

**SJR 132: Feasibility study on
transforming the Hazard Community
and Technical College into a four-
year, residential university**

*Executive summary prepared
for the KY CPE Board*

November 25, 2024

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SJR 132 calls on CPE to study the feasibility of transforming the Hazard Community and Technical College (HCTC) into a four-year, residential university in southeastern Kentucky

SJR 132 OBJECTIVES

- 1) A **potential annual budget** for the transition and initial establishment of the university's operation
- 2) A **governance plan** for the institution based on the statutes and administrative regulations that currently govern other comprehensive universities as defined in KRS 13 164.0013
- 3) How the **college's current satellite campuses** can be utilized, including but not limited to incorporating them into the new institution or maintaining them in the 16 Kentucky Community and Technical College system
- 4) **Demand for the institution's academic programs** and services within the projected service area by analyzing workforce supply/demand data, and soliciting input from potential students and area employers
- 5) The **curricular offerings of the institution** including any new or discontinued programming and joint programming with other University Center of the Mountains postsecondary institutions to supplement the institutions curriculum offerings
- 6) How **student financial** aid would be offered, and the **tuition and fee rates** that may be charged to provide accessibility for the residents of the region
- 7) How the state **postsecondary education budget and performance funding structure** would need to be adjusted to account for the transformation
- 8) What **extracurricular and interscholastic programs** should initially be offered to students, including athletics programs, and the potential costs and revenues the institution may incur from those offerings
- 9) A proposed **implementation timeline** for the transition and establishment of the institution that incorporates the study items in sections 1–8

Scope of Study

The study relied on a combination of internal and market data analysis, benchmarking, and stakeholder interviews

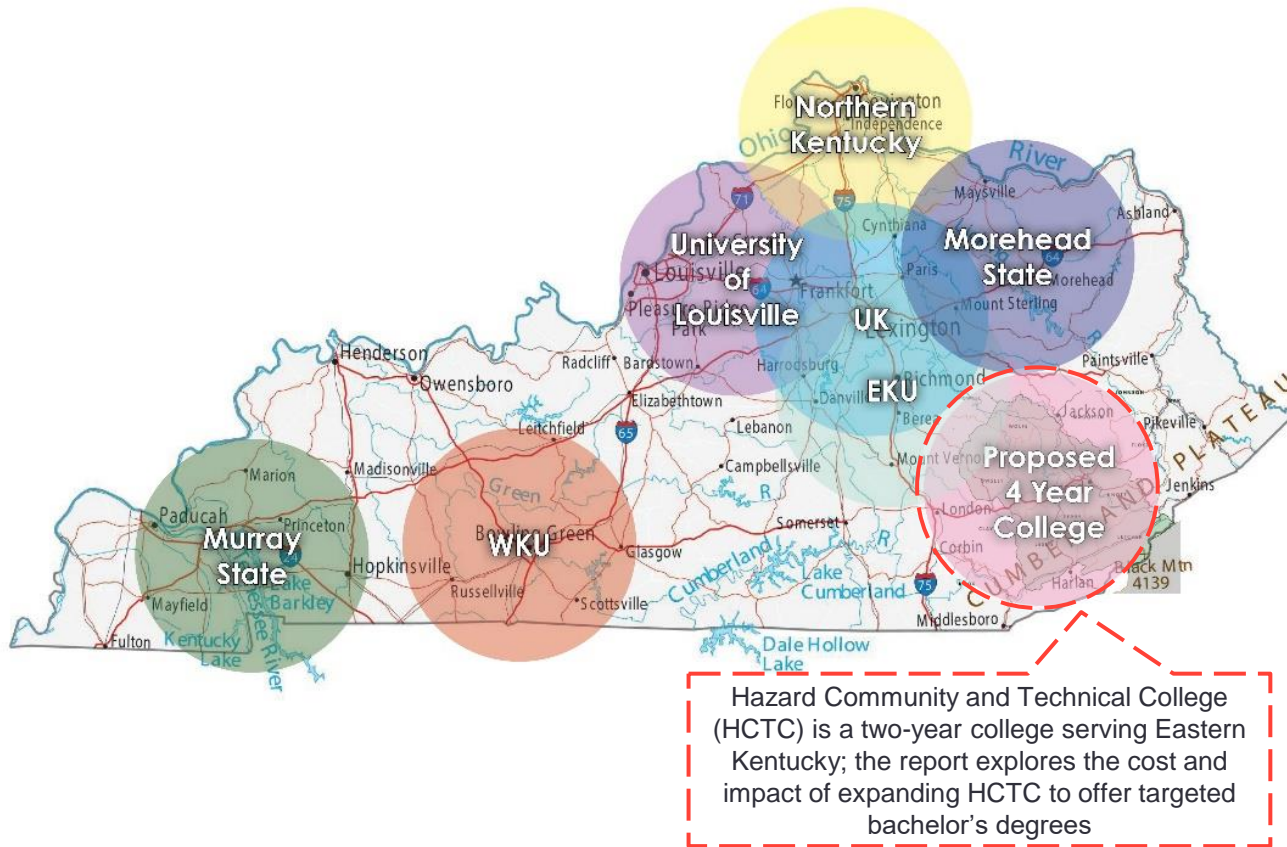
Data collection and analysis	Benchmarking	Stakeholder interviews
<ul style="list-style-type: none">▶ Hazard Community and Technical College (HCTC) internal data:<ul style="list-style-type: none">– Enrollment, revenues, expenses, campuses, program offerings, etc.▶ Council on Postsecondary Education (CPE) and Kentucky Community and Technical College System (KCTCS) data:<ul style="list-style-type: none">– Enrollment, financial aid, graduation, retention, faculty, staff, etc.▶ Market data:<ul style="list-style-type: none">– KYSTATS and KPEDS– Integrated Postsecondary Education Data System (IPEDS),– Appalachian Regional Commission,– U.S. Census (American Community Survey)– Bureau of Labor Statistics– Industry journals, etc.	<ul style="list-style-type: none">▶ Kentucky four-year institutions (public and private):<ul style="list-style-type: none">– Student cohort sizes by program– Student to faculty and student to staff ratios– Trends in enrollment, retention, and graduation by program– Financial aid trends– Alumni giving, etc.▶ Community college bachelor's programs across U.S.:<ul style="list-style-type: none">– Academic program mix– Program launch timelines– Student cohort sizes– Faculty and staff ratios, etc.– Extracurricular programs	<ul style="list-style-type: none">▶ Higher education leadership interviews (25):<ul style="list-style-type: none">– Leaders at CPE, KCTCS, HCTC, and four-year public and private institutions▶ Workforce development interviews (14):<ul style="list-style-type: none">– Employers– Workforce development organizations– Nonprofits involved in economic development▶ Focus groups (20+ students):<ul style="list-style-type: none">– Current HCTC students– Eastern Kentucky high school students– HCTC alumni currently enrolled in bachelor's programs through UCM

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Economic Context: Southeast Kentucky is an educational desert that has faced decades of economic challenges and under-investment

50-mile radius from Kentucky public university main campuses



Population declines

- ▶ Kentucky's total state population is expected to grow by 4% over the next 20 years (2025-2045) while the EKCEP population is projected to decline by 20%

Low workforce participation

- ▶ In 2022, the EKCEP had a labor force participation rate of 42%, 15 percentage points lower than the overall Kentucky rate of 57%

Low levels of college attainment

- ▶ The EKCEP has the lowest postsecondary attainment rates of the 10 Kentucky LWAs and 8 EKCEP counties are ranked among the lowest 100 counties in bachelor's attainment across the U.S.

Infrastructure challenges

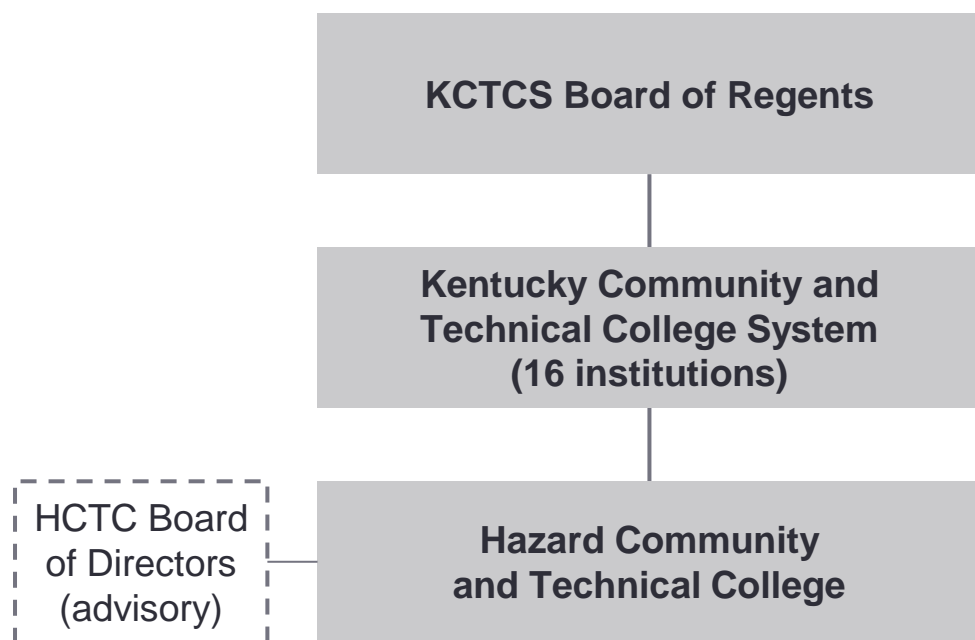
- ▶ Only 75% of KRADD households (3 in 4) have broadband internet, a significantly lower proportion than the 88% average in Kentucky and 86% average nationally



Increasing bachelor's attainment in the region could ultimately drive economic growth by attracting industries and employers.

