCTCS: - 4.0%
- Total: - 12.0%

Future Research



Future Research

| | | | |
|---|----------------------|--|---|
|  | Affordability | Unmet Financial Need | Does unmet financial need impact the retention of first-time students? |
|  | Transitions | Dual Credit Report | Does taking a dual credit course in a particular subject area affect performance in successive courses? |
|  | Success | Annual Progress, Degrees and Enrollment Reports | Recurring reports that describe progress toward strategic agenda KPI targets and trends over time. |
|  | Talent | Brain Drain vs. Brain Gain | What are the migration trends among recent college graduates? |
|  | Value | Return on Investment Study | What is the return on investment for a postsecondary degree? |

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2021-22

Total Degrees & Credentials

Kentucky Public & Independent Institutions

About the Council on Postsecondary Education

The Council on Postsecondary Education is Kentucky's higher education coordinating agency committed to strengthening our workforce, economy and quality of life. We do this by guiding the continuous improvement and efficient operation of a high-quality, diverse and accessible system of postsecondary education.

Key responsibilities include:

- developing and implementing a strategic agenda for postsecondary education that includes measures of progress.
- producing and submitting a biennial budget request for adequate public funding of postsecondary education.
- determining tuition rates and admission criteria at public postsecondary institutions.
- collecting and distributing data about postsecondary education performance.
- ensuring the coordination and connectivity of technology among public institutions.
- licensing non-public postsecondary institutions to operate in the Commonwealth.



The Kentucky Council on Postsecondary Education (CPE) annually produces a report examining degree and credential production in Kentucky in the previous academic year (July 1 through June 30) and over time. Using data from the Kentucky Postsecondary Education Data System (KPEDS), the report details the number and types of credentials earned at Kentucky's eight public universities, the 18 institutions of the Association of Independent Kentucky Colleges and Universities (AIKCU), and the sixteen campuses of the Kentucky Community and Technical College System (KCTCS).

Degree production is the metric most directly tied to the Council's goal of raising the percentage of Kentuckians with a high-quality postsecondary credential to 60% by the year 2030. It is also a key component in the performance distribution model used to determine funding allocations to public universities each biennium.

This report disaggregates degrees and credentials by level, sector, underrepresented minority status, low-income status, in-state status and by working-age adults. Additional disaggregations, including institution-level data, are available via the interactive dashboards on CPE's data portal, which can be accessed at cpe.ky.gov/data/index.html

One-Year Trend (2020-21 to 2021-22)

Increasing

- Total degrees and credentials increased by **0.6%**.
- Total graduate degrees jumped **9.7%**, with master's/specialist degrees up **10.2%**, and doctoral degrees up **7.5%**.
- Total undergraduate degrees and credentials awarded to underrepresented minoritized students increased by **3.2%**.

Decreasing

- Total bachelor's degrees fell by **1.1%**.
- Total KCTCS credentials declined by **3.5%**, with associate degrees falling **5.8%**, certificates decreasing **2.1%**, and diplomas dropping **9.7%**.
- Total undergraduate degrees and credentials awarded to in-state students decreased by **1.4%**.
- Total undergraduate degrees and credentials awarded to working-age adult students declined by **4.0%**.

Five-Year Trend (2016-17 to 2021-22)

Increasing

- Total degrees and credentials have increased by **16.6%**.
- Total KCTCS credentials are up **10.4%**, with certificates increasing **18.8%**.
- Total graduate degrees rose by **61.6%**, with master's/specialist degrees growing **68.7%**, and doctoral degrees increasing by **33.6%**.
- Total undergraduate degrees and credentials awarded to underrepresented minoritized students increased by **30.8%**.

Decreasing or Flat

- Total undergraduate degrees and credentials awarded to working-age adult students have decreased by **4.5%**.
- Total bachelor's degrees awarded have remained essentially flat.



Highlights

Total degrees and credentials awarded in 2021-22 increased 0.6% over the previous year, following a slight dip at the height of the COVID-19 pandemic. Since 2016-17, total degrees and credentials have risen 16.6%, impressive considering that total headcount enrollment grew by only 0.6% during that same time frame. Climbing retention rates suggest that campuses are increasing their efficiency in moving students through academic programs.

Over the last five years:

- Though small in number, the biggest percentage gain has been in postgraduate certificates, which have risen 176.7%, from 498 to 1,378.
- Master's/specialist degrees have grown by 68.7%, while doctoral degrees have increased by 33.6%
- Diploma/undergraduate certificates have grown by 17.9%.
- Total associate degrees have decreased by 2.8%, and bachelor's degrees have remained essentially flat.

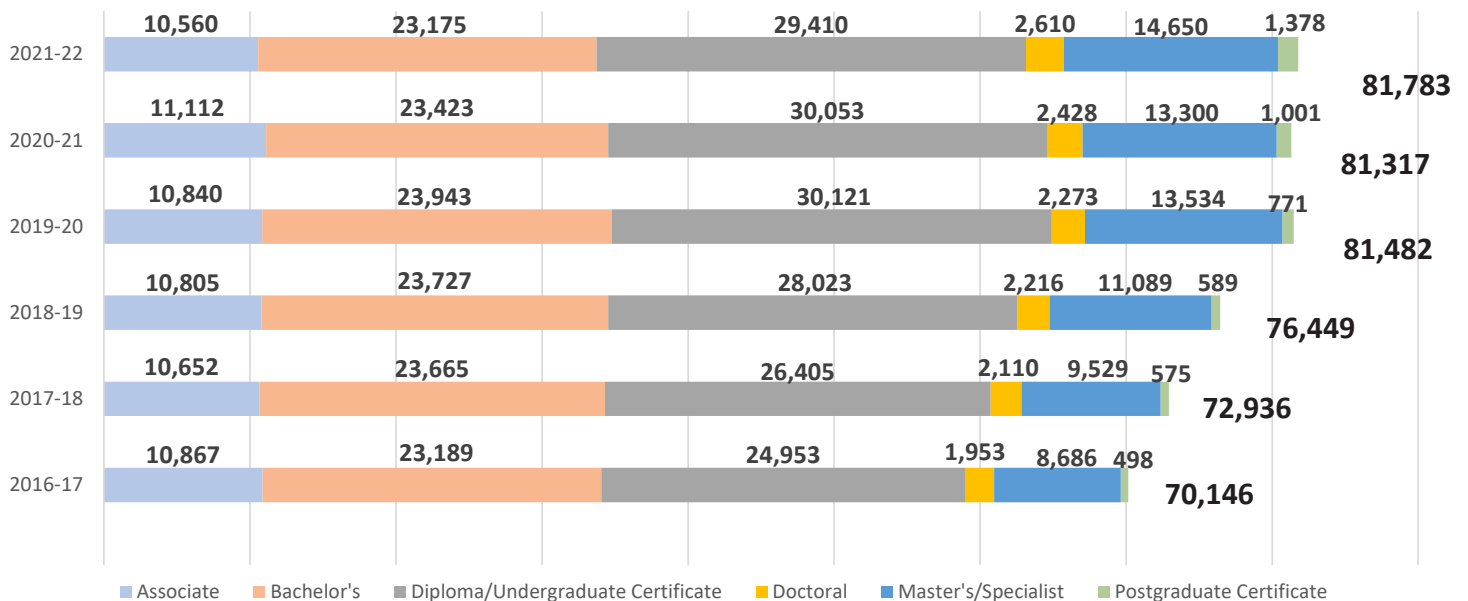
Over the last year:

- Postgraduate certificates were up 37.7%, master's/specialist degrees were up 10.2%, and doctoral degrees were up 7.5%.
- Associate degrees were down 5.0%, diploma/undergraduate certificates were down 2.1%, and bachelor's degrees were down 1.1%.

Technical Notes

Total degrees and credentials awarded include diplomas, undergraduate certificates, associate degrees, postgraduate certificates and bachelor's, master's, specialist and doctoral degrees awarded by public and AIKCU institutions. Counts include all credentials awarded during the academic year, even if a student earned multiple credentials or two bachelor's degrees, as is the case with some double majors (a duplicated count).

Total Degrees & Credentials Awarded by Credential Level





Total Bachelor's Degrees

Highlights

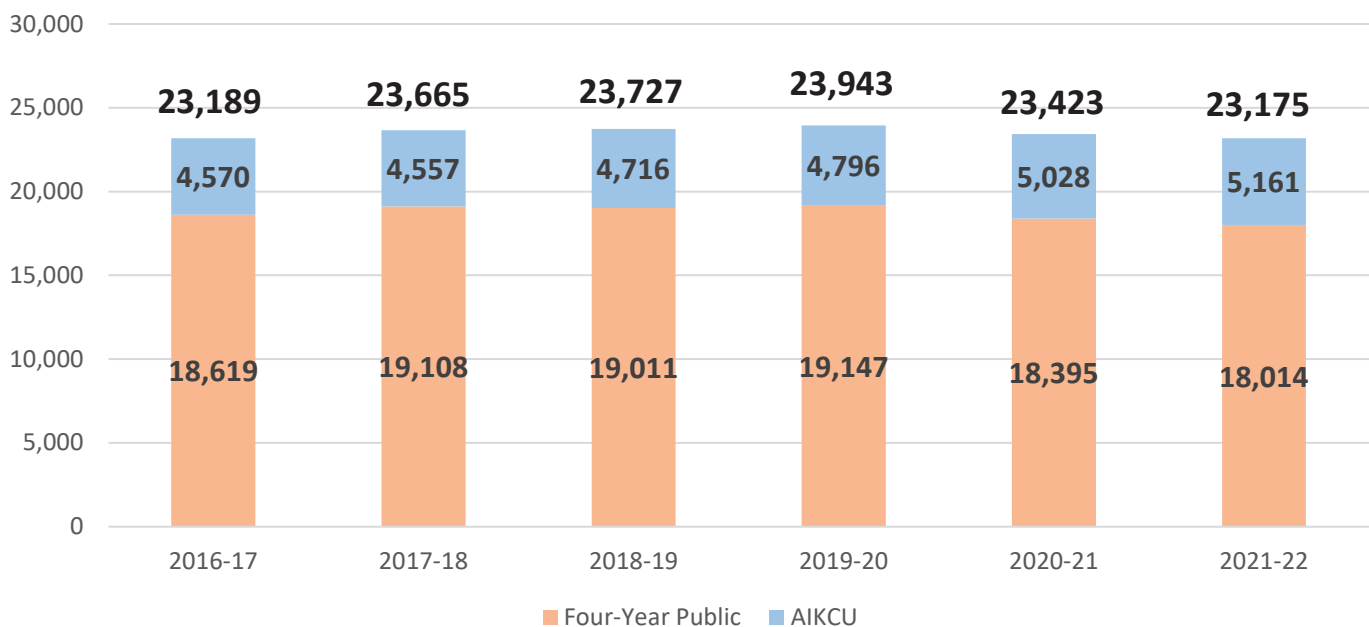
Total bachelor's degrees fell 1.1% from the previous year and have remained essentially flat over the last five years. AIKCU campuses have seen bachelor's degrees grow 2.6% since 2020-21, and 12.9% since 2016-17. Public universities, on the other hand, experienced a 2.1% decline in bachelor's degrees over the previous year and a 3.2% decline over the last five years.

Numerous studies document the economic and social benefits of bachelor's degree attainment to the Commonwealth. Over a lifetime, bachelor's degree recipients earn higher incomes, contribute more tax revenue to the state, vote more frequently, enjoy better health and are less likely to be on public assistance or incarcerated. Increasing bachelor's degree attainment assists the state's economy as well as the lives and livelihoods of Kentuckians. Therefore, it's important that colleges and universities improve their bachelor's degree production.

Technical Notes

Bachelor's degrees are awards that normally require at least 120 semester credit hours or the equivalent at the college or university undergraduate level. This includes all bachelor's degrees conferred in a five-year cooperative (work-study) program, as well as degrees in which the normal four years of work are completed in three years. Counts in the graph below are duplicated, meaning that multiple credentials may have been awarded to a student during an academic year.