Governance: HCTC is governed within KCTCS and receives shared services and support through its membership in the system

Hazard Community and Technical College governance structure



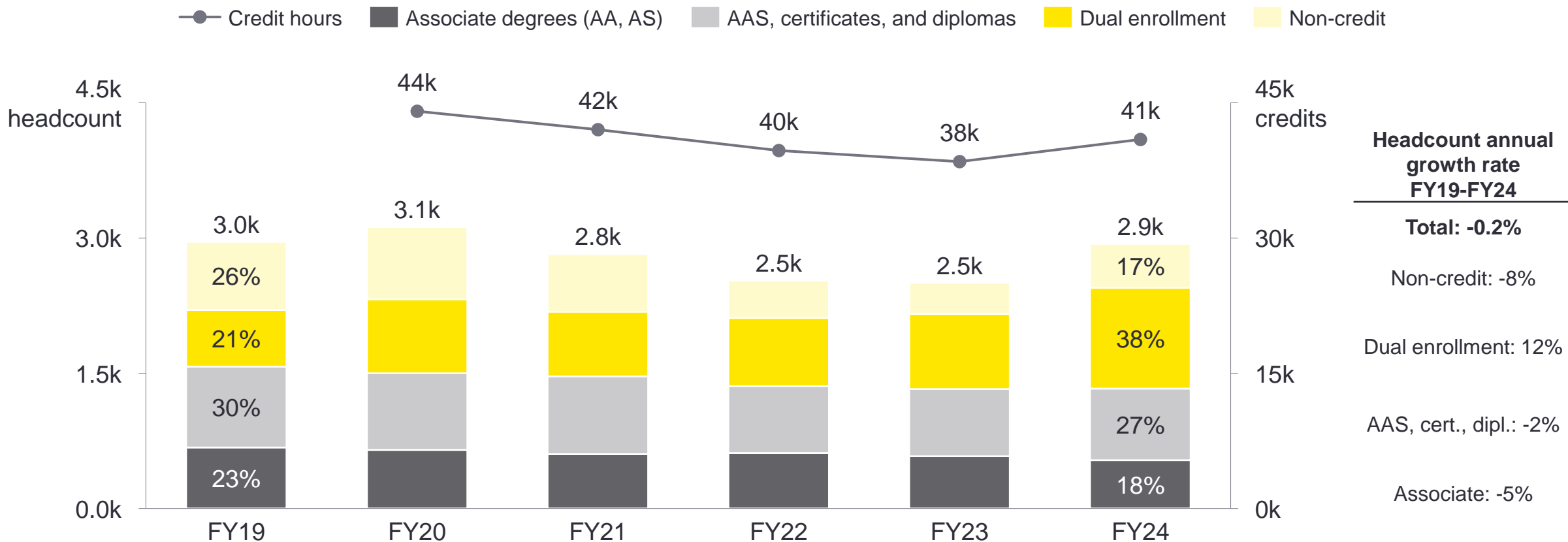
Example software and services provided to member institutions within KCTCS

Selected, not exhaustive

- ▶ Recruitment shared services
- ▶ Financial aid centralized services
- ▶ Payroll shared services
- ▶ Insurance (liability, health, etc.)
- ▶ Enterprise resource planning system (ERP/HRMS)
- ▶ Learning management system (LMS) and student helpdesk
- ▶ Telecommunications network and Voice Over Internet Protocol (VOIP)
- ▶ Cybersecurity and web compliance
- ▶ External auditors

Enrollment and Programs: HCTC's enrollment in associate, certificate, and diploma programs has decreased, but has been bolstered by high school dual enrollment

HCTC total enrollment,
Headcount and credit hours FY19 – FY24¹



1. Includes headcount and credit equivalence from non-credit programs as reported by HCTC
Source: HCTC internal data

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Governance: HCTC could transform into NewU which in turn could become a new classification in the KY higher education landscape, coordinated by CPE

	A) Expand UCM to offer bachelor’s degrees in partnership with 4-years plus robust in-person support	B) Remain part of KCTCS to offer select 4-year programs	C) Become a new classification coordinated by CPE	D) Become designated as a comprehensive university
Benefits	<ul style="list-style-type: none"> ▶ Could build on existing partnerships 	<ul style="list-style-type: none"> ▶ Could minimize disruption to non-bachelor’s programs 	<ul style="list-style-type: none"> ▶ Messages distinct shift in mission and signals unique place of NewU in the KY higher education landscape 	<ul style="list-style-type: none"> ▶ Offers traditional bachelor’s experience
Risks	<ul style="list-style-type: none"> ▶ Current level of engagement from partners is very low ▶ Even if incentives are aligned, education will be delivered primarily online ▶ Given online modality, it is unlikely that this option will drive significant enrollment in bachelor’s degrees 	<ul style="list-style-type: none"> ▶ Could lead to further blurring of missions between two- and four- year institutions in KY 	<ul style="list-style-type: none"> ▶ Would require legislative, governance change and change of accreditation status 	<ul style="list-style-type: none"> ▶ May lessen attention on associate degree and technical programs



“NewU” could be designated as a separate classification within the KY higher education landscape, rather than expanding the mission of HCTC / NewU under KCTCS—to prevent further blurring between two-year and four-year institutions in the KY landscape. NewU would have its own governing board but could continue to receive shared services (for a fee) from KCTCS via a Memorandum of Understanding. MOU details would need to be decided later if the legislatures decides to support the creation of NewU.

Academic Programs and Satellite Campuses: NewU would offer targeted bachelor’s programs aligned to current and potential future job openings

Prioritized bachelor’s degrees <i>(see appendix page 27 for further detail on program prioritization analysis)</i>	
(A) Immediate workforce need: annual openings less annual completions in related field	(B) Future demands of an evolving economy: incremental jobs per-capita needed when compared to “aspirational” county
Education; Nursing (BSN); Social Work	IT Management; Business Administration (BBA)
<i>These programs would be delivered primarily at the main campus. The satellite campuses would serve as important internet access points and community engagements spots for participating students.</i>	



NewU value proposition	
To students	To region and employers
<ul style="list-style-type: none"> ▶ Location: Students would have access to a local institution offering bachelor’s degrees that is visible and active in the community to build awareness ▶ Modality: Students would benefit from a combination of in-person and online instruction. In-person elements would provide avenues for increased engagement and support ▶ Cost: NewU would offer bachelor’s degrees at lower cost overall. Lower-level courses would be priced in line with associate degree coursework. Upper-level courses would be priced at the rate of the closest four-year institution, but offer scholarships and financial aid 	<ul style="list-style-type: none"> ▶ Increased bachelor’s degree attainment: More first-time students and working adults enrolling in bachelor’s degree programs locally and stronger completion would generate more bachelor’s graduates to join the workforce ▶ Employer engagement to strengthen student and program outcomes: NewU would work with employers to incorporate their input into program design and curriculum, and to recruit students into programs
<i>While NewU holds a lot of promise, an education solution alone may not be sufficient to address the challenges faced by Southeastern Kentucky. An intentional economic development plan – that recruits new employers and addresses infrastructure issues (roads, access to region, etc.) – is likely needed in parallel to create jobs in the economy.</i>	

Student Life: NewU could offer residential housing and expand opportunities for participation in clubs and intramural sports, but would not offer varsity athletics

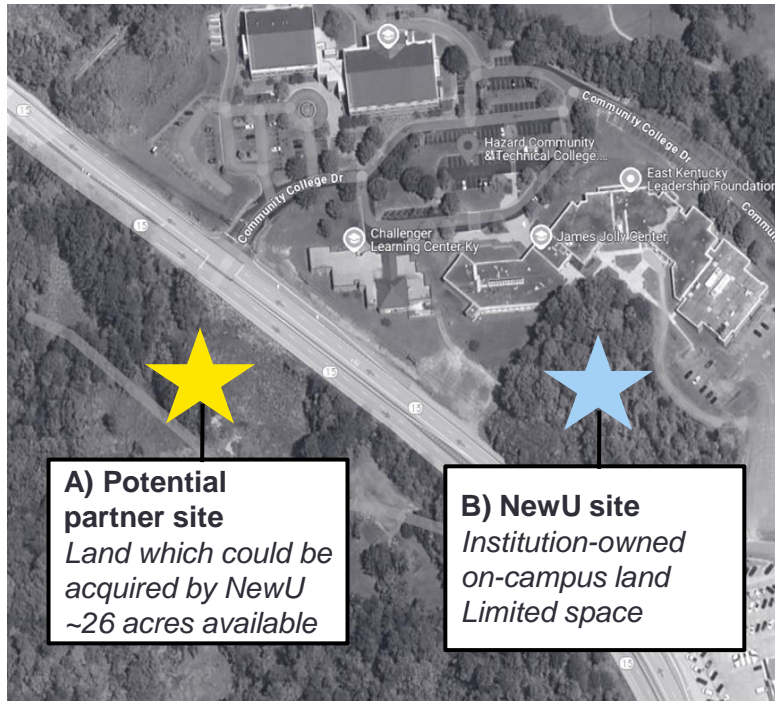
NewU residential options



Option A: NewU could purchase land and lease it to a developer who would build and manage student housing



Option B: NewU could construct and manage a dormitory on its existing property (not mutually exclusive with Option A)



A) Potential partner site
Land which could be acquired by NewU
~26 acres available

B) NewU site
Institution-owned on-campus land
Limited space

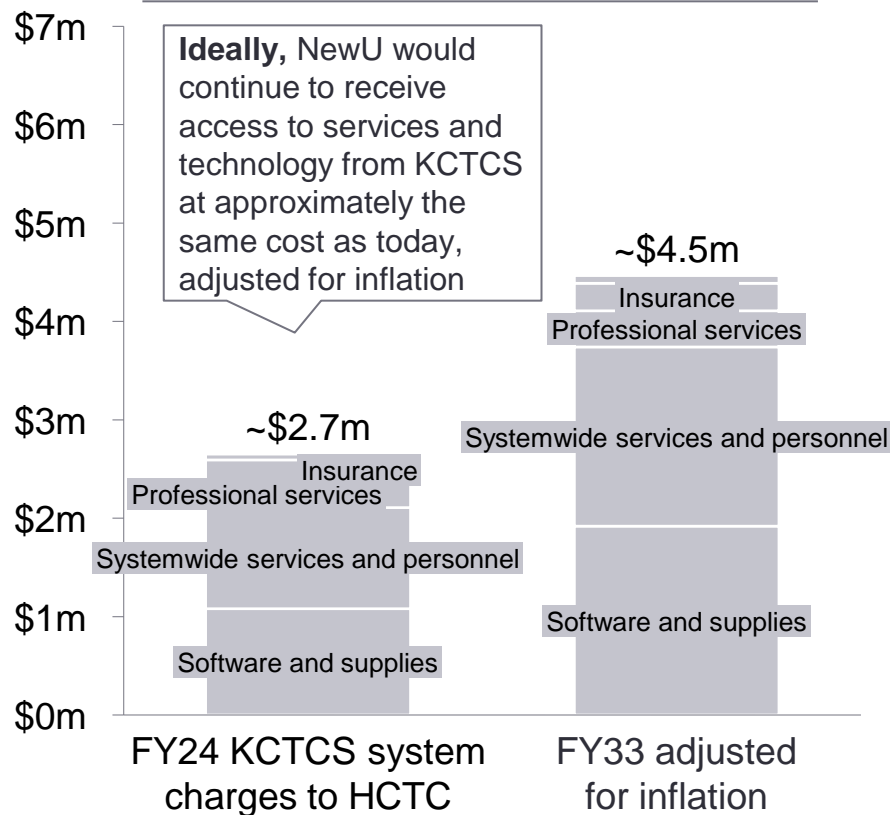
NewU potential student activity options

	Academic, professional, and student interest clubs	Intramural sports
Rationale	<ul style="list-style-type: none"> ▶ Support classroom and career success ▶ Build internal community ▶ Build connections to external community 	<ul style="list-style-type: none"> ▶ Promote school brand and identity ▶ Offer opportunities for healthy activities
Benchmarks at HCTC and community college bachelor's institutions (CCBs) ¹	<ul style="list-style-type: none"> ▶ Current HCTC: 7 ▶ CCB average: 19 ▶ CCB range: 16 – 28 	<ul style="list-style-type: none"> ▶ Current HCTC: 0 ▶ CCB average: 1 ▶ CCB range: 0 – 2

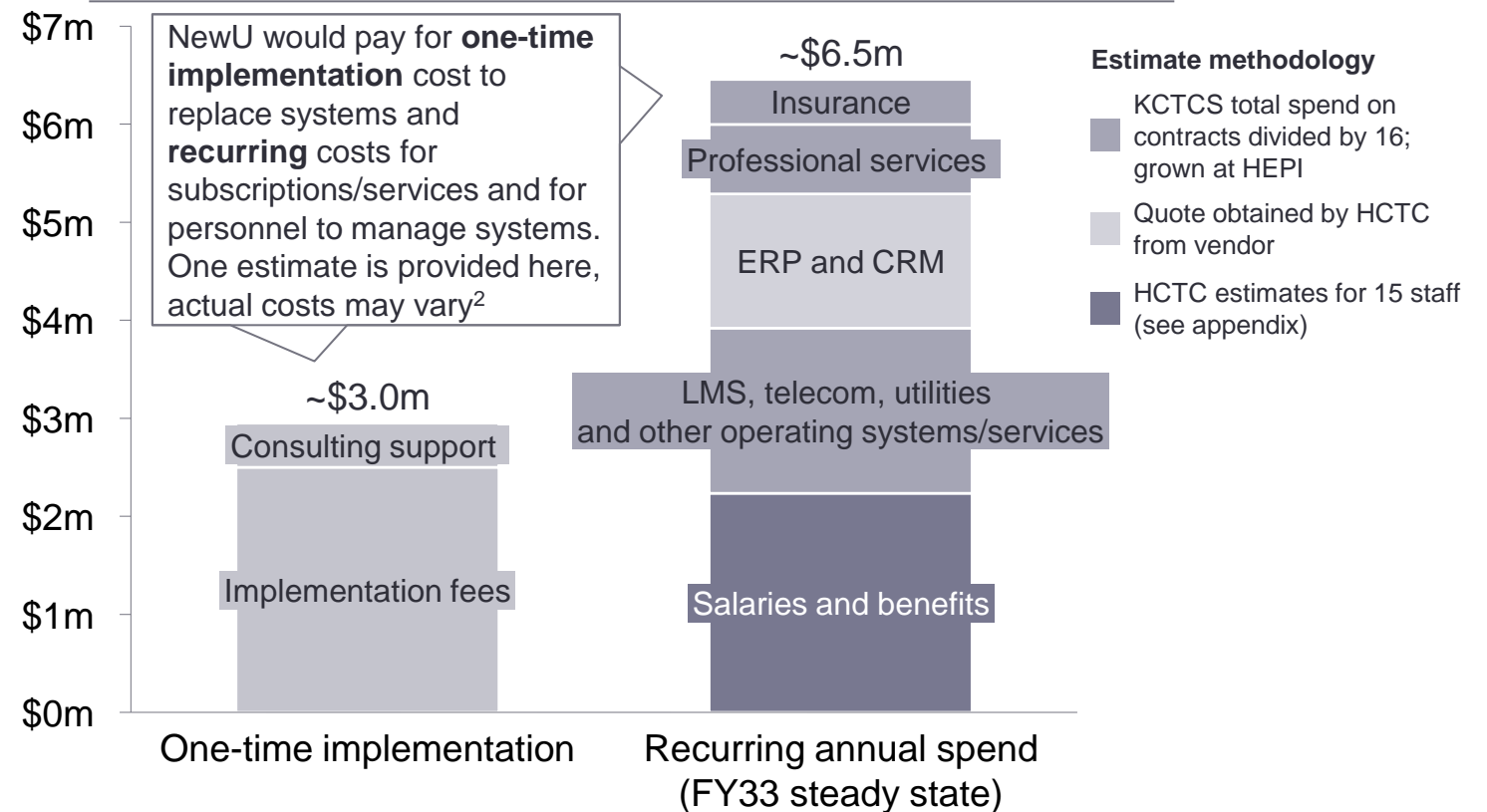
1. Benchmark CCB peers included in set transitioned from a 2-year college to offering 4-year degrees and are located in the greater southeastern U.S. surrounding Kentucky: Laredo College, Clark State College, College of Central Florida, Potomac State College of West Virginia University, Vincennes University, Greenville Technical College, Georgia Highlands College, Ozarks Technical Community College
Source: HCTC internal data; interviews

Admin Supports: To minimize spending on duplicative systems and disruption to associate and other programming, NewU and KCTCS could develop an MOU for shared services

MOU Option: HCTC payment to KCTCS for shared services, FY24¹



Non-MOU Alternative: Potential costs to NewU – estimated one-time costs in FY26 and recurring costs at steady state FY33²



Ideally, NewU would be able to obtain services and technology from KCTCS through an MOU. Figures shown are estimates and would be validated through additional by CPE, KCTCS, and NewU during the MOU process

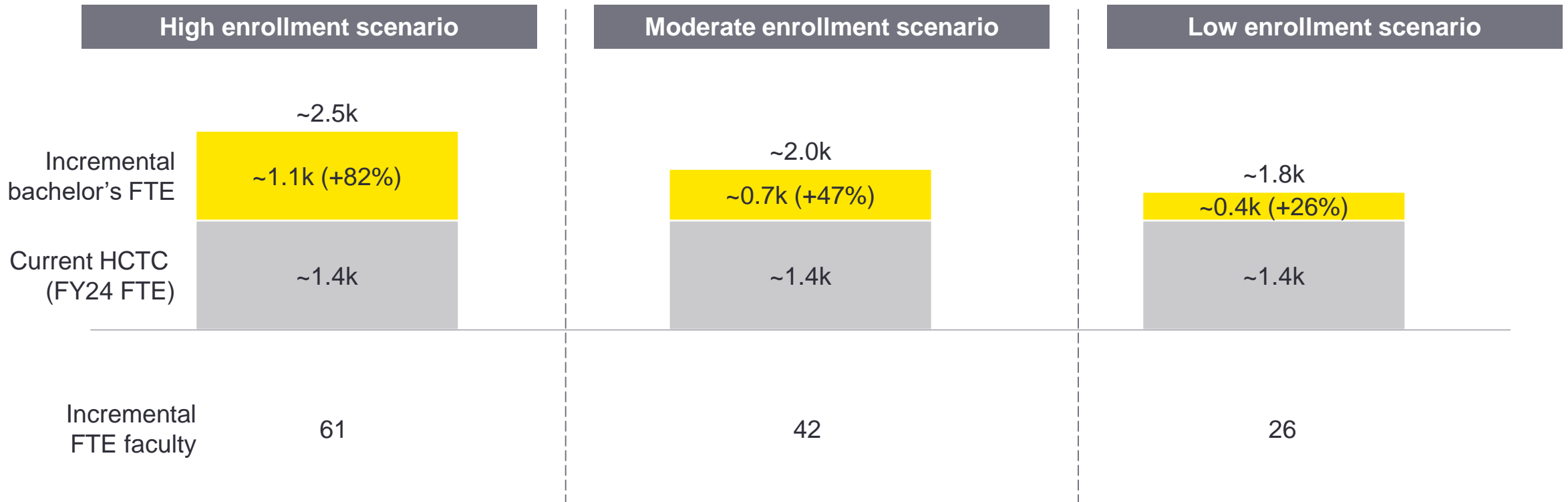
1. Inflation adjustment using higher education price index last-five-year average by category; 'systemwide' includes both services and software for finance, treasury, HR, student services, academic affairs, legal, etc. Source: KCTCS system recovery and recharges; quotes obtained directly by HCTC from technology vendors; interviews