Total Bachelor's Degrees Awarded by Sector





Total KCTCS Degrees & Credentials

Highlights

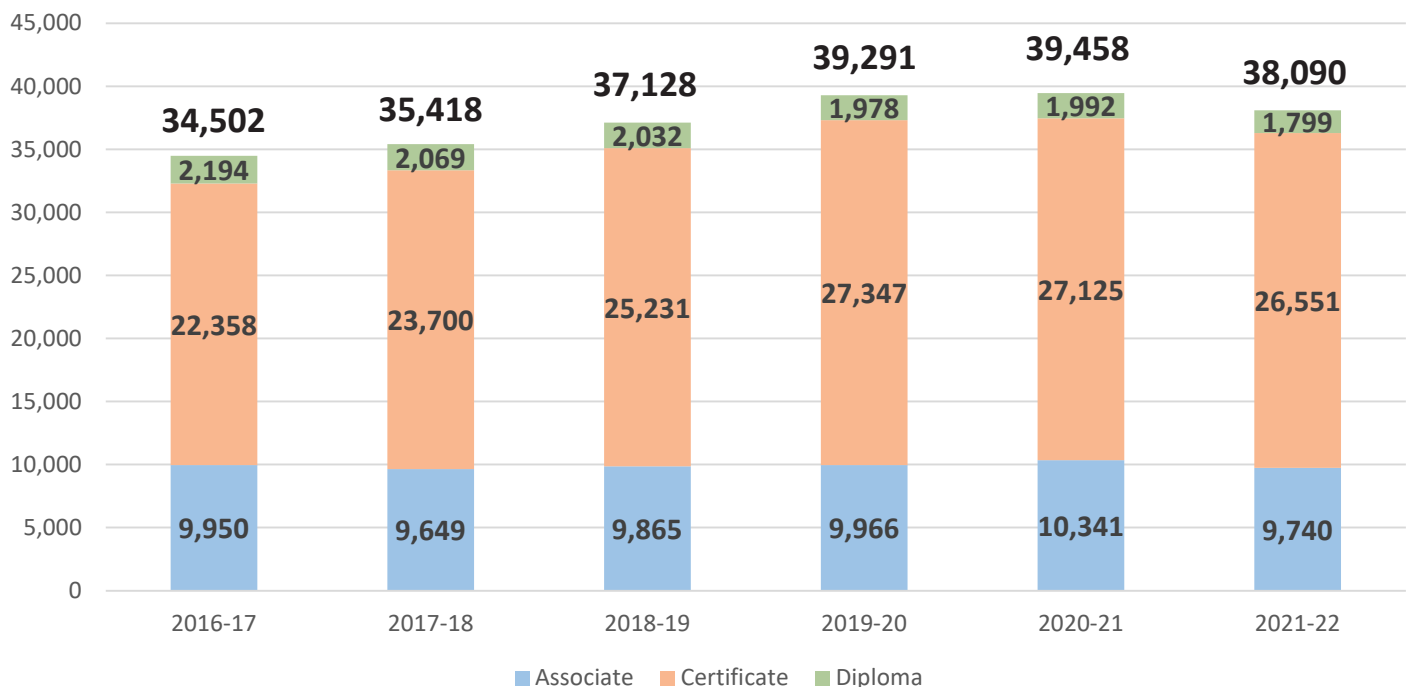
KCTCS awarded 3.5% fewer degrees and credentials in 2021-22 than in the previous year, although total credentials have risen 10.4% since 2016-17.

- Associate degrees fell 5.8% from last year and have decreased by 2.1% over the last five years.
- Although certificates were down 2.1% from the prior year, growth has been strong over the last five years at 18.8%. Certificates account for the biggest portion of credentials awarded by KCTCS.
- Diplomas dropped 9.7% from last year and have fallen 18.0% over the last five years.

Technical Notes

Total credentials awarded by the sixteen KCTCS campuses include associate degrees, which normally require at least 60 credit hours or the equivalent at the undergraduate level; certificates, which are short-term credentials (from less than one year to up to four years) at the undergraduate level; and undergraduate diploma programs, courses of study often leading to professional credentials in vocational fields. Counts in the graph below are duplicated, meaning that multiple credentials may have been awarded to a student during an academic year.

Total KCTCS Credentials Awarded by Level





Highlights

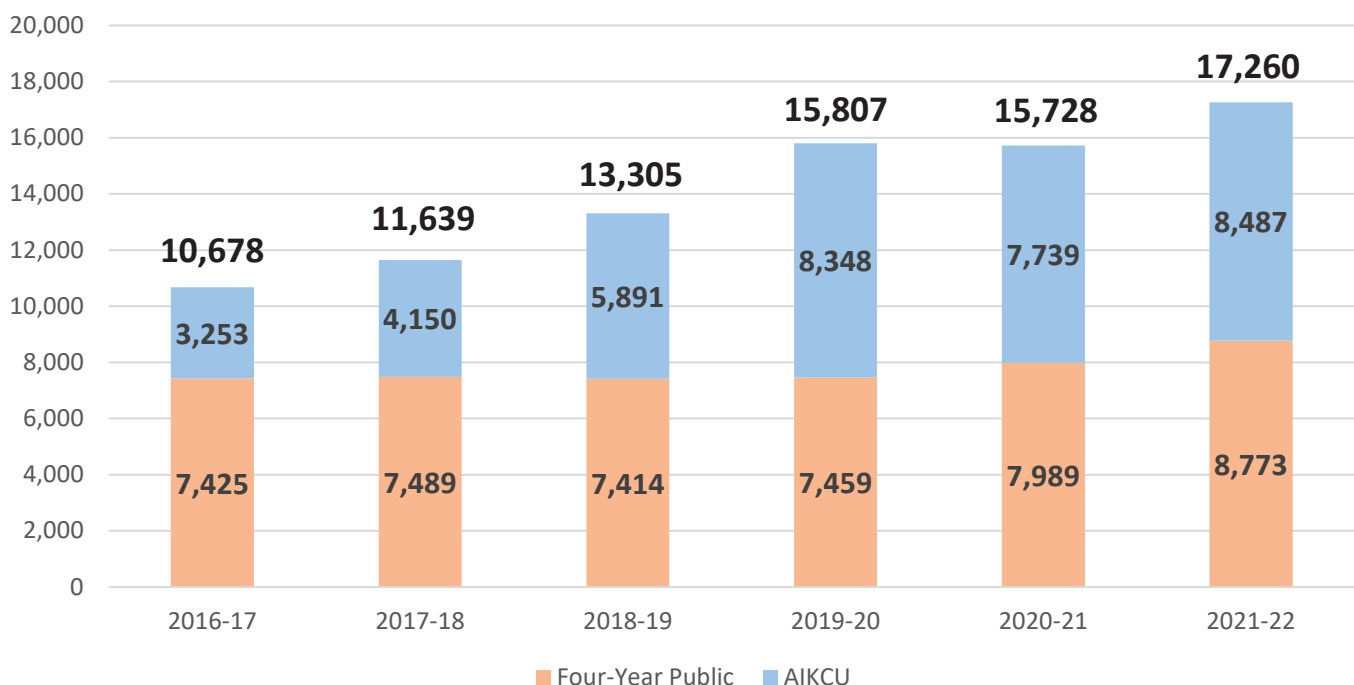
Total graduate degrees jumped 9.7% from the previous year and have risen 61.6% over the last five years. Most of this growth occurred at AIKCU institutions, which increased their graduate degree production 9.7% from 2021-22 and 160.9% since 2016-17. Public universities awarded 9.8% more graduate degrees over the previous year and 18.2% over the last five years.

In 2021-22, 17,260 graduate degrees were awarded by AIKCU and public institutions, and 80% of these degrees (14,157) were at the master's/specialist level. The remaining 3,103 degrees were doctorates or postgraduate certificates.

Technical Notes

Total graduate and professional degrees include master's, specialist and doctoral degrees awarded in an academic year (July 1 through June 30). Multiple awards received by the same student in an academic year are all included. A master's degree is an award that requires the successful completion of an academic program of at least 30 semester credit hours or the equivalent at the post-baccalaureate, graduate or professional level. A specialist degree normally requires 60 semester hours of concentrated and approved graduate coursework beyond the bachelor's degree. It is generally offered in the field of education to acknowledge completion of advanced graduate study designed to help individuals meet licensure requirements or develop additional knowledge and skills beyond the master's degree, but not at the doctoral level. A doctoral degree requires advanced work beyond the master's level. CPE recognizes four classifications for doctoral degrees (doctor's degree, completed all coursework and dissertation; doctor's degree, completed all coursework but working on dissertation; doctor's degree, professional practice; and all other doctor's degrees that are not research/scholarship or professional practice degrees).

Total Graduate Degrees Awarded by Sector





Undergraduate URM Degrees & Credentials

Highlights

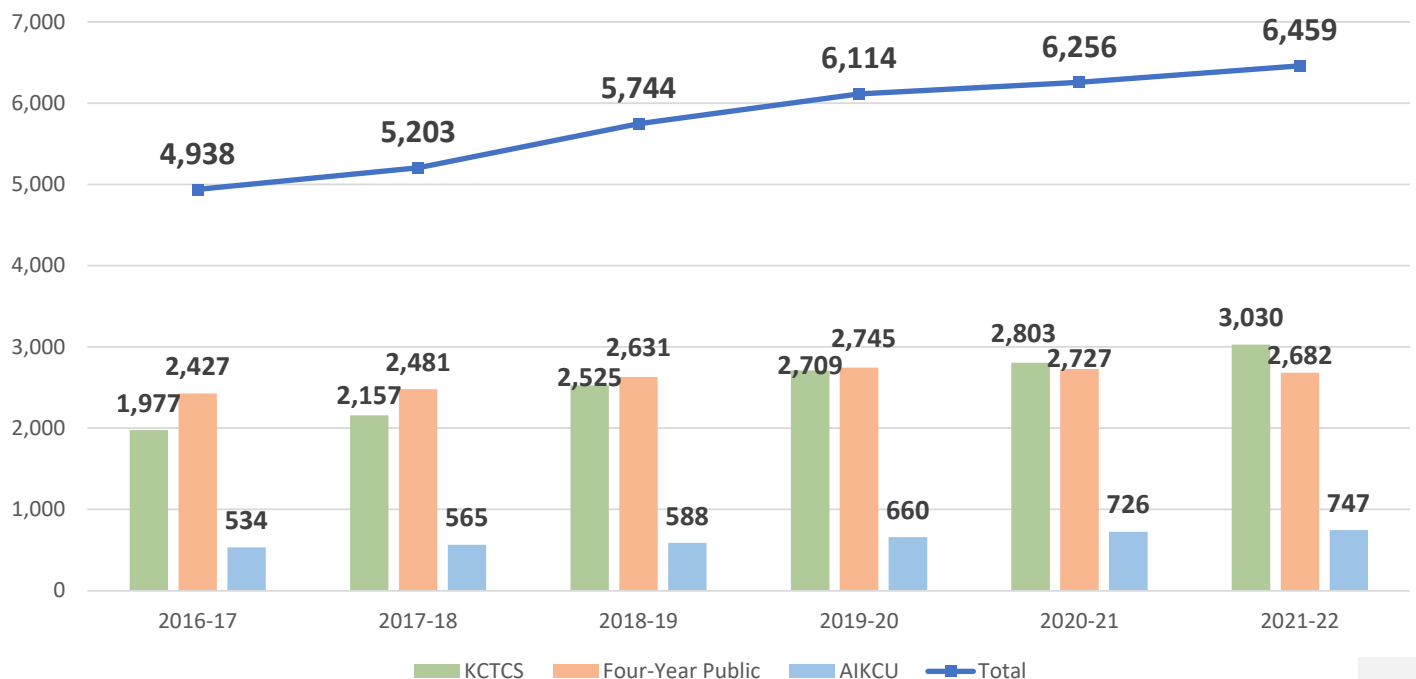
Total degrees and credentials awarded to underrepresented minoritized students increased 3.2% from last year. Since 2016-17, total URM credentials are up 30.8%.