Agenda

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- ▶ **Enrollment scenarios and financial impacts**
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NewU could increase FTE enrollment by as much as 80%+ by steady state (FY33) in the high enrollment scenario

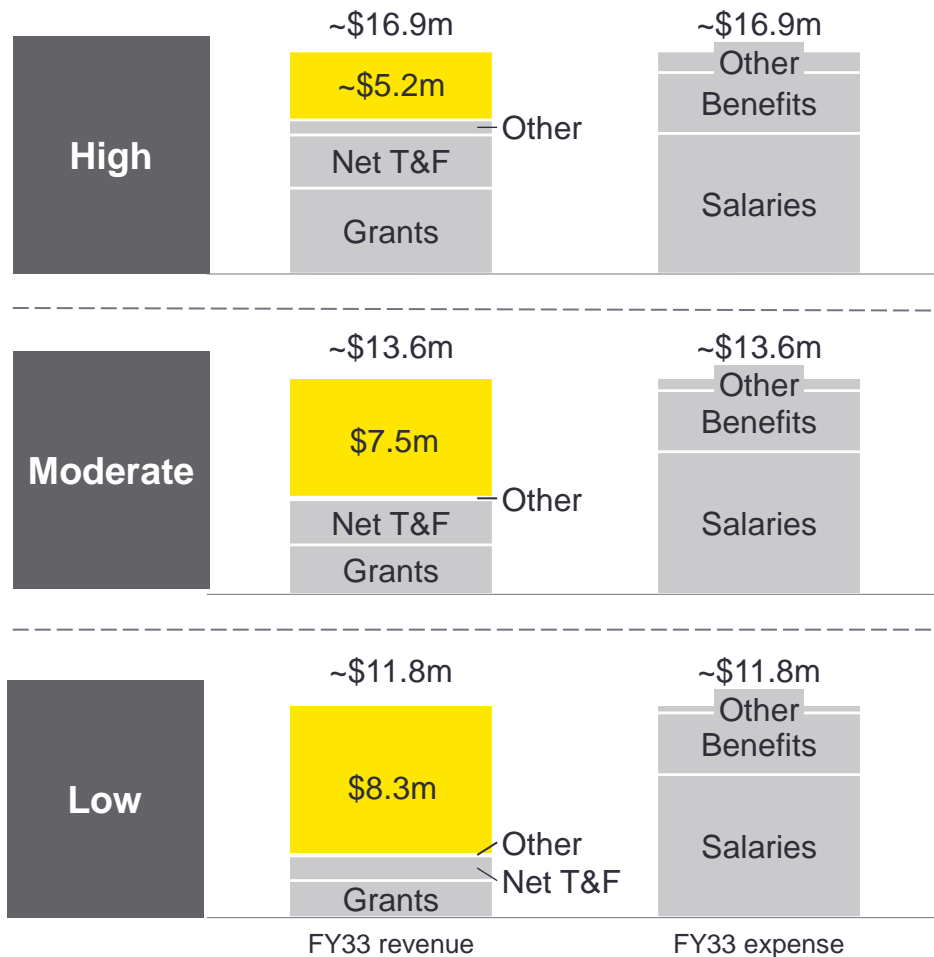
NewU enrollment scenarios as compared to HCTC enrollment,
FTE students and faculty/staff, HCTC FY24 and NewU steady state FY33



1. Of Kentucky public and private four-year institutions that offer each program; cohort size as implied by completions and graduation rates reported to IPEDS, CPE, and KY Board of Nursing
Source: HCTC internal data; university websites; IPEDS; interviews and analysis

Transforming HCTC into NewU would require additional recurring state appropriations to fund the bachelor's experience, likely ranging from approx. \$5m to \$8m annually

NewU steady state recurring revenues, expenses, and estimated need for state appropriations – for bachelor's degrees, FY33



Incremental state appropriations

Note: This assumes NewU would continue to receive shared services from KCTCS via MOU at costs similar to today's rates. If instead NewU replaces these systems and services, this could increase annual appropriations by another \$6.5m on top of what is shown here.

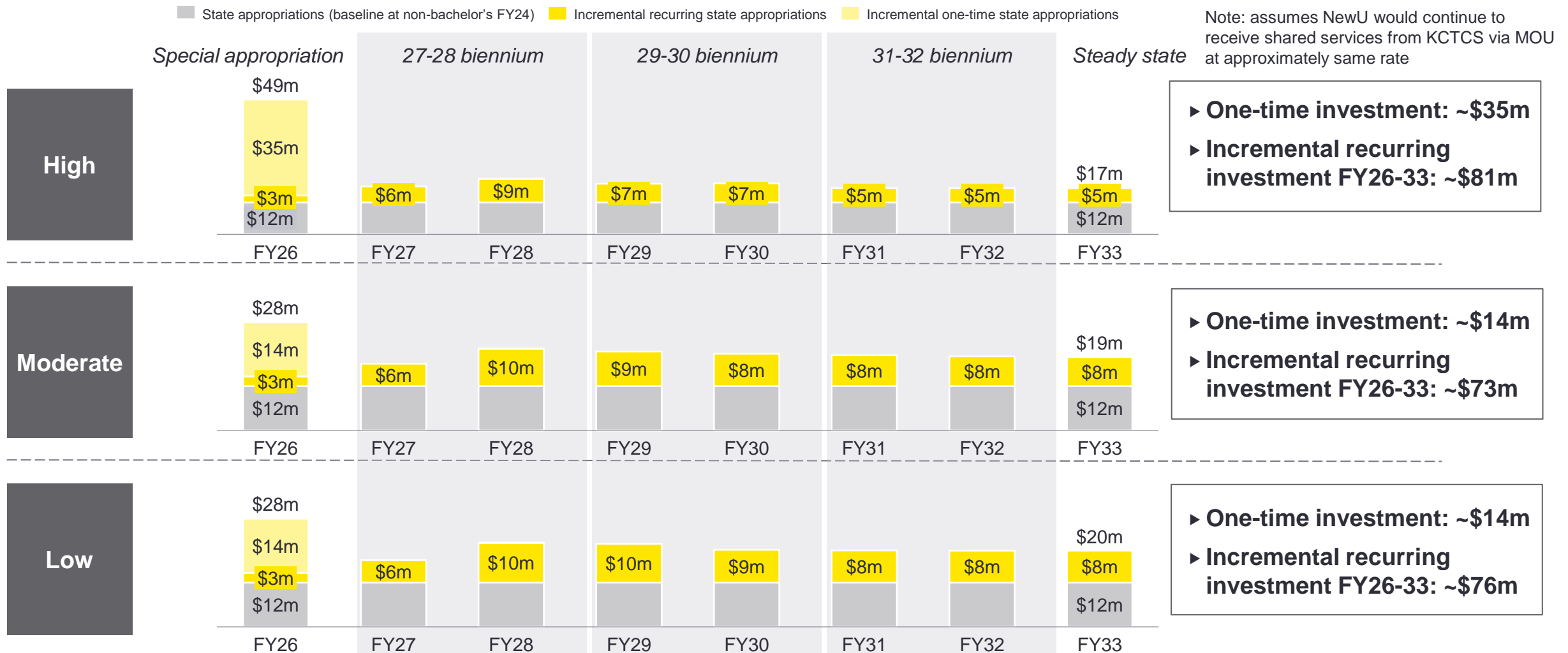
NewU key recurring revenue and expense assumptions – for bachelor's degrees, Common across scenarios

Key categories	Key assumptions
Net tuition and fees	<ul style="list-style-type: none"> ▶ Lower-level course tuition at HCTC levels ▶ Upper-level course tuition at published price for closest four-year university, offset by some financial aid for students
Grants related to tuition and fees	<ul style="list-style-type: none"> ▶ Assumes similar demographic profile of students, resulting in 50% of gross tuition and fees covered
Other recurring revenues	<ul style="list-style-type: none"> ▶ Fundraising revenue ▶ Auxiliary (housing revenue) – in higher enrollment scenario only
Salaries and benefits	<ul style="list-style-type: none"> ▶ Incremental faculty salaries set at average of four-year Eastern Kentucky peers; staff salaries set at the higher of HCTC or closest four-year institutions
Benefits	<ul style="list-style-type: none"> ▶ HCTC current rate

Enrollment Scenarios and Financial Impacts

NewU one-time costs (land acquisition, site development, and construction) could range from \$14m to \$35m. Additional annual state appropriations could range from \$5m to \$8m

Estimated annual state appropriations needed – by NewU enrollment scenario (assuming MOU option)¹



1. Note: one-time funds represent purchase of land and total building cost of residences/dining. Full amount may not be needed in FY26 as construction is expected to last until FY29. State appropriations total needed is based on net cost of operating program and one-time costs to launch; assumes NewU is exempt from performance funding until after first graduating cohort in 150% of time (FY33)

Source: HCTC internal data; university websites; IPEDS; interviews and analysis

Implementation milestones: NewU would need to have legislative approval and undergo a governance and level/mission change, as well as obtain program approvals

Date	Key milestones and deadlines
March 28, 2025	Legislative decision at close of 2025 Regular Session (January 7 th – March 28 th)
September 15, 2025	Governance change submission forms due to SACSCOC
December 15, 2025	Governance change decision from SACSCOC
January 30, 2026	Faculty leads for bachelor’s programs are appointed/hired <i>Note: HCTC has some faculty qualified to become leads and may not need new hires for leads; it could begin to recruit leads while waiting for governance change decision</i>
January 30, 2026	Governing board appointments confirmed
February 27th, 2026	Governing board finalizes MOU with KCTCS
September 15, 2026	Level, mission forms due to SACSCOC; recommended to include program approval forms Following this submission, NewU can market programs with “pending approval” disclaimer and can accept applications; see below for additional detail on program approval
December 15, 2026	Level, mission, and program decision from SACSCOC Following this decision NewU can complete hiring, market programs without disclaimer language, develop student financial aid packages, and provide admissions decisions
August 2027	First cohort of NewU bachelor’s students enrolls

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The legislature could consider substantial changes to the existing UCM model as an alternative to transforming HCTC into NewU

The University Center of the Mountains (UCM) is an existing transfer pathway program that connects students to bachelor's and graduate degrees offered by four-year institutions across the state. UCM is currently managed through HCTC and has designated space at HCTC's main campus. In its current state, UCM faces challenges that prevent it from significantly expanding the number of bachelor's degree completions in Southeastern Kentucky. These challenges could potentially be mitigated through additional investment.

Challenge – current UCM

Potential solution – NewUCM

1 UCM has low awareness among prospective students and four-year partners	▶	Employ dedicated recruiters and marketing staff
2 UCM represents a small share of partners' transfer enrollment; it lacks the critical mass to incentivize partner engagement	▶	Focus New UCM support around a set of programs in high-demand areas, and award a single partner exclusivity to create critical mass
3 There is limited in-person interaction for student success and community-building	▶	Provide campus visits and support for in-person events in Eastern Kentucky; formalize agreements with partners to send in-person resources at a set enrollment threshold
4 Partners are not required to share enrollment and student success data to UCM, so there is limited reporting on outcomes	▶	Formalize data-sharing agreements with partners to report on enrollment, retention, graduation, and other metrics
5 UCM is capacity-constrained with a staff of two full-time employees	▶	Increase NewUCM staff to a total of 18 personnel

Alternative Model

Bolstering UCM capacity to recruit students, support student success, and manage partnerships could require annual state appropriations of ~\$2.2m, but is unlikely to reach as many students

Incremental annual state appropriations needed at scale – NewUCM vs. NewU scenarios (FY33 steady state year)					
		NewUCM	NewU (high scen.)	NewU (moderate scen.)	NewU (low scen.)
Estimated incremental bachelor’s FTE students (% increase over HCTC FY23)		182 (+13%)	1,138 (+82%)	653 (+47%)	364 (+26%)
Incremental faculty and staff needed for bachelor’s programs	Faculty	-	61	42	26
	Academic staff	-	4	3	2
	Non-academic staff	18	44	42	42
Estimated incremental steady state appropriations needed annually to support bachelor’s programs		~\$2.2m	~\$5.2m	~\$7.5m	~\$8.3m
Estimated one-time costs (requiring state support)		~\$0.1m	~\$36.7m	~\$14.0m	~\$14.0m



Given UCM’s fully online modality, it is **unlikely that investing in UCM alone will drive as significant an increase in enrollment** as could launching a NewU model.

Launching NewU would **not preclude investing in UCM**. NewU could deliver the 5 targeted bachelor’s degree programs described earlier. A NewUCM could provide **access to other bachelor’s programs outside of these five areas, as well as pathways to master’s and doctoral degrees**.

In summary....

New classification within the KY higher ed landscape

- ▶ NewU could become a **new classification – an independent institution with its own governing board:**
 - The participation of regional as well as state-wide employers on the board could create stronger ties between higher education and the economy, and bolster economic development efforts to bring employers back to the region
- ▶ NewU would ideally continue to receive services from KCTCS via an MOU.
- ▶ CPE could have a formal advisory role during the transition period, to assist HTCT in its conversion to NewU.

Academic programs and satellite campuses

- ▶ NewU would offer targeted four-year degrees aligned to the economic needs of the region. The **five highest-priority bachelor's degrees based on labor market analysis are nursing, education, social work, IT, and business.**
- ▶ **Satellite campuses would transfer into NewU** and be used for the delivery of the new bachelor's degree programs. While the new programs would be delivered in a hybrid format primarily on HCTC's main campus, the satellite campuses would serve as important internet access points and community engagements spots for participating students.

Student life

- ▶ NewU would offer a range of campus activities to promote student engagement and retention. This could include:
 - **1-2 residential facilities**, depending on the enrollment scenario, given the lack of affordable housing in the area and the proven connection between availability of housing and student retention. Two residences could accommodate 96-144 students depending on density
 - **5-10 student clubs**, depending on the enrollment scenario
 - **1-5 intramural sports**, depending on the enrollment scenario
 - NewU would also bring back **on-campus dining operations**
- ▶ NewU **would not offer varsity athletics**

In summary....

Scenarios and financial impacts

- ▶ NewU could **enroll 360-1,130 FTE students in bachelor's programs** given a range of enrollment assumptions.
- ▶ NewU could require an **incremental \$5m-\$8m in annual state appropriations to support bachelor's programming and \$14m to \$35m in one-time investment to build/renovate residential and dining facilities**. The total state appropriation investment needed over the scaling period from FY26-FY33 could range from \$73m to \$81m depending on enrollment scenario.
- ▶ This assumes NewU would have an MOU with KCTCS. In the event that NewU needs to replace systems and related personnel, it could require an additional **~\$3m in one-time and ~\$6.5m annually in recurring** appropriations.

Alternative model

- ▶ HCTC's University Center of the Mountains (UCM) could be re-imagined and expanded to recruit more Southeast MY students into four-year pathways.
- ▶ This **NewUCM would require an additional ~\$2.2m annually in state appropriations**.
- ▶ While this is substantially cheaper than the NewU option, a NewUCM is unlikely to significantly increase bachelor's degree enrollment and attainment in the region given its fully online modality.
- ▶ **The legislature could choose to recommend investing in both NewU and NewUCM** – NewU could provide targeted bachelor's degrees and NewUCM could support transfers into other bachelor's degree areas as well as pathways to master's/doctoral programs.

Implementation timeline

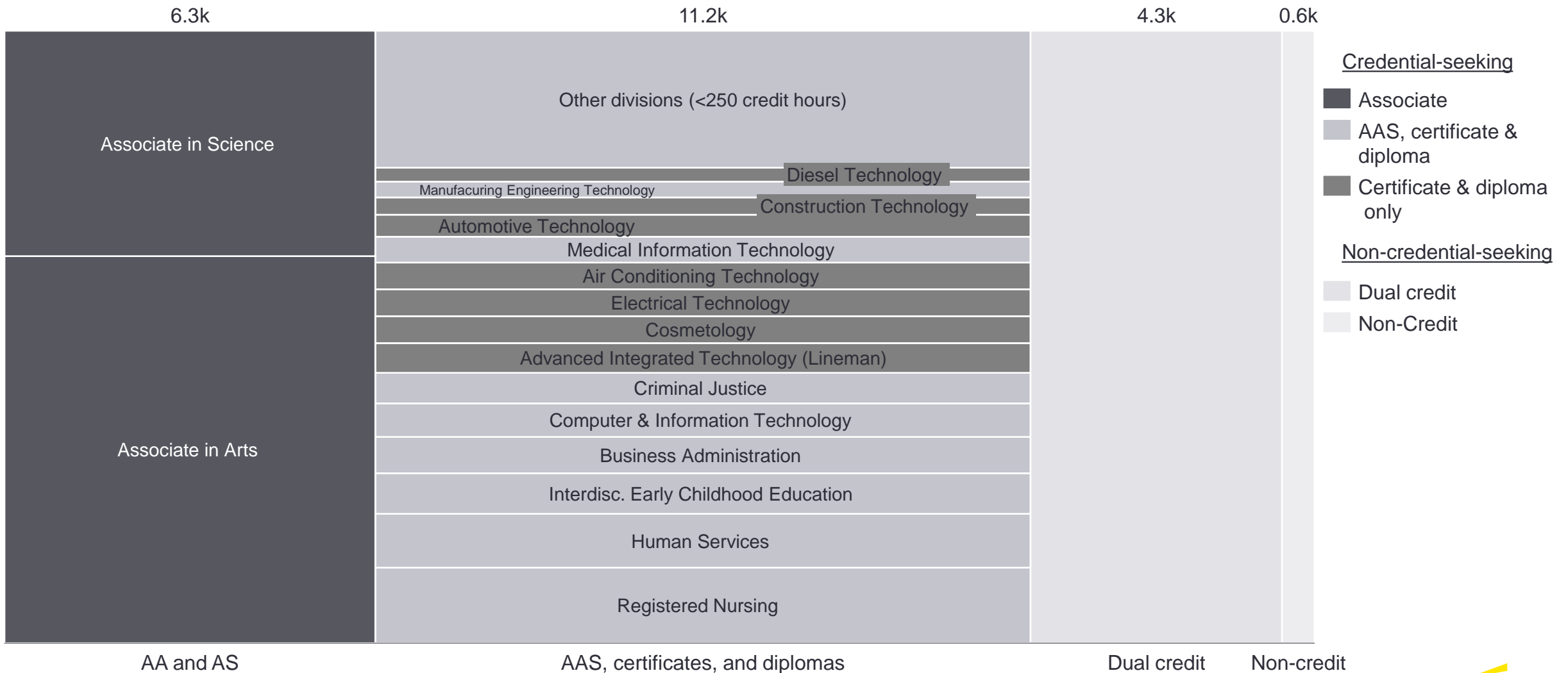
- ▶ NewU would require legislative approval and would need to undergo a governance and level/mission change, as well as obtain program approvals.
- ▶ If the legislature were to approve NewU, it could consider a special appropriation for FY26 and then ongoing biennial appropriations. If the legislature were to proceed with a FY26 appropriation, **NewU would enroll its first cohort of bachelor's students by Fall 2027 (FY28)**, after obtaining the necessary regulatory and accreditation approvals.
- ▶ **If appropriations are pushed out to the FY27-FY28 biennial, NewU would not be able to launch its first cohort of students until Fall 2028 (FY29).**