- At KCTCS campuses, URM credentials were up 8.1% from last year and have increased 53.3% over the last five years.
- At public universities, URM credentials were down 1.7% from last year but have increased 10.5% over the last five years.
- At AIKCU institutions, URM credentials were up 2.9% from last year and have increased 39.9% over the last five years.
- The largest number of URM students in 2021-22 were Black (3,048), followed by Latinx (1,863).
- Total degrees and credentials awarded to Black students were down 0.8% over last year but have increased 10.4% over the last five years.
- Total degrees and credentials awarded to Latinx students were up 5.0% over last year and have increased 59.9% over the last five years.

Technical Notes

The graph below represents an unduplicated count of credentials awarded to underrepresented minoritized students (multiple credentials earned by the same student are not counted). “Underrepresented minority” (URM) refers to students whose race or ethnicity is Black; American Indian or Alaskan Native; Hispanic or Latinx; Native Hawaiian or Other Pacific Islander; or two or more races.

Undergraduate Degrees & Credentials Awarded to URM Students by Sector (Unduplicated)





Undergraduate Low-Income Degrees & Credentials

Highlights

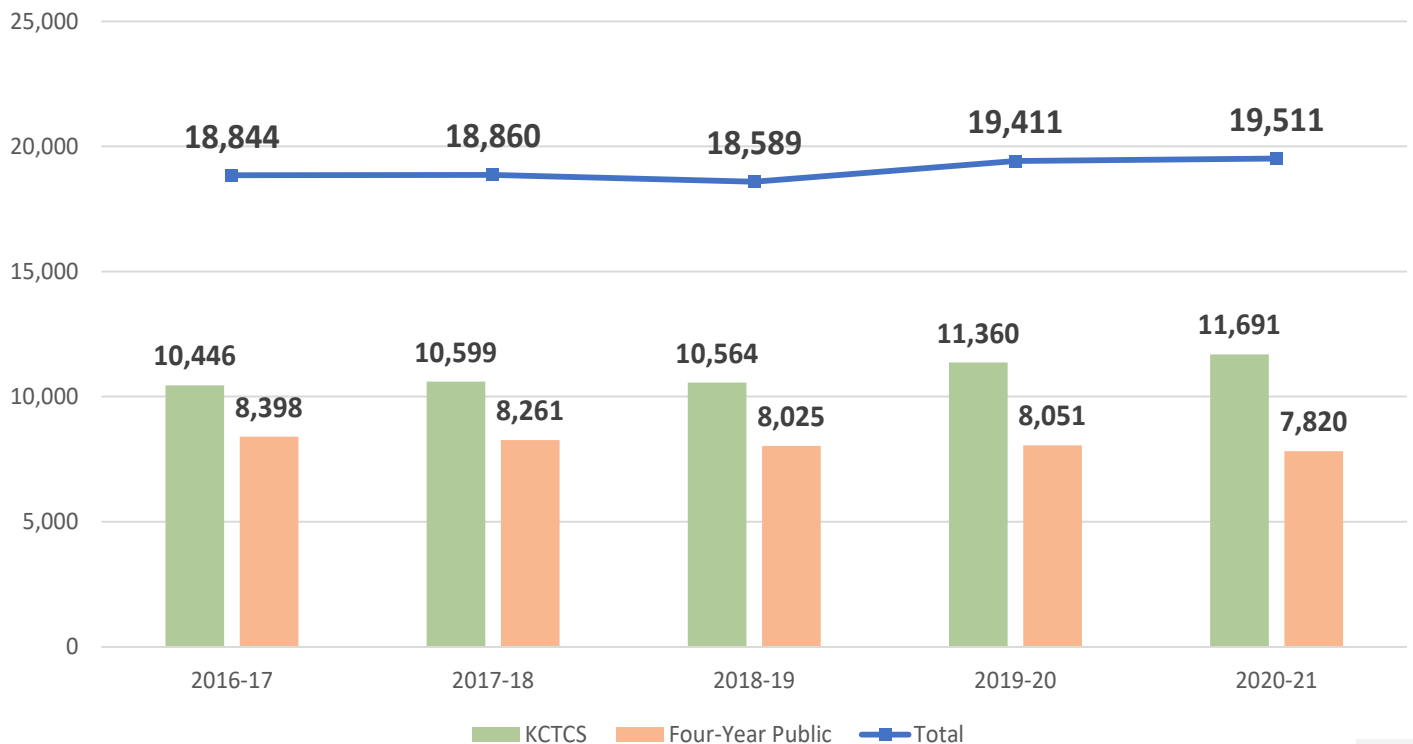
CPE collects undergraduate degrees awarded to low-income students at public institutions only, so the graph below does not include AIKCU institutions. Due to the way data is collected, low-income degree counts for 2020-21 are not yet available.

- Overall, total degrees and credentials awarded to low-income students were up 0.5% from 2019-20 and have increased 8.6% since 2015-16. These gains are due to increases in credentials awarded to KCTCS low-income students.
- At KCTCS campuses, low-income credentials were up 2.9% from the previous year and have increased 21.0% since 2015-16.
- At public universities, low-income credentials were down 2.9% from the previous year and have decreased 5.8% since 2015-16.

Technical Notes

The graph below represents an unduplicated count of credentials awarded to low-income students (multiple credentials earned by the same student are not counted). A low-income student is one who has been a Pell recipient at any point during their enrollment. Federal Pell Grants are awarded only to undergraduate students who display exceptional financial need and have not earned a bachelor's, graduate or professional degree. A Pell grant, unlike a loan, does not need to be repaid.

Undergraduate Degrees & Credentials Awarded to Low-Income Students by Sector (Unduplicated)





Undergraduate Credentials to In-State Students

Highlights

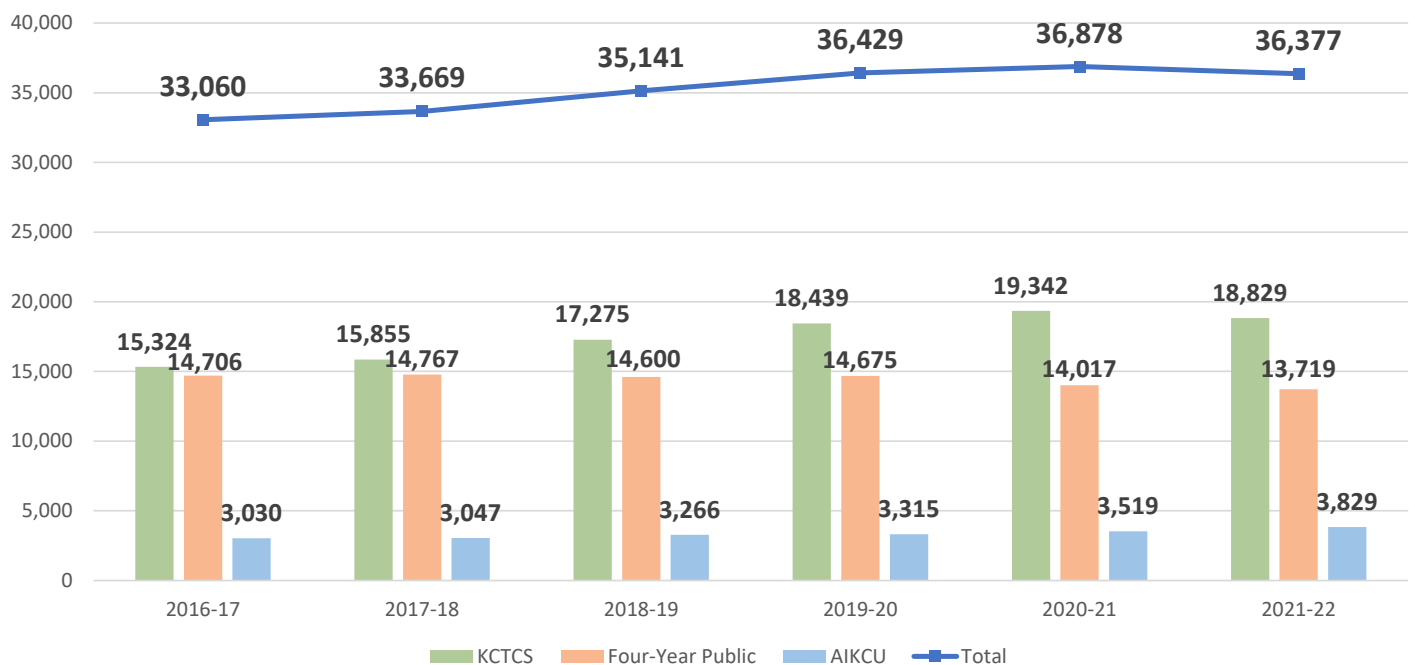
Educating in-state students is an important mission of Kentucky’s postsecondary institutions. Total degrees and credentials awarded to in-state students fell 1.4% from the previous year, from 36,878 in 2020-21 to 36,377 in 2021-22. Over the last five years, total awards to in-state students have increased 10.0%.

- At KCTCS campuses, credentials awarded to in-state students were down 2.7% from last year but have increased 22.9% over the last five years.
- At public universities, credentials awarded to in-state students were down 2.1% from last year and have decreased 6.7% over the last five years.
- At AIKCU institutions, credentials awarded to in-state students were up 8.8% from last year and have increased 26.4% over the last five years.

Technical Notes

The graph below represents the unduplicated number of undergraduate credentials awarded to in-state students at public, KCTCS and AIKCU institutions. Since AIKCU does not report degrees awarded to in-state students, CPE applied the state/country of origin filter to total degrees awarded to obtain this count.

Undergraduate Degrees & Credentials Awarded to In-State Students by Sector (Unduplicated)





Undergraduate Credentials to Adult Students

Highlights

Not only are fewer Kentucky high school graduates directly enrolling in college, the population of 18-24 year olds in Kentucky is declining. As a result, re-engaging working-age adults (ages 25-64) into postsecondary education is vital to achieving our educational attainment goal of 60%.

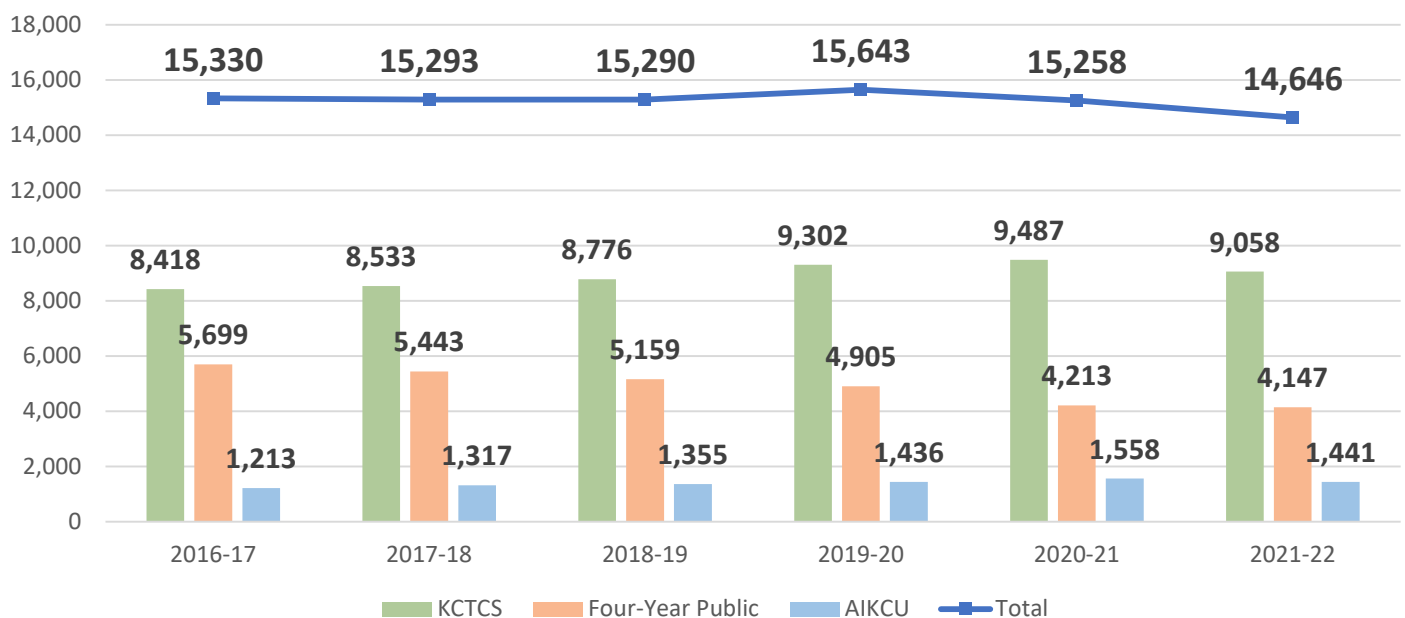
Unfortunately, Kentucky postsecondary education is moving in the wrong direction with respect to non-traditional adult students. Total degrees and credentials awarded to working-age adults declined 4.0% from the previous year, from 15,258 in 2020-21 to 14,646 in 2021-22. Over the last five years, total awards to adult students have fallen 4.5%.