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HCTC serves a broad range of learners through its for-credit and non-credit programs

HCTC enrollment by credit hour, FY25



Source: HCTC Fall enrollment for FY2025, as-of September 2024 (enrollment window closes October 31, 2024)



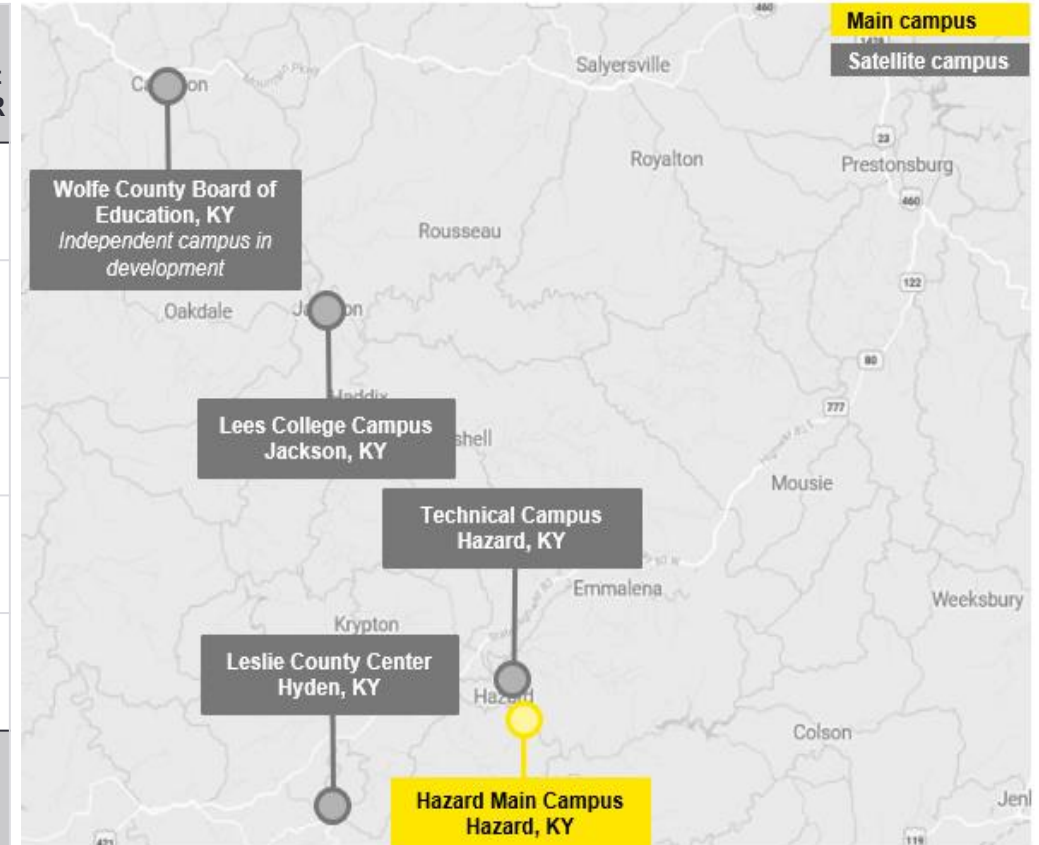
Appendix: Current state context

HCTC has four satellite campuses to provide increased access to HCTC courses for students; these campuses can be leveraged for NewU’s academic programs

HCTC satellite campus information, HCTC enrollment data (FY24)

Campus	Location	Distance from Main Campus	Key programs offered	FY24 total credit hours (share)	FY19-24 total credit hour CAGR
Main Hazard Campus	Hazard, KY Perry County	-	All (non-technical) e.g., Associate in Arts	26,902 (66.1%)	1.0%
Technical Campus	Hazard, KY Perry County	3 miles (~10 min.)	Technical e.g., Cosmetology, CDL	8,870 (21.8%)	(3.3%)
Lees College Campus	Jackson, KY Breathitt County	33 miles (~40 min.)	Majority technical e.g., carpentry, electrical	4,055 (10.0%)	(10.7%)
Leslie County Center	Hyden, KY Leslie County	21 miles (~30 min.)	School of Bluegrass and Traditional Music	580 (1.4%)	1.0%
Wolfe County Campus	Campton, KY Wolfe County	49 miles (~1 hr.)	<i>Began operations at Wolfe County Board of Education Multi-building campus in development, to open in ~Fall 2026</i>		
Knott County Branch <i>Closed as of 2024</i>	Hindman, KY Knott County	26 miles (~30 min.)	N/A	300 (0.7%)	(4.1%)

HCTC satellite campus locations



Appendix: Future state recommendations

In a more-efficient structure, NewU would continue to share services and systems with KCTCS; if that is not possible, replacing personnel and technology would come at a cost

Vendor estimates for ERP and CRM replacement provided to HCTC, FY26 – FY33

	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
\$k								
ERP and CRM annual cost	975	1,024	1,075	1,129	1,185	1,244	1,307	1,372
One-time implementation	1,250	1,250						
One-time consultant	450							
Total	2,675	2,274	1,075	1,129	1,185	1,244	1,307	1,372

Vendor estimates do not include pricing for other key software and services (e.g., learning management system). These are estimated by applying higher education price index last-five-year increases to FY24 line-item recharge detail from KCTCS for items outside of ERP and CRM (\$1.9m in FY24 growing at 5% to \$2.9m in FY33)

HCTC estimates for personnel to fill shared services functions, FY26 – FY33

	Count of positions	Estimated compensation, FY26	Estimated compensation, FY33
Student services	2	\$123k	\$134k
Human resources	3	\$438k	\$520k
Technology solutions	10	\$1,330k	\$1,582k
Total	15	\$1,881k	\$2,236k

Appendix: Future state recommendations

Programs were identified by comparing bachelor’s completions in the EKCEP to job openings in the current state and a future state that resembles a competitive economy

	Priority programs <i>Solve an immediate community need</i>	Aspirational programs <i>Prepare the area to attract opportunity</i>																																
Methodology	<ul style="list-style-type: none"> ▶ For each field, subtract annual bachelor’s degree completions at institutions located in EKCEP LWA (IPEDS) from annual job openings that require a bachelor’s degree in the same area (KY STATS) 	<ul style="list-style-type: none"> ▶ Identify an “aspirational” economy from ARC counties ▶ Calculate a per-capita ratio of positions-to-people by job ▶ Apply per-capita ratio to EKCEP population to forecast “aspirational” state by job ▶ Subtract current level of employment in EKCEP by job 																																
Result	A. Gap between EKCEP job openings and bachelor’s completions	B. Gap to target benchmark for employment positions in the EKCEP																																
	<table border="1"> <thead> <tr> <th>Job type</th> <th>Annual openings</th> <th>Annual completions</th> <th>Annual gap – annual openings less completions</th> </tr> </thead> <tbody> <tr> <td>Teaching</td> <td>411</td> <td>58</td> <td>353</td> </tr> <tr> <td>Nursing</td> <td>286</td> <td>66</td> <td>220</td> </tr> <tr> <td>Social work</td> <td>223</td> <td>17</td> <td>206</td> </tr> </tbody> </table>	Job type	Annual openings	Annual completions	Annual gap – annual openings less completions	Teaching	411	58	353	Nursing	286	66	220	Social work	223	17	206	<table border="1"> <thead> <tr> <th>Job type</th> <th>Aspirational EKCEP employment</th> <th>Current EKCEP employment</th> <th>Employment gap to aspirational state</th> </tr> </thead> <tbody> <tr> <td>Nursing</td> <td>4,722</td> <td>3,370</td> <td>1,352</td> </tr> <tr> <td>IT management</td> <td>1,441</td> <td>353</td> <td>1,088</td> </tr> <tr> <td>Business</td> <td>4,467</td> <td>3,887</td> <td>580</td> </tr> </tbody> </table>	Job type	Aspirational EKCEP employment	Current EKCEP employment	Employment gap to aspirational state	Nursing	4,722	3,370	1,352	IT management	1,441	353	1,088	Business	4,467	3,887	580
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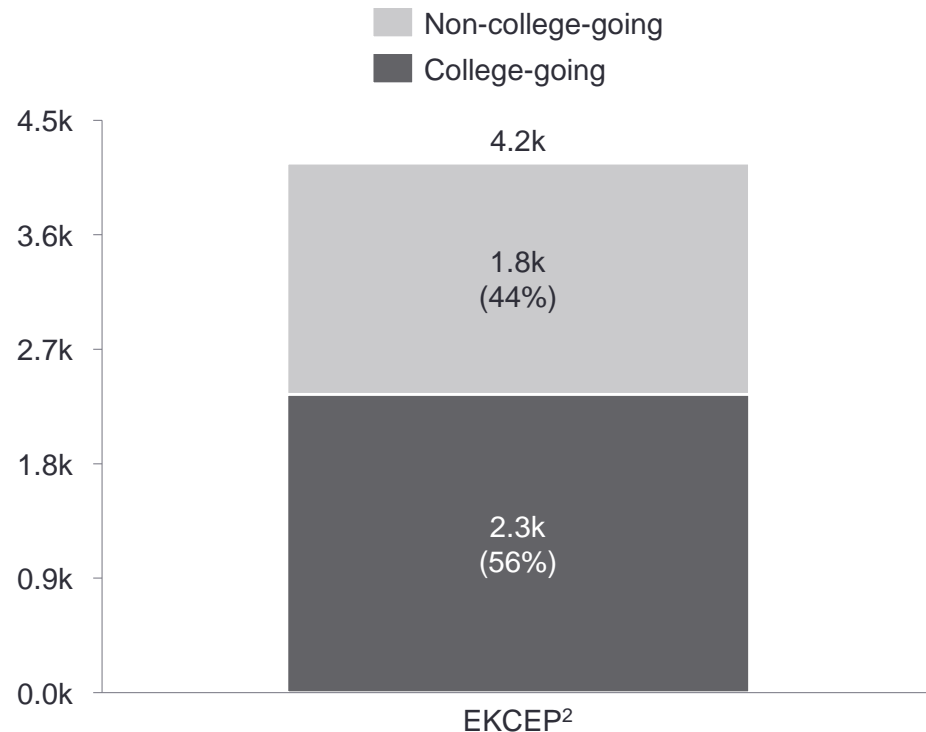
NewU enrollment is expected to stabilize at a steady state by FY33

Projected NewU enrollment (FTE students) (FY26-FY33)

	Y0 (planning period)		Y1	Y2	Y3	Y4	Y5	Y6
	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
NewU bachelor's enrollment, FTE students								
Low	-	-	124	213	287	349	356	364
Moderate	-	-	223	384	517	631	644	653
High	-	-	376	652	885	1,087	1,113	1,138

NewU could increase college enrollment in the region by capturing share of non-college going students

**Projected high school graduates in EKCEP by intended college-going status after graduation¹,
(number of students, FY27)**



**NewU estimated enrollment as a percentage of EKCEP high school graduates,
(student headcount, FY28 NewU as a percent of FY27 HS grads)**

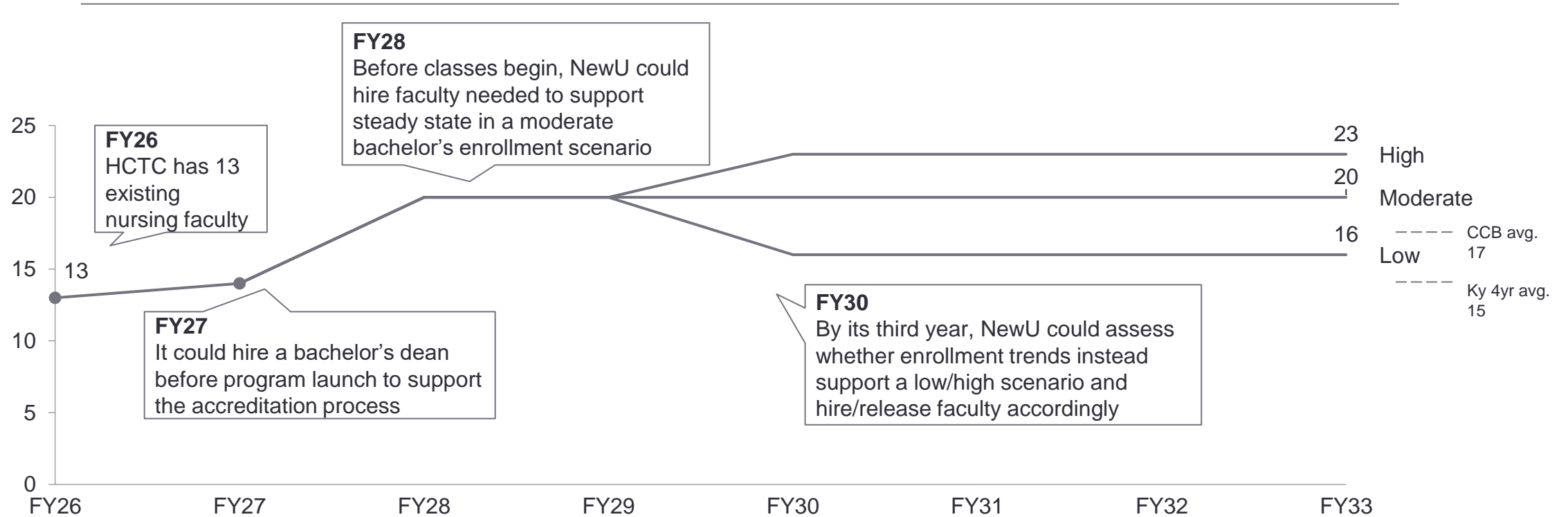
NewU enrollment scenario	FY28 NewU non-transfer enrollment headcount	Implied increase in college-going rate if all headcount is from HS grads in EKCEP
High	464	+27% to 83%
Moderate	275	+15% to 71%
Low	153	+8% to 64%

1. FY28 high school graduates calculated using projected census population growth estimates by age group and FY23 proportion of college-going and non-college-going

2. Counties include Bell, Breathitt, Carter, Clay, Elliot, Floyd, Harlan, Jackson, Johnson, Knott, Knox, Lawrence, Lee, Leslie, Letcher, Magoffin, Martin, Menifee, Morgan, Owsley, Perry, Pike, Wolfe
Source: KYSTATS; IPEDS; interviews and analysis

NewU could add faculty to support a moderate steady state bachelor's enrollment before students arrive and adjust faculty during the third year based on enrollment trends

Estimated NewU faculty – nursing example (FY26-FY33)



Total student to faculty ratio (incl. associate degree in nursing students)¹

Low	15.1
Moderate	16.7
High	24.0

1. Student headcount assumes steady state associate degree enrollment headcount from fall 2023 (FY24)

Source: HCTC internal data; University websites; IPEDS; interviews with HCTC leadership, four-year universities, and community college bachelor's programs; analysis

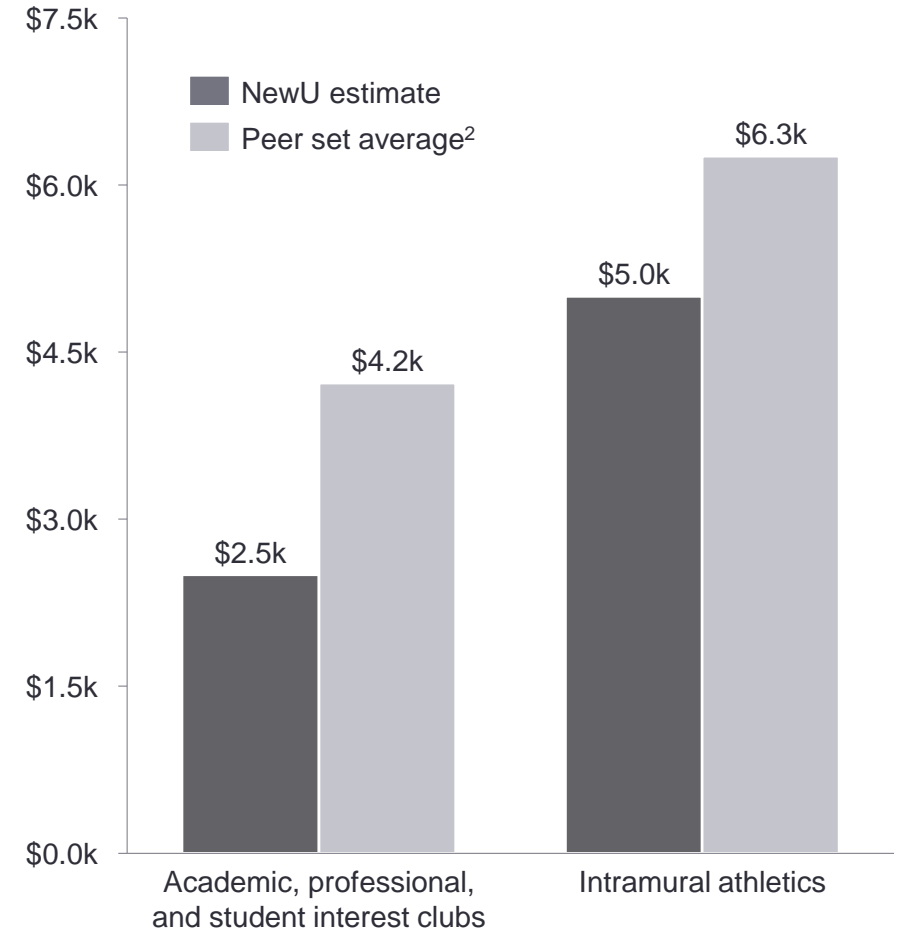
Appendix: Enrollment scenarios and financial impacts

NewU could launch 5-10 clubs and 1-5 intramurals to support the student experience at a cost of ~\$2.5k and ~\$5k per extracurricular, respectively