- At KCTCS campuses, credentials awarded to adult students were down 4.5% from last year but have increased 7.6% over the last five years.
- At public universities, credentials awarded to adult students were down 1.6% from last year and have decreased 27.2% over the last five years.
- At AIKCU institutions, credentials awarded to adult students were down 7.5% from last year but have increased 18.8% over the last five years.

Technical Notes

The graph below represents the unduplicated number of undergraduate credentials awarded to working-age adult students at public, KCTCS and AIKCU institutions. Working-age adults are defined as students between the ages of 25 and 64.

Undergraduate Degrees & Credentials Awarded to Working-Age Adult Students by Sector (Unduplicated)





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Bachelor's degrees in Kentucky flat while graduate degrees are on the rise, new report shows

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NEWS RELEASE

Release Date: Jan. 19, 2023

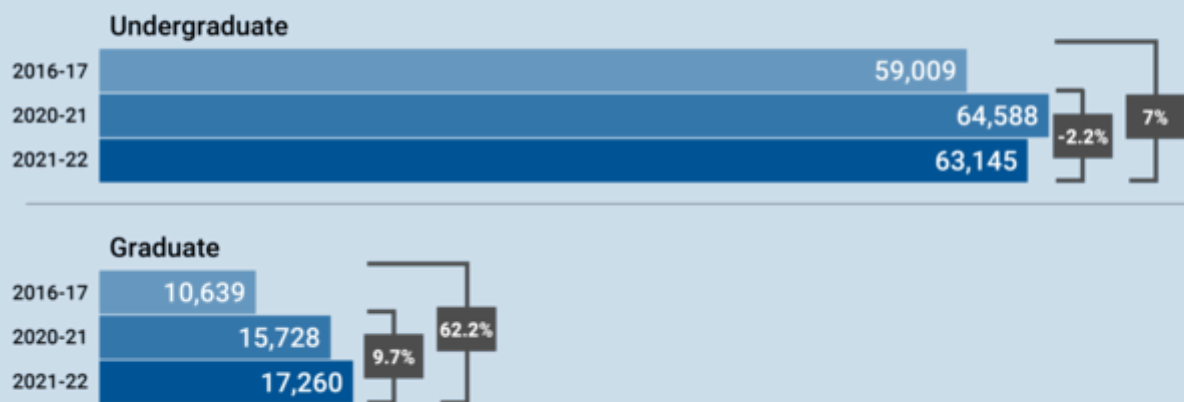
Contact: Sue Patrick

Phone: 502-892-3051

Sue.Patrick@ky.gov

Kentucky's progress increasing graduate degrees outpaces undergraduate credential production

Degrees and Credentials Awarded by Kentucky's Two-Year Public, Four-Year Public and AIKCU Institutions (Duplicated Counts)



Source: CPE Data, Research and Advanced Analytics Unit.

#KYHigherEdMatters



Bachelor's degrees in Kentucky flat while graduate degrees are on the rise, new report shows

(FRANKFORT, Ky.) -- [A new report](#) from the Kentucky Council on Postsecondary Education shows that total degrees and credentials grew slightly in 2021-22, while bachelor's degrees declined and graduate-level degrees made impressive gains.

Total degrees and credentials grew 0.6% in 2021-22 over the previous year, following a slight dip at the height of the COVID-19 pandemic. Since 2016-17, total degrees and credentials have risen 16.6%.

“This increase in overall degrees and credentials in the last five years is especially impressive considering that total headcount enrollment grew by only 0.6% during that time frame,” said CPE President Aaron Thompson. “These climbing retention rates show that campuses are improving their efficiency in moving students through academic programs.”

In other findings, bachelor’s degrees fell 1.1% from last year and have remained essentially flat over the last five years.

The Association of Independent Kentucky Colleges and Universities (AIKCU) campuses grew bachelor’s degrees 2.6% since 2020-21 and 12.9% since 2016-17. Public universities, on the other hand, experienced a 2.1% decline in bachelor’s degrees over the previous year and a 3.2% decline over the last five years.

At the graduate level, total degrees jumped 9.7% from the previous year and have risen 62.2% over the last five years. Most of this growth occurred at AIKCU institutions, which increased their graduate degree production 9.7% from 2021-22 and 160% since 2016-17.

In 2021-22, AIKCU and the public institutions awarded 17,260 graduate degrees, and nearly 85% of these degrees, 14,650, were at the master’s or specialist level. The remaining 2,610 degrees were doctorates.

At the Kentucky Community and Technical College System (KCTCS), undergraduate degrees and credentials decreased 3.5% in 2021-22 over the previous year, although total credentials have risen 10.4% since 2016-17.

“The state has set a goal to raise the percentage of Kentuckians with a high-quality postsecondary degree or certificate to 60% by the year 2030 for the commonwealth to be able to grow its economy and attract new business,” said Thompson. “That’s why tracking the data is so important to informing our work and seeing where our strong points are and where we need to invest more resources.”

The annual report details the number and types of credentials earned at Kentucky’s eight public universities, the 18 institutions of AIKCU and the 16 KCTCS colleges.

The number of degrees and credentials awarded is also an important metric in determining how funding is dispersed to public institutions by the Legislature.

Total degrees and credentials awarded include diplomas, undergraduate certificates, associate degrees, postgraduate certificates and bachelor’s, master’s, specialist and doctoral degrees. Counts include all credentials awarded during the academic year, even if a student

earned multiple credentials or two bachelor's degrees, as is the case with some double majors.

###

The Council on Postsecondary Education is leading transformation in our workforce, economy and quality of life by advancing progress in educational attainment across Kentucky. As the state's higher education coordinating agency, we champion high-quality, inclusive and affordable postsecondary opportunities that prepare students for civic engagement and sustainable careers. That's why we are undertaking the 60x30 goal, an ambitious effort to raise the percentage of working-age Kentuckians with a postsecondary degree or certificate to 60% by the year 2030. At CPE, we believe that higher education matters – *for everyone*.

Kentucky Council on Postsecondary Education

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Preliminary Enrollment

Fall 2022

The graphs below illustrate three-year preliminary* undergraduate enrollment trends, including preliminary fall 2022 data, at Kentucky's public two-year and four-year postsecondary institutions. These data reflect the enrollment volatility caused by the COVID-19 pandemic; however, there are some positive signs of recovery. For example, enrollment of URM and dual credit students grew at both KCTCS and four-year institutions between fall 2021 and fall 2022. These and other high-level takeaways are summarized below.



* Final enrollment will be available December 1.

**2-year public undergraduate counts are for credential seeking students only and may not be representative of final fall counts due to KCTCS enrollment patterns.



CPE REPORT

Eastern Kentucky University News for the Council on Postsecondary Education



BAPTIST HEALTH AND ECU EXPAND PARTNERSHIP

In continuation of a long-standing community partnership, Baptist Health and ECU announced that the arena inside Alumni Coliseum is now the Baptist Health Arena, following the signing of an 11-year naming rights partnership. The agreement provides the university with \$2.5 million.

Baptist Health alongside ECU is committed to providing the best training opportunities for students in the College of Health Sciences. Earlier this year, Baptist Health Richmond donated seven Stryker hospital beds to ECU's School of Nursing.

"Collaborative efforts to improve health care in our region are essential," said ECU President Dr. David McFaddin. "We are grateful for our continued partnership with Baptist Health to provide our students resources that enable them to become capable professionals once they enter the workforce."

The beds, joined by three high-fidelity adult mannequins, allow students to have exposure to equipment currently found in hospitals and practice working with patients.

Dr. Brooke Bentley, chair of ECU's School of Nursing, said, "The School of Nursing is proud to work with Baptist Health Richmond to promote quality education of nursing students to ultimately have a positive impact on the health of our community."

EKU AND ANTHEM BLUE CROSS & BLUE SHIELD MEDICAID IN KENTUCKY EXPAND RURAL HEALTH CARE SCHOLARSHIP

ECU and Anthem Blue Cross and Blue Shield Medicaid in Kentucky announced the expansion of the Anthem Medicaid Rural Scholarship to grow the number of frontline workers in the eastern region of the state, increase access to care and improve health equity for those living in Kentucky's rural areas.

The scholarship fund of nearly \$200,000 to ECU's Health Science program will enable more students to provide care in underserved communities. Anthem Medicaid launched the scholarship in 2021, granting students the opportunity to pursue health education and eventually serve in eastern Kentucky.





EKU LIBRARIES LAUNCHES FREE ENGLISH 101 TEXTBOOK

Through the ECU Board of Regents Innovation Grant funding, faculty from ECU's English Department partnered with ECU Libraries to publish "The Commons: Tools for Reading, Writing, and Rhetoric," an open education resource (OER) for first-year students in English 101 courses.

"The Commons: Tools for Reading, Writing, and Rhetoric" incorporates 26 common texts, as well as newly created content. The book was created with ECU students specifically in mind and with careful consideration to their needs, interests and classroom experiences. It is free for ECU students, faculty and the general public.

Editors for the book include ECU faculty members Dr. Dominic Ashby and Dr. Jill Parrott and editorial assistant Jonathon Collins.

"We are most excited about choosing content that we think ECU students will be excited about and will challenge them—and nobody knows our students better than us," Parrott said. "I am also excited knowing that the instructors in the program provided input on what goes in the textbooks. When they're excited and feel comfortable, students are as well."

The book promotes affordability, equity and access for all ECU students. The cost would be \$99 for students using the traditional textbook for English 101 rather than the OER. In the fall 2022 semester, more than 1,900 students were enrolled in all versions of English 101. Because all undergraduates receive textbooks at no cost through the ECU BookSmart program, the OER textbook represents a savings of more than \$188,000 for the university and the BookSmart program during one semester for just one course.

SINGLE-PARENT STUDENTS FIND HOME AT ECU

The Richmond community was introduced to the Workforce Pathway at Kit Carson Commons, the newest housing development on ECU's campus in fall 2022. Developed in partnership with Kentucky River Foothills, Kit Carson Commons is a combination of a scholar and workforce-development house geared toward providing affordable housing, childcare and educational support for its residents.

Kit Carson Commons provides 30 single parents with the opportunity to focus on school without having to worry as much about housing and childcare expenses. Ohio native, Dominique Kellam, along with her three children, moved to Kentucky into the Eastern Scholar House in 2020 during the pandemic.

"I thought it'd be a good time to go back to school. I Googled where the best colleges for single parents were, and ECU was first on the list," said Kellam. Kellam and her family moved into Kit Carson Commons for the additional space; previously the family of four shared a two-bedroom apartment.

Thanks to the Workforce Pathway at Kit Carson Commons, Kellam is on track to graduate in May 2024 with a bachelor's degree in computer science and a minor in mathematical sciences.

"I have a work placement here on campus that is in my career field, so that's helping me build experience to enter the workforce," said Kellam. "Now, I also have the opportunity to focus on my education without having to worry about paying outrageous prices for rent."





GOOD NEWS

JANUARY 2023



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KSU ALUMNUS MAKES HISTORY AS FIRST BLACK MAYOR OF DANVILLE, KENTUCKY

James J. H. Atkins has long been a champion for Kentucky State University and now the 1972 graduate will advocate for the citizens of Danville as the self-proclaimed, "The People's Mayor." Atkins' win during the midterm elections on Nov. 8, made him the first elected African American mayor of the city.

In an interview with Lex 18, Mayor-elect Atkins said he plans to continue focusing on the community.



"I have two ears and so I have an opportunity to listen to people and take their thoughts and digest them and when I do vote, the vote's based on what I think the majority of the citizens have directed me how to vote."

KENTUCKY STATE UNIVERSITY NAMES 2022 SMALL FARMER OF THE YEAR

The Kentucky State University Land Grant Program named David Miller its 2022 Small Farmer of the Year.

Miller owns 130 acres in Lincoln County, where he grew up farming and has operated his farm for about 30 years. He has 45 cows, whom he calls "my girls," in his cow-calf operation. He also produces hay and a family garden.

Farming is a daily challenge, he said, but he's grateful to be doing it. He has previously produced tobacco and is glad that he focuses on his cow-calf operation now.

"This is my livelihood, this is what I like doing," Miller said.

Each year, the Land Grant Program chooses a Small Farmer of the Year who operates and manages a farm business, has been a producer for at least five years, and has a relationship with Kentucky State University. Miller has been a role model in agricultural innovation for other farmers to follow in Kentucky and out of state. He is a graduate of the Leadership Agricultural Institute with the Southern University of Bough Louisiana, which is an 1890 program. He has always followed research-based recommendations on his beef cattle operation, which was toured by farmers enrolled in

the Leadership Agricultural Institute in July 2019, in partnership with the Kentucky State University Cooperative Extension Program.

"KSU has been a lot of help for me," Miller said. "That's what helps a lot of farmers get into it, to see another farmer doing it."



Miller has volunteered with Kentucky State University's Fourth Wednesday Beef Cattle Workshop, and he has previously served on the Kentucky State University State Extension Council. He has been a participant in Kentucky State programs since 1994 and has made great connections with other organizations as well.

"Every day is a good day," Miller said. "It's just what you make on the farm, and what you make out of it."

Miller was honored as the Small Farmer of the Year at the Small, Limited-Resource, Minority Farmers Conference, Kentucky State University's annual conference, held from November 15-17 in Frankfort.

"Some people think small farmers aren't important, but a small farmer is very important," Miller said.



FACULTY & STAFF GATHER FOR END-OF-YEAR CELEBRATION, DONATE TO THE KINGS CENTER FOR HOLIDAY SEASON

On Tuesday, Dec. 7, Kentucky State University employees joined Interim President Ronald A. Johnson in the Carl M. Hill Student Center Ballroom for a day of thanks and celebration at the Faculty & Staff Holiday Luncheon.

Faculty and staff enjoyed holiday games, food, music, raffles and more at the highly anticipated annual event. This year, the campus community supported The Kings Center, donating nearly 200 gifts for boys and girls age 9 -14. Serving the Frankfort/Franklin County community for more than 20 years, The Kings Center is a faith-based, non-profit community center that offers quality structured programming year-round for young people, first grade through high school.

Congratulations to the Ugly Christmas Sweater winners: Jack Wollman, Monique Shaw and LeAndra Lee.



FACULTY MEMBERS PRESENT ON THE ACTIVISM OF BLACK WOMEN AT NATIONAL HISTORY CONFERENCE

Three faculty members recently presented at the Association for the Study of African American Life and History (ASALH) 2022 Conference on Black Health and Wellness in Montgomery, Alabama.

Dr. TaKeia N. Anthony, associate professor of history in the College of Humanities, Business and Society interim director of Graduate Studies and interim dean of the Whitney Young Honors Collegium; Dr. Rozina L. Johnson, assistant professor of English in the College of Humanities, Business and Society; and, Dr. Keturah C. Nix, assistant professor of English in the College of Humanities, Business and Society, delivered a panel presentation entitled, "Beyond The Academy Walls: Reimagining Black Women and Their Activism." The panel's objective was to provide a call-to-action that would illuminate the intellectual and activist work of Black women in various fields of study while simultaneously inserting the women's Black community contributions of advocacy and activism within spaces where they were previously omitted.

"Presenting at the ASALH conference is always invigorating," shared Dr. Anthony. "This was the Association's first in-person conference post-covid and it was great to see colleagues and mentors, and meet new scholars, especially the students. I received great feedback on my new research and it was great to represent Kentucky State University with amazing colleagues on such a rich interdisciplinary panel."

ASALH, established by the "father of Black History" Dr. Carter G. Woodson is an international membership organization headquartered in Washington, D.C., that endeavors to promote, research, preserve, interpret, and disseminate information about Black life, history and culture to the global community. Their presentation was



KENTUCKY STATE PARTNERS WITH JOSEPHINE SCULPTURE PARK TO REMOVE INVASIVE PLANTS

Kentucky State University Land Grant Program personnel led an invasive plant removal workshop at Josephine Sculpture Park on Nov. 4, removing Callery pear trees.

Josephine Sculpture Park assistant director Jeri Howell asked Jody Thompson, senior research and Extension associate for Forestry and Natural Resources at Kentucky State, and Nat Colten, community sustainability coordinator, to lead volunteers in removing the invasive species.

Thompson has worked occasionally with the sculpture park for about five years. Shade created by invasive species prevents important native plants from growing in the natural areas of the park. Removing invasive species prevents them from spreading and allows the native plants to grow. "With limited staff, partnering with KSU and Jody amplifies what we are able to do," Howell said. "This partnership is critical."

Josephine Sculpture Park is a non-profit that started in 2009 to connect land and people through the arts. The park features more than eighty sculptures on thirty acres of conserved native rural landscape.

"As a community-based non-profit, we value partnerships and think that partnerships with Kentucky State University are important to being an engaged community member," Howell said.

Community members are always invited to volunteer, both to help the park and to learn how to manage invasives on their own properties.

Cliff Jaggie, a semi-retired handyman who is taking a Kentucky Master Naturalist training session, enjoyed the hands-on experience at Josephine Sculpture Park.

"It was good to follow up with working with invasive species here at Josephine's," he said. He also works at a nature preserve and said he will use the knowledge he learned from Thompson in future removal of invasives.



JANUARY 2023



MSU receives multi-million-dollar estate gift for construction management

The MSU Foundation received an estate gift valued at nearly \$3 million dollars, the largest estate gift in the school's 135-year history. The donation is from the estate of Dr. Staley F. Adams and his wife, Grace Adams.

Dr. Adams, professor emeritus in the civil engineering department at the University of Kentucky, passed away in July 2016 at the age of 95. Beloved by his former students who called him brilliant in his field, Adams left behind his wife, Grace, who passed away in 2022. After her death, the couple's estate informed the MSU Foundation of the planned gift.

"Planned giving is such an important, impactful and everlasting gift," said Rick Hesterberg, CEO of the MSU Foundation. "We are honored to be the recipient of the Adams' generosity and the support it will give MSU students for generations to come."

The gift will establish the Dr. Staley F. Adams and Grace C. Adams Memorial Scholarship. The fund provides scholarships to Eastern Kentucky students majoring in engineering. Recipients must be full-time undergraduate students from MSU's 22-county service region majoring in engineering technology with an emphasis on construction management.

Scholarship preference includes students who demonstrate a personal commitment to helping fund their education by holding a part-time job during college. A committee of faculty members from the Department of Engineering and Technology Management selects recipients, and scholarship renewal is possible from year to year.

MSU's Department of Engineering and Technology Management provides hands-on learning opportunities for students in construction management, automation, robotics, manufacturing, electronics, systems engineering and industrial education.



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MSU recognized for affordability

Morehead State has received a new accolade recognizing its affordable programming in relation to its peers. The award comes from Colleges of Distinction, a resource whose cohort of schools is selected based on the quality and breadth of hands-on experiences in lieu of the popular rankings model.

Following a nationwide conversation about college tuition and student debt, the Affordable Colleges of Distinction award aims to guide cost-conscious students and parents through college financing.

Fewer than 150 institutions have been selected as Affordable Colleges of Distinction. Last year, MSU was named a 2022-2023 College of Distinction, Kentucky College of Distinction, and Public College of Distinction.

The Colleges of Distinction selection process comprises a sequence of in-depth research and detailed interviews with schools, accepting only those that adhere to the Four Distinctions: Engaged Students, Great Teaching, Vibrant Community, and Successful Outcomes.

Business professor receives ARC grant for service-learning

Students enrolled in Business Plan Development (BBA 350) have gained real-world experience this semester thanks to a grant from the Appalachian Regional Commission (ARC).

The \$5,000 Appalachian Teaching Project (ATP) grant paid for a service-learning component of the course, qualifying it as a Level UP course. Level UP: Experience Your Future is a campus-wide program developed to help students improve specific student learning and student success outcomes. The program also helps students prepare for their future by using hands-on experiences to foster critical career skills.

The course is taught by Dr. Janet Ratliff, associate professor of management and entrepreneurship and endowed professor of entrepreneurship, who applied for the grant. She and several students presented at the 22nd Annual Appalachian Teaching Project National Conference in December in Washington, D.C.

Agriculture professor awarded USDA grant

Dr. Amy Collick, assistant professor of precision agriculture/agritech at Morehead State, has been awarded a research grant from the U.S. Department of Agriculture (USDA).

Collick has received a three-year research award of \$74,694 for her research into phosphorus build-up on agricultural sites. The grant will pay for a work-study and software for the project, which is expected to last for three years. Collick explained that high levels of phosphorus in soil can pollute nearby waterways, causing a dense growth of plant life and death of animal life from lack of oxygen.

MSU recognizes graduates at commencement ceremony

Morehead State University honored nearly 500 graduates at ceremonies on Dec. 10.

Graduates celebrated their academic accomplishments with family, friends, loved ones and the MSU community. It included congratulations from MSU President Dr. Jay Morgan.

The ceremony honored graduates of the Caudill College of Arts, Humanities and Social Sciences, the Elmer R. Smith College of Business and Technology, the College of Science, and the Ernst and Sara Lane Volgenau College of Education.

Heather L. Randolph (Class of 2022) of Sandy Hook served as the commencement speaker representing the College of Science. MSU ROTC commissioned Randolph as a 2nd Lieutenant in the Army Reserves Nursing Corps. Randolph's immediate goal after graduation is to become an intensive care unit (ICU) nurse with long-term career aspirations to become a certified registered nurse anesthetist (CRNA).



Murray State University recognized nationally for merit-based scholarships

Murray State University has been recognized nationally for its merit-based scholarships. As part of College Aid Pro's "Merit Scholarship Transparency Report Card," approximately 650 schools and universities nationwide were graded based on the clarity of its merit-based scholarship requirements and award amounts, as well as consistency in the application process, with Murray State receiving an "A" grade.

Recognized nationally as one of America's best college values, Murray State has been named by U.S. News & World Report as one of the top universities in the country for 32 consecutive years. In the publication's most recent rankings last fall, Murray State was named a top 10 regional university in both quality and value.

Murray State was also highlighted last fall as a best value for students seeking a college degree by Washington Monthly in its "Best Bang for the Buck" rankings, as well as by Forbes, Money Magazine and the Wall Street Journal/Times Higher Education.

Based on the University's most recent annual reports, \$115 million is awarded in financial aid and scholarships, with 99% of first-year students receiving financial aid or scholarships.



Nonprofit Leadership Studies program receives accreditation

The Nonprofit Leadership Studies program at Murray State University has been independently accredited for the first time in the program's history. Accreditation is an important stamp of approval for an academic program, as it endorses the content and affirms that students will receive a quality education in what the program claims it is teaching.

The accrediting body for studies in nonprofit and philanthropic studies is the Nonprofit Academic Centers Council.

Dr. Elise Kieffer, program director and assistant professor of Nonprofit Leadership Studies said, "Receiving this accreditation is the result of the hard work, dedication

and knowledge of the Nonprofit Leadership Studies faculty. It is an acknowledgement that what we are doing is impactful, and that we are preparing our students to enter the nonprofit workforce as change-making leaders. This is one more step that our program is taking to grow and increase our impact at Murray State and across west Kentucky."

The Nonprofit Leadership Studies program seeks to help create experienced, adaptive and effective nonprofit leaders, by promoting essential communication, coordination and collaboration skills. These leadership principles offer evidence of aspirations for the underlying foundation of the program and its implementation.

Honorary doctorates conferred at December 2022 commencement

Honorary doctorates were awarded to Ms. Mary Ford Holland (posthumously), who was the first Black student at Murray State University, as well as to retired Kentucky Supreme Court Justice Bill Cunningham at the December 2022 commencement ceremony.

Holland received a Doctor of Education with the degree accepted by Elnora Ford, Holland's niece and longtime caretaker.

"This is such an honor. I can see her now, responding to 'Dr. Mary Ford Holland.' That would bring her great joy, so for this, I am eternally grateful," said Ford, before encouraging graduates to embrace life, love, their profession and serving others.

Holland, formerly Mary Nathaniel Ford, was born on May 25, 1907, in Hematite, Kentucky, in Trigg County. In the summer of 1955, at

the age of 48, Holland transferred to Murray State College, now Murray State University, becoming the first Black student to attend the institution. She received her bachelor's degree in education from Murray State in August of 1961 at the age of 54.

Cunningham was awarded a Doctor of Laws. As part of his remarks, Cunningham emphasized the word 'honor' and its interpretations through virtues including truthfulness, kindness, loyalty, respect, humility and morality.

Cunningham is a native of Eddyville, Kentucky, in Lyon County. He graduated from Lyon County High School and then attended Murray State, earning his bachelor's degree in 1962.

Cunningham was elected to the Kentucky Supreme Court in 2007 and re-elected in 2014.



Elnora Ford and Supreme Court Justice Bill Cunningham

After twelve years on the Kentucky Supreme Court, Justice Cunningham retired in February 2019.

A total of 716 degree applicants comprised the fall/winter 2022 graduating class of degree applicants, including doctoral, specialist, master's, baccalaureate and associate degrees. A total of 26 states and 11 countries were represented in the fall/winter 2022



Fall 2022 data highlights increase in enrollment and continued growth in number of key categories

Murray State University's fall 2022 enrollment indicated many positive trends including overall enrollment growth, an increase in student retention and progression toward graduation and its largest enrollment of graduate students since 2015.

Below is a snapshot of fall enrollment:

- Total headcount for the fall was 9,489 students, which is nearly a 1% increase over the past year.
- Murray State students come from 48 states, 50 countries and 112 counties in Kentucky.
- Total graduate student enrollment is the largest since 2015 and reflects a 2.5% increase over last year.
- Total international student enrollment reflects a 41% increase from two years ago.
- Dual-credit students, comprised of enrolled Murray State students who, through high school dual-credit courses have earned credit toward a postsecondary degree, have increased by 24%. Through the University's Racer Academy dual-credit program, Murray State continues to develop pathways for students to transition directly into its academic programs.
- Based on most recent data, Murray State's first-to-second year retention rate of baccalaureate-degree seeking students is 77%, an increase of 2% over last year and the highest retention rate among all public comprehensive universities in Kentucky.

- Based on most recent data, Murray State is tied for first among public comprehensive universities in the state for fastest progression with the least time to earn a college degree. The University's graduation rate is the second-highest among all public comprehensive universities in Kentucky.
- Approximately 44% of Murray State students are first-generation students, defined as students whose parents have not completed a four-year degree.
- This year's freshman class represents 29 states, with 12% of the class having been named high school valedictorians and 64% of the class entering the University with earned credit hours toward graduation.
- This year's freshman class grew by nearly 4% in underrepresented minority students from last year.

"The quality, value, access and affordability of a Murray State University education continues to be at the forefront of our efforts to recruit, retain and graduate our students while providing them with a transformative college experience," said Murray State President Dr. Bob Jackson. "Despite enrollment headwinds nationally, I am greatly appreciative of our staff, faculty, students, alumni and all others who are actively involved with supporting this vitally important work of our University."

Engineering Physics program re-accredited by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology

Murray State University's Engineering Physics degree program, administered by the School of Engineering, recently received reaccreditation by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology (EAC/ABET). This program has been EAC/ABET accredited for over 25 years.

The engineering physics program is a four-year engineering degree with tracks in mechanical engineering, electrical engineering, aerospace engineering and advanced physics. It is particularly strong in preparing students to work in cutting-edge technologies where traditional science and engineering disciplines overlap.



"This accreditation is a significant point of pride and affirms that our program meets the quality standards that produce graduates who are prepared to not only enter, but also succeed in the global workforce," said Jamie Rogers, interim director of the School of Engineering and ABET coordinator. "It is

particularly beneficial for future engineers in Kentucky to graduate from an EAC/ABET accredited program, as this accreditation of a student's engineering degree program is required in order for the graduate to pursue professional engineering licensure."

The engineering physics program is housed in the 85,000-square-foot engineering and physics building on Murray State's Gene W. Ray Science Campus. The facility contains state-of-the-art classroom and instructional spaces, a high bay area for engineering projects, multiple student design labs and faculty office and research suites.

GO FIGURE

2,000

Approximate number of fall 2022 graduates

336

First-generation college graduates

222

Underrepresented minority learners



NKU, GLOBAL BUSINESS SOLUTIONS COLLABORATE TO OPEN GBS TECH AND INNOVATION CENTER

Northern Kentucky University, in partnership with Global Business Solutions, officially opened the GBS Tech and Innovation Center in November with a ribbon-cutting ceremony in NKU's Campbell Hall, the site of the center.

By opening an on-campus extension of their Newport-based headquarters, GBS is doubling down on its commitment to provide NKU students with real-world experience, top-of-class information technology (IT), cybersecurity and sales & marketing training. The GBS Tech and Innovation Center will be a training ground for NKU's cybersecurity and IT students. Through paid internship positions, students will gain the IT-based software, hardware and client-support knowledge Greater Cincinnati's technology jobs require.

GBS founder, Gaby Batshoun, is an NKU alumnus from the Class of 1992. He founded GBS in 1994 to put his passion for IT and cybersecurity into practice—serving the small and mid-sized firms here in the Cincinnati region. Mr. Batshoun was also featured in the latest issue of NKU Magazine.

"NKU has always been close to my heart, and I want to give back and show the students that if you work hard and if you put in the effort, you can achieve all kind of things," Batshoun said. "My vision was always how can we invest more in our area and regional needs to make sure that we prepare these students for real world applications but also keep them in our area and invest in our area and help make it a better place to live. The GBS Tech and Innovation Center will help us achieve that vision."

The GBS Tech and Innovation Center is just the latest example of NKU's commitment to excellence in innovation and real-world experience for our students. Earlier in 2022, NKU opened the Verst Logistics Hub for Supply Chain Excellence, which allows students and alumni an opportunity to connect and engages with businesses involved in the growing field of supply chain management. NKU also opened the Western & Southern Contact Center in March 2022, which provides an employment opportunity for students in conjunction with a partnership with Western & Southern.

LEARN MORE: <https://tinyurl.com/29ckh5ve>

COLLEGE CORNER

NKU announced in December that Dr. Dale Stephenson, NKU's dean of the College of Health and Human Services since 2018, retired at the end of the fall 2022 semester. Beginning in the spring 2023 semester, Dr. Gannon Tagher began her service as interim dean.

Before taking on the interim dean role, Dr. Tagher served NKU as the assistant vice provost for advising and first-year experience. Dr. Tagher was instrumental in the planning and implementation of the new First-Year Student Success Hub, which opened in spring of 2022.

LEARN MORE: <https://tinyurl.com/ysyftj2w>



NKU RAISES OVER \$84 MILLION IN MOST SUCCESSFUL CAMPAIGN IN UNIVERSITY HISTORY

NKU recently concluded *Further, Faster: The Campaign for NKU*, ending with more than \$84.5 million raised. NKU began raising funds for this campaign in July 2014, launching the campaign publicly in the spring of 2019. Despite having to navigate the final years of this fundraising campaign during a global pandemic, at its conclusion, this marks the most successful giving campaign in NKU history. The \$84,831,967 raised during the campaign greatly exceeded the initial goal of the campaign of \$75 million. Through 18,446 individual donors, the campaign was able to fund 137 new endowments, 197 scholarships, 15 new faculty endowments and much more across NKU's campus.

The original goal of the *Further, Faster* campaign was to raise at least \$25 million for each pillar of Success by Design. In total, \$22,778,898 was raised for access, \$28,011,444 was raised for completion, and \$34,041,625 was raised for career and community engagement. Access funds are providing scholarships to break down the financial barrier to higher education and putting higher education within reach for more students than ever before. Completion funds are advancing retention efforts such as advising programs, faculty endowments and other student support initiatives. Career and community engagement funds will ensure students have opportunities for a seamless transition to the workforce, as well as support NKU's engagement programs throughout the Greater Cincinnati area. Gifts to this campaign came in from across the country and beyond. Donations were made from individuals in all 50 states, ranging in size and engaging donors from various backgrounds. **LEARN MORE:** <https://tinyurl.com/bzsmxe54>



THE SCOREBOARD

In a game that will go down in Northern Kentucky Athletics history, the Norse men's basketball team took down Cincinnati, 64-51, in a cross-town rivalry clash at Truist Arena on Nov. 16. In front of a record-breaking 8,503 fans in attendance, NKU defeated UC for the first time in school history.

NKU finished the game shooting 51.1 percent from the field and 54.5 from beyond the arc. The Norse held UC to just 11 points in the second half, a NKU NCAA DI record for fewest points allowed in a half.

LEARN MORE: <https://tinyurl.com/2nrfbtf>

BRIEFS

NKU ANNOUNCES ACADEMIC PARTNERSHIP WITH ST. ANDREWS GEORGIAN UNIVERSITY

NKU entered into a partnership with St. Andrews Georgian University (SANGU) in Tbilisi, Georgia, that establishes a dual-degree master's program in cybersecurity for students of the Georgian university.

Students will complete 30 credit hours in NKU's accelerated online cybersecurity program followed by 30 additional credit hours in person at SANGU. Students will also spend two-to-three weeks at NKU's Highland Heights campus to learn from NKU faculty and visit area businesses, while NKU faculty members will also spend two-to-three weeks in Tbilisi to teach and interact with students

LEARN MORE: <https://tinyurl.com/2p9kvz2s>

2023 ALUMNI AWARDS RECIPIENTS ANNOUNCED

NKU announced its 2023 Alumni Awards recipients as Tom Wiedemann, Maria M. Reynolds, Jeff Jordan, Kayla D. Pecchioni and Robert Wallace. They will be honored at the Alumni Awards Dinner and Celebration on Friday, Jan. 27, 2023.

"The impact of these esteemed alumni and faculty member on campus and in the community is immeasurable, and we are grateful for their continued support of NKU's values and mission of being a student-focused, regionally engaged university," shared Eric Gentry, NKU vice president of university advancement.

LEARN MORE: <https://tinyurl.com/yk9kku35>

FACULTY FOCUS

A new documentary on sports rivalry featuring NKU Professor Dr. Joe Cobbs is airing locally on Bally Sports Ohio and Star 64. The documentary is based on the research from the Know Rivalry Project, a collaborative research effort co-founded by Dr. Cobbs and Dr. David Tyler of University of Massachusetts Amherst.

Using the football rivalry between Ohio State and Michigan as a case study, the documentary, titled *RIVALRY*, leans heavily on content featured in Cobbs' class at NKU. Cobbs and Tyler formed the Know Rivalry Project to research fan perceptions of rivalry, provide guidance for industry professionals and develop methods for teaching consumer research and data analytics to students.

LEARN MORE: <https://tinyurl.com/4zuww4js>

FUEL NKU SERVES OVER 200 PEOPLE AT ANNUAL FRIENDSGIVING CELEBRATION

NKU's on-campus food pantry, FUEL NKU, served 230 people at its fifth annual Friendsgiving Celebration on Monday, Nov. 21, 2022. NKU students, faculty and staff were invited for this community Thanksgiving dinner.

FUEL NKU has provided food and other essential items to students in a compassionate, confidential and safe environment since 2013. These services are available even when the university is closed for holidays.

The Kroger Co. provided turkey, Busken Bakery donated pumpkin pies and La Soupe provided additional desserts.

LEARN MORE: <https://tinyurl.com/4x375a32>

ACADEMIC EXCELLENCE CONTINUES FOR NORSE STUDENT-ATHLETES

NKU Athletics continued its excellence in academic endeavors in the fall 2022 semester as the Norse recorded a school record for highest GPA in athletics history.

NKU student-athletes achieved a 3.49 department-wide GPA. It was the 23rd straight semester of a department GPA of 3.0 or higher and the 17th consecutive semester featuring a department GPA of 3.2 or higher. The 3.49 department-wide GPA was the highest posted by NKU Athletics in school history. It was also the 11th straight semester in which NKU student-athletes finishes with a GPA of 3.37 or higher.

LEARN MORE: <https://tinyurl.com/23a3y62t>

ALUMNI NEWS

SARAH MOORE WAGNER'S POETRY EARNS NATIONAL ACCOLADES



Poet and NKU alumna Sara Moore Wagner has captured the attention of critics and readers in a major way throughout the past year, publishing a pair of books that have each earned national awards. The first, titled "Swan Wife," released in August 2022 after winning the 2021 Cider Press Review Editors' Prize Book Award. Her follow up collection, "Hillbilly Madonna," won Driftwood Press' 2020 Manuscript Prize, and came out just three months after its predecessor in November. In February 2022, Wagner also won an Individual Excellence Award from the Ohio Arts Council: funding bestowed upon creatives with an exceptional body of work.

LEARN MORE: <https://tinyurl.com/5axyp2pk>

PRESIDENT'S REPORT JANUARY 2023

UNIVERSITY OF KENTUCKY

LETTER FROM PRESIDENT CAPILOUTO

Every December, I have the honor and privilege to shake the hands of more than a thousand students at Commencement – a time-honored tradition representing our efforts to advance Kentucky in all that we do.

The tradition always reminds me of the profound and, at times, daunting responsibility we have as this state's university to do more and be more for those we serve – not simply because it is what is expected of us, but because it is what we expect of ourselves.

We set for ourselves a higher standard because of the name we bear and the legacy we uphold.

And we will – as we always have – answer that call.

As we enter the new year, I know we will carry over that same sense of momentum in classrooms, laboratories and clinical settings, as well as in our communities.

While we do not know what 2023 will hold, our challenge and our call is to renew our commitment to creating a healthier, wealthier and wiser Kentucky.



Eli Capilouto
President



CONSTRUCTION, EXPANSION APPROVED FOR NEW UK HEALTHCARE CANCER AMBULATORY COMPLEX

In December, the University of Kentucky Board of Trustees approved the initiation of the construction of the new UK HealthCare cancer and advanced ambulatory complex, in addition to an expansion of the original design that will allow for other health care services and patient growth.

The new complex – with an estimated 260,000 square feet solely for cancer services – will further enhance the university's efforts to ensure no Kentuckian must leave the state for quality care. It may include multiple buildings but will primarily allow for the needed expansion of patient care services and increased ease of access for the UK Markey Cancer Center. Other services housed in the new facility may include but are not limited to outpatient operating rooms, minor procedures, endoscopy, diagnostics and imaging services, pharmacy, retail, outpatient clinics, meeting spaces and necessary support spaces.

\$10 MILLION GIFT EXPANDS OPPORTUNITIES FOR GATTON COLLEGE STUDENTS

A transformative gift of \$10 million will expand opportunities for students in the Gatton College of Business and Economics and position them for success as productive members of the workforce.

Emphasizing a commitment to students and their success, the gift from John Maze Stewart, founding partner of MiddleGround Capital, was approved by the University of Kentucky Board of Trustees in December. Additionally, the Board approved naming the finance department (John Maze Stewart Department of Finance and Quantitative Methods) in his honor.

The gift will be used, in part, to create an endowed MiddleGround Scholarship, which will be awarded annually to a finance undergraduate or graduate student. MiddleGround, a private equity firm headquartered in Lexington, Kentucky, invests in business-to-business companies in the industrial and specialty distribution sectors in the lower middle market in North America and Europe.



UK'S SANDERS-BROWN AMONG FIRST LOCATIONS TESTING PROMISING NEW ALZHEIMER'S DRUG

The University of Kentucky is a site for the groundbreaking AHEAD study, the first-ever clinical trial to test the effect of lecanemab (investigational antibody) in people who have no cognitive symptoms of Alzheimer's disease (AD), but in whom biomarker tests indicate amyloid is present in the brain, known as "preclinical" AD. The AHEAD study is also the first AD trial to recruit people as young as 55 years old who are at risk of developing symptoms of AD as they get older.

This study follows the announcement from pharmaceutical company Eisai of topline results from Clarity AD, a phase 3 study evaluating the safety and effectiveness of lecanemab. The results demonstrated an almost complete removal of amyloid plaques from the brain of those with early AD that was associated with a 27% slowing of decline.

Now, the AHEAD study will test whether the clinical effects reported in the Clarity AD clinically symptomatic population are similar in the AHEAD preclinical AD population, placing the university at the forefront of these discoveries.



Dear Friends,

The new year brings new energy to the University of Louisville. That perhaps is most evidenced by the university welcoming Dr. Kim Schatzel as our 19th president. Our board of trustees approved Dr. Schatzel's appointment on Nov. 30, 2022, and our university community is excited about her first day as president Feb. 1.

Dr. Schatzel is a proven leader, an advocate for diversity, equity and inclusion, a believer in environmental sustainability, and has a keen eye for the ever-changing demands of higher education. She is ready for UofL, and UofL is ready for her.

Before the new year gets underway, it is important to reflect on the many successes UofL realized in 2022. Our enrollment and graduation rates continue to rise. We received the largest financial donations in the university's history – donations that will fuel our capacity to conduct groundbreaking research, enhance our student experience and nurture employee success. Most action items in our 2019-2022 strategic plan were realized with several more items close to completion. Our financial position remains strong with the approval of the largest operating budget in the university's history. These and so many other points of pride set the University of Louisville up for short-term and long-term success. I am excited, as are our faculty, staff and students.

This report provides only a sample of our many institutional highlights over the past few months, and I encourage everyone to go to www.uoffnews.com for more details.

Finally, I would like to offer my thanks to the many people who made my time as UofL's interim president both an honor and a joy – those in our university community and beyond. It has been a busy and fulfilling year for me personally and professionally, and I very much look forward to service as provost under the leadership of Dr. Schatzel. Happy New Year and best wishes to all in 2023.

Lori Stewart Gonzalez
Interim President,
University of Louisville



Towson University's Kim Schatzel to lead UofL as next president



Kim Schatzel, a nationally recognized leader with extensive experience in both higher education and the private sector, was chosen as the 19th president of the University of Louisville.

The UofL Board of Trustees voted unanimously to appoint Schatzel during a special meeting on Nov. 30. Schatzel has served since

2016 as president of Towson University (TU), one of 12 universities that are part of the University System of Maryland.

Schatzel, will officially assume the UofL presidency on Feb. 1, 2023. She succeeds Lori Stewart Gonzalez, who has served as interim president since December 2021 and will return to her previous leadership role as executive vice president and university provost for UofL.

Her leadership contributions have been recognized by Maryland's business publication *The Daily Record*, which named her one of the Most Admired CEOs in 2017 and 2022 and recognized her with its 2018 Icon Awards. She has been named to the Most Influential Marylanders list in both

2017 and 2021. Furthermore, she was recognized by Maryland's Associated Black Charities as their "Champion for More in the Middle" for her leadership in advancing diversity and inclusion at TU.

"Leadership is a team sport, especially when it comes to such a complex and innovative organization like the University of Louisville," Schatzel said during her introductory university press conference. Schatzel promises to work closely with faculty, staff, students, alumni, donors, elected officials, businesses and community partners "to expand UofL's already tremendous impact and address the great challenges of today."

UofL once again recognized for DEI

INSIGHT Into Diversity magazine has again recognized UofL for its outstanding efforts toward diversity and inclusion, making this the ninth consecutive year the university has received the national publication's Higher Education Excellence in Diversity (HEED) Award, and the fourth year the UofL Health Sciences Center

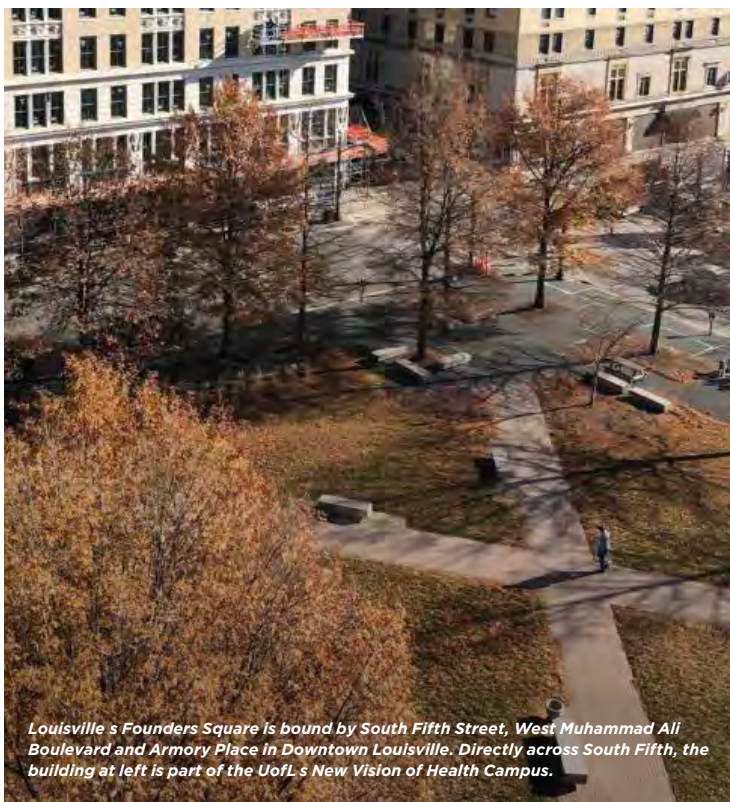
(HSC) has earned the Health Professions HEED Award. This also marks the third year the Cardinals have been selected as Diversity Champions, a distinction given to institutions scoring in the top tier of all HEED Award winners – only 15 were named this year.

"UofL is so pleased by these accomplishments, knowing there is more

work to be done – but let's celebrate successful steps as we continue to break down barriers where they exist," said Lee A. Gill, UofL vice president for diversity, equity and inclusion. "The hard work of so many people across our campuses are leading DEI initiatives, and we thank them for their efforts over the years."



This marks the third year the Cardinals have been selected as Diversity Champions, a distinction given to institutions scoring in the top tier of all HEED Award winners.



Louisville's Founders Square is bound by South Fifth Street, West Muhammad Ali Boulevard and Armory Place in Downtown Louisville. Directly across South Fifth, the building at left is part of the UofL's New Vision of Health Campus.

Trager family pledges \$1 million to UofL to fund urban micro-forest at Founders Square

The University of Louisville's Christina Lee Brown Envirome Institute received a pledge of \$1 million from the Trager family to establish the Trager Micro-Forest Project, a scientific inquiry into the impact of intense urban greening on human health, economic vitality and the natural environment.

The Envirome Institute secured a 30-year lease with Louisville Metro Government to use Founders Square in downtown Louisville as an outdoor laboratory to research innovative ideas in urban greening. Patrick Piuma, director of the Envirome Institute's Urban Design Studio, will oversee a project to intensely plant Founders Square with native plant and tree species while creating an accessible, inviting and functional public space for anyone to enjoy.

The project will provide an opportunity for UofL researchers in multiple disciplines to work with members of the community and other organizations to track and measure changes in human health and well-being. The Trager Micro-Forest Project is not simply a beautification project, it is a scientific project, which will be the first of its kind in our region of the country.

"The Trager Micro-Forest Project and the Envirome Institute's New Vision of Health campus are catalysts for positive momentum during this pivotal time for downtown Louisville," said Louisville Mayor Greg Fischer. "These initiatives complement our commitment to a sustainable future, a commitment that requires vision and action. We expect these initiatives will spur additional economic development in the area while adding well-planned and maintained green spaces that make our downtown area more attractive for those who live, work and visit there. Thank you to the Trager family for their support of the Envirome Institute's innovative and forward-thinking project."

UofL Superfund Research Center receives \$10.8M to expand studies into effects of environmental toxins

The University of Louisville has been awarded \$10.8 million in renewed funding for the UofL Superfund Research Center, part of the Christina Lee Brown Envirome Institute, by the National Institute of Environmental Health Sciences. The funds will enable researchers to expand studies to monitor environmental toxins and understand their effects on human health.

The five-year funding renewal represents a 62% increase over the previous funding cycle for the UofL center, one of just 23 multi-project centers across the U.S. conducting research into the health effects of chemicals and compounds found at hazardous waste disposal sites known as Superfund sites.

UofL was named one of five new superfund research centers in 2017. Since that time, UofL researchers in the center conducted research into the health effects of volatile organic compounds (VOCs), gases emitted by combustion and from liquid and solid chemicals, found at the Lee's Lane Superfund Site in southwest Louisville.

Superfund Research Centers conduct multidisciplinary research in the detection and investigation of the health effects of specific chemicals and compounds and train young investigators in this area of research. The research at the UofL center is focused on understanding how exposure to VOCs contributes to heart disease, inflammation and liver disease, collectively called cardiometabolic disease.

Over the next five years, center researchers will apply the tools and

data from the initial phase to expand the studies. They will broaden the human study to include 1,200 participants across Jefferson County, begin monitoring wastewater for VOCs and launch research to develop VOC mitigation methods.



Pawel Lorkiewicz, assistant professor of chemistry and a researcher in the UofL Superfund Research Center, established methods for detecting and quantifying urinary metabolites of VOCs.

UofL law school celebrates 25 years of honoring Justice Louis D. Brandeis

Long before it was renamed for him, U.S. Supreme Court Justice Louis D. Brandeis had already established an enduring bond with the University of Louisville Law School, the fifth oldest U.S. law school in continuous operation. As a native Louisvillian, Brandeis had donated his personal library to the school, chosen its classical portico as his final resting place and enriched the law library's future holdings with original copies of every document filed each term at the United States Supreme Court.

On Feb. 24, 1997, the UofL Board of Trustees officially changed the name of the school to the Louis D. Brandeis School of Law.

Over the past 25 years, the school has endeavored to embrace its Brandeis name and legacy. Beyond his generous donations, Justice Brandeis gifted the philosophy of public service, which has been an integral part of what makes the Brandeis law community so dynamic and engaged, and such a special place to develop the next generation of legal minds.

Students continue the Brandeis tradition of public service through thousands of volunteer hours annually. The Louis D. Brandeis School of Law was among the first five U.S. law schools to require that its graduates complete at least 30 hours of public service.

Kentucky to the World establishes location at Innovation Campus

Kentucky to the World (KTW) recently announced a new location in the new Collaborative SmartSpace at the Innovation Campus at Western Kentucky University (WKU). The Louisville-based KTW was recruited to be one of the Collaborative SmartSpace's initial tenants, to live and create alongside several other revolutionary and exciting partnerships with entities like the MIT Open Documentary Lab and the USC Civic Imagination Project, sharing the region's innovations with the world.

"Kentucky to the World's new home will allow us to showcase the vibrance of Bowling Green's community, economy and workforce," KTW President/CEO Shelly Zegart said. "Our goal is to inspire talented people to come from beyond our borders to find their futures—and stories about those futures—in Bowling Green and Kentucky."

The Collaborative SmartSpace is a 30,000-square-foot space meant for talented people from across the region – industry professionals, entrepreneurs, funders, researchers, students, and others – to come together in a space where they intend to meet others and collaborate. The space provides its members 24/7 access, training rooms and conference rooms, Wi-Fi, and will include a variety of opportunities and programs tailored for members – programs on which KTW will be collaborating.

KTW chose Bowling Green for its new site because it is the fastest growing city in Kentucky. The new presence builds on a partnership more than a year in the making, as several Bowling Green-based entities collaborated with KTW on its recent storytelling series, Kentucky: Resilience in the Face of Economic Change.

For a decade, Kentucky to the World's mission has been to elevate the cultural and intellectual reputation of our Commonwealth on the global stage. They accomplish this by sharing compelling stories of extraordinary people with Kentucky roots who are shaping the world with their creativity, intellect, and passion through live events, television specials, digital content, collectibles, school programs and other initiatives. For more information, visit kentuckytotheworld.org.

NEWS FOR THE COUNCIL ON POSTSECONDARY EDUCATION

JANUARY 2023

WKU recognized for efforts to increase student voting

Western Kentucky University has been recognized by the **ALL IN Campus Democracy Challenge** (ALL IN) as a 2022 ALL IN Most Engaged Campus for College Student Voting.

The **ALL IN Most Engaged Campuses for College Student Voting** recognizes colleges and universities for making intentional efforts to increase student voter participation.

"WKU is committed to motivating its students to become engaged citizens in our American democracy," said Dr. Molly Kerby, AASCU's American Democracy Project Campus Coordinator. "A huge part of that effort is encouraging our students to participate in local, state, and federal elections. Our Political Engagement Project, led by Dr. Saundra Ardrey and the Political Science Department, has played an enormous role in creating educational opportunities for students to learn about the U.S. Constitution and to become active participants in the political process."

WKU joins a group of 394 colleges and universities recognized by ALL IN for completing these four actions:

- Participate in the ALL IN Campus Democracy Challenge
- Shared 2020 NSLVE Reports with campus voting data with ALL IN
- Developed and submitted a 2022 democratic engagement action plan with ALL IN
- Have a current signatory to ALL IN's **Higher Education Presidents' Commitment to Full Student Voter Participation**.

The ALL IN Campus Democracy Challenge empowers colleges and universities to achieve excellence in nonpartisan student democratic engagement. Campuses that join the ALL IN Campus Democracy Challenge complete a set of action items, with the support of ALL IN Challenge staff, to institutionalize nonpartisan civic learning, political engagement, and voter participation on their campus. The ALL IN Campus Democracy Challenge currently engages over 9 million students from more than 950 institutions in all 50 states and the District of Columbia.



WKU, Gatton students earn top rankings for research presentations

Five Western Kentucky University students and two Gatton Academy students ranked in the top tier scorers for research presentations given at the Kentucky Academy of Science's **2022 Annual Meeting** in November.

"These presentations made clear that Kentucky's next generation of scientists are already making significant contributions to scientific research," said Amanda Fuller, Executive Director of the Kentucky Academy of Science. "Giving students opportunities to conduct research and present their findings gives them guidance and encouragement to pursue even greater achievements in the world of science."

More than 700 students and professional scientists from across the state attended the Annual Meeting, which was held Nov. 10-12 at Morehead State University. Panels of scientists who judged students' research presentations designated top presentations as "Thoroughbreds."

Western Kentucky University students who earned the "Thoroughbred" designation are:

- **Jerica Eaton**, a senior Biology major from Adolphus. Poster presentation: "Growth and Survival of Salamanders Exposed to Road Salt and Glyphosate -Based Herbicide."
- **Leah Hartman**, a junior Physics major from Scottsville. Poster Presentation: "Development of an Experimental Setup to Study Rolling Oscillations along a Curved Ramp"
- **Chloe Jones**, a senior Chemistry and Physics major from Bowling Green. Poster Presentation: "Synthesis Of Novel Double Perovskites With 4d/5d- and 3d-elements"
- **Gabriel Heckerman**, a junior Biology major from Mount Juliet, Tennessee. Poster Presentation: "The Protective Role of Melanin in the Inner Ear of Two Fish Species, *Poecilia latipinna* and *Cyprinus carpio*"
- **Greta Kreuzer**, a senior Psychological Sciences major from Lafayette, Tennessee. Poster Presentation: "The Utility of the PTSD Checklist as a Screener of Trauma Symptomology"

Gatton Academy seniors who earned the "Thoroughbred" designation for research presentations are:

- **Hannah Laney** of Ashland. Poster Presentation: "Synthesis of 4d- and 5d-Based Transition Metal Oxides"
- **Sierra Durkee** of Bowling Green. Oral Presentation: "Identification of toxic bacteriophage gene products"

The Kentucky Academy of Science is a nonprofit organization, founded in 1914. Its mission is to catalyze scientific communication and collaboration that will improve research, education, and evidence-based public engagement within the Commonwealth of Kentucky.



WKU student awarded Rangel Fellowship for graduate degree and Foreign Service career



WKU student Ralph Gardner of Todd County was named a 2023 **Charles B. Rangel International Affairs Graduate Fellow**. He is one of 45 fellows selected nationwide and only the third WKU student to earn this honor.

The Rangel Graduate Fellowship supports extraordinary individuals who want to help formulate, represent, and implement U.S. foreign policy through a career in the Foreign Service of the U.S. Department of State. Gardner will receive up to \$84,000 for a two-year master's degree, two paid internships in the U.S. Congress and a U.S. Embassy or Consulate abroad, and opportunities for mentoring and professional development.

Through a master's degree in international security, Gardner will focus on international threats, human trafficking, and terrorism. "I hope to use the skills and theories I've studied in psychology and criminology, along with my language skills, to help the US and other nations solve crimes and improve global security," he said.

Gardner, a senior studying criminology, forensic psychology, and Arabic, discovered an interest in the Middle East and North Africa region while at WKU. In 2021, he earned a **Benjamin A. Gilman Scholarship** to study Standard Arabic and Darija in Morocco through **WKU Global**. While in Morocco, Gardner lived with a host family, and he credits this experience with broadening his perspective on diplomacy in the Arabic-speaking world. "It's important to have first-hand experience in another culture to understand complicated issues from other people's perspective, and my study abroad in Morocco gave me that understanding," he said. Gardner was also a semi-finalist for the 2022 **Critical Language Scholarship**.

In addition to his Arabic language study, Gardner's involvement with the Psychology, Law, Emotions, and Attitudes (PLEA) Lab has prepared him for a career in the Foreign Service. "Researching in the PLEA Lab showed me the importance of numerical data when trying to understand human behavior," he said. "Now, I will be able to expand that knowledge and understanding to a global level through the Foreign Service."

KCTCS GOOD NEWS REPORT

JANUARY 2023

BLUEGRASS COMMUNITY & TECHNICAL COLLEGE AWARDED \$4.5 MILLION GRANT



The U.S. Department of Labor has awarded Bluegrass Community and Technical College and sub-awardees UK HealthCare and University of Kentucky Area Health Education Center a \$4.5 million grant to collaborate on “Strengthening Community Colleges & Training Workforce Gateways.” The grant aims to reduce equity gaps in educational and workforce pipelines, while addressing the critical shortage of healthcare professionals. “The DOL grant funding allows us to come alongside and elevate students who may not see themselves successfully transitioning into a professional healthcare career,” said Dr. Connie Lamb, associate dean, director of nursing and project director. “Our goal is to inspire students by providing resources and support early in their educational journey.”

The DOL Strengthening Community Colleges: Closing the Gap grant specifically focuses on improving diversity in the healthcare sector. The grant will offer a multitude of opportunities for high school students, college students and educators.



KENTUCKY
COMMUNITY & TECHNICAL
COLLEGE SYSTEM



\$990,000 BLOOMBERG GRANT AWARDED TO JEFFERSON COMMUNITY & TECHNICAL COLLEGE FOR APPRENTICESHIP PROGRAM

Jefferson Community and Technical College (Jefferson), KentuckianaWorks and Bloomberg Philanthropies recently announced a new initiative to prepare young adults ages 16-24 across the Greater Louisville Region to enter high-demand, high-wage careers after graduation.

“At Jefferson, our number one priority is to open doors to a better life and brighter future,” said Dr. Ty Handy, Jefferson president. “However, we can’t do it alone. We rely on dedicated partners like KentuckianaWorks and numerous like-minded organizations to ensure that everyone, everywhere has the skills, tools and confidence to make it happen.

“With the generous support of Bloomberg Philanthropies, we will be able to expand and extend our work and impact, positioning countless high school students for early success in the classroom, workplace, and community.”

Fueled by \$990,000 in support from Bloomberg Philanthropies, the two-year youth apprenticeship program will link young adults with major employers in the area, providing hands-on, paid work experience and school-based instruction that integrates career preparation and credentials within high school curriculums.

Since 2016, Bloomberg Philanthropies has invested \$96 million in career and technical education programs for students.