Extracurriculars overview

	Benefits	NewU potential extracurriculars	CCB ¹ peers
Academic, professional, and student interest clubs	<ul style="list-style-type: none"> ▶ Academic achievement ▶ Career outcomes ▶ Retention 	<ul style="list-style-type: none"> ▶ Nursing honors society ▶ Education leaders club ▶ Social work leaders club ▶ Business and entrepreneurship club ▶ Volunteer organization 	<ul style="list-style-type: none"> ▶ Average of 19 clubs ▶ Range of 16 to 28 clubs
Intramural athletics	<ul style="list-style-type: none"> ▶ Student engagement and satisfaction ▶ Retention 	<ul style="list-style-type: none"> ▶ Golf ▶ Soccer ▶ Basketball ▶ Tennis ▶ Archery 	<ul style="list-style-type: none"> ▶ Average of 2 intramurals ▶ Range of 1 to 3 intramurals

Annual cost per extracurricular (FY19-FY25)²



1. Community College Baccalaureate institutions (CCB) transitioned from a 2-year college to offering 4-year degrees; Peer group in the greater southeastern U.S. includes Laredo College, Clark State College, College of Central Florida, Potomac State College of West Virginia University, Vincennes University, Greenville Technical College, Georgia Highlands College, Ozarks Technical Community College

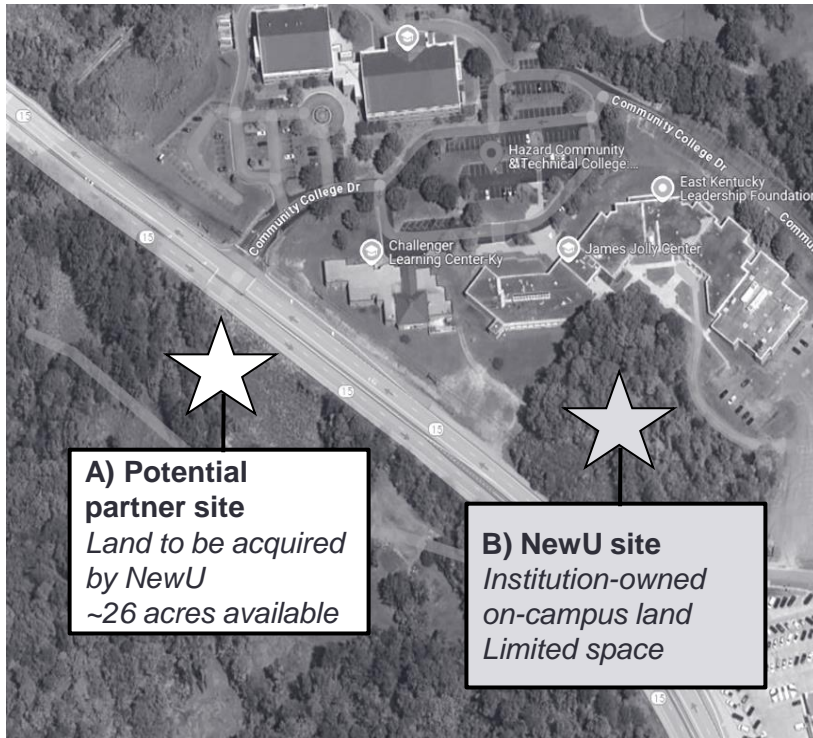
2. NewU extracurricular estimates reflect a lower annual cost due to a relatively small student body and lower expenses due to the rural location

2. Peer set includes the following public institutions: Laramie County Community College, Riverside City College, Rowan University, Stony Brook University, Old Dominion University, Stockton University, Old Dominion University, University of Michigan, Borough of Manhattan Community College, and Winona State University

Source: The National Federation of State Associations; university websites; interviews

NewU could partner with a non-profit that could build a student residence on its land, and/or it could construct and manage its own dormitory

Potential residential sites



	A) Public private partnership, e.g., Family Scholar House	B) Fee development e.g., NewU-managed dormitory
Benefits	<ul style="list-style-type: none"> ▶ Lower cost to NewU as partner would construct and manage (NewU would purchase land and install bridge to access campus) 	<ul style="list-style-type: none"> ▶ NewU can set design and operation parameters
Risks	<ul style="list-style-type: none"> ▶ Partner controls design parameters, including resident selection (e.g., NewU may ideally prioritize bachelor’s participants, but partner may have differing priorities) 	<ul style="list-style-type: none"> ▶ NewU would still need to select a construction partner ▶ NewU may bear construction and operating costs (has options to finance construction)

Appendix: Enrollment scenarios and financial impacts

Each enrollment scenario contemplates changes in drivers of recurring revenues and expenses for NewU (1 of 2: revenue)

	Low enrollment scenario	Moderate enrollment scenario	High enrollment scenario
Recurring revenue scenario assumptions			
Published tuition & fees	▶ \$227 for lower-level courses, \$415 for upper-level courses; published prices grow at 2% per year starting in FY27		
Federal and state grants related to tuition & fees	▶ Assumes student demographic profile will be similar to HCTC's, with comparable eligibility for federal and state aid programs (~50% of gross tuition and fees)		
Grants related to workforce and other	▶ Assumes NewU would continue to receive workforce development and other non-tuition grants from current sources		
Fundraising gifts	▶ Incremental gifts of ~\$200 per FTE student		
Extracurricular dues and fundraising	▶ No expectation for student-related dues or fundraising		
Auxiliary revenue from facilities	▶ \$13k in annual land lease income from Family Scholar House		▶ Land lease income plus auxiliary revenue (room charges to students)

Appendix: Enrollment scenarios and financial impacts

Each enrollment scenario contemplates changes in drivers of recurring revenues and expenses for NewU (2 of 2: expenses)

	Low enrollment scenario	Moderate enrollment scenario	High enrollment scenario
Recurring expense scenario assumptions			
Faculty¹	<ul style="list-style-type: none"> ▶ Faculty count based on student enrollment and target 25:1 student-faculty ratio ▶ Faculty are hired before students begin in FY28 to prepare for moderate scenario and adjusted in FY30 (third year with enrolled students) based on whether enrollment is trending to low or high scenario ▶ Average salaries by level consistent with Kentucky four-year average ▶ Includes 2.5% annual increase consistent with five-year average higher education price index for faculty 		
Staff²	<ul style="list-style-type: none"> ▶ Average compensation based on current HCTC and four-year salaries by role ▶ Includes 2.5% annual increase consistent with five-year average higher education price index for administrative staff 		
Institutional financial aid and auxiliary scholarships	<ul style="list-style-type: none"> ▶ First two entering cohorts pay lower-level tuition and fee rate (\$227) for duration of time at New U ▶ Subsequent cohorts receive 30% institutional aid for upper-level years 		<ul style="list-style-type: none"> ▶ No differentiated pricing for first two years of entering cohorts ▶ Upper-level students receive 30% institutional aid
Instructional supplies	▶ Assumes ~\$380 per FTE instructional supplies cost derived from L3Y average of HCTC's historical financials		
Services and technology	<ul style="list-style-type: none"> ▶ Shared via MOU with KCTCS at current rate, no new incremental costs ▶ No new/additive services or technology 		
Extracurricular expenses	<ul style="list-style-type: none"> ▶ Materials and supplies of \$2.5k per club and \$5k per intramural sport ▶ 1 full-time coordinator 		
	▶ \$17.5k (5 clubs, 1 intramural)	▶ \$32.5k (7 clubs, 3 intramurals)	▶ \$50.0k (10 clubs, 5 intramurals)
Facilities operations	▶ No direct expenses for NewU as partner full manages operations		▶ Operating and maintenance expenses for NewU-managed dormitory

Appendix: Enrollment scenarios and financial impacts

In addition to recurring expenses, NewU would require some startup investments before launch

	Low enrollment scenario	Moderate enrollment scenario	High enrollment scenario
One-time startup investment scenario assumptions			
Accreditation support	▶ Accreditation consultant required to support HCTC level change and program approval in pre-launch phase		
Curriculum development	▶ Curriculum design consultant required in pre-launch phase FY26		
Initial investment in extracurricular equipment (intramurals)	▶ Cost of equipment for 1 intramural program (\$7k total)	▶ Cost of equipment for 3 intramural programs (\$21k total)	▶ Cost of equipment for 5 intramural programs (\$35k total)
Housing facility land purchase, development, and building costs	▶ \$14m in preparation for partner site (\$10m for housing facility land acquisition and site development; \$4m for dining and student center renovation)		▶ \$4m for dining and student center renovation ▶ \$10m for partner housing facility land acquisition and site development ▶ \$20.8m for land preparation and construction

Appendix: Enrollment scenarios and financial impacts

In a high enrollment scenario, NewU is projected to enroll ~1,140 FTE students across all class cohorts and could require a total of ~\$81m from FY26-FY33

	Y0 FY26	(planning period) FY27	Y1 FY28	Y2 FY29	Y3 FY30	Y4 FY31	Y5 FY32	Y6 FY33
Enrollment								
FTE students			376	652	885	1,087	1,113	1,138
Revenue								
Gross tuition			\$2,998,881	\$5,332,274	\$8,696,045	\$11,767,245	\$12,374,530	\$13,001,400
Federal and state scholarships (Pell, CAP, SEOG)			(\$1,499,440)	(\$2,666,137)	(\$4,348,022)	(\$5,883,622)	(\$6,187,265)	(\$6,500,700)
Institutional scholarships			(\$150,616)	(\$282,090)	(\$1,264,870)	(\$2,159,351)	(\$2,314,120)	(\$2,474,216)
Net tuition			\$1,348,825	\$2,384,047	\$3,083,153	\$3,724,272	\$3,873,145	\$4,026,484
Grants			\$1,499,440	\$2,666,137	\$4,348,022	\$5,883,622	\$6,187,265	\$6,500,700
Gifts / fundraising			\$75,791	\$131,541	\$178,343	\$219,158	\$224,295	\$229,432
Residential facilities			\$13,000	\$806,680	\$834,136	\$862,600	\$892,072	\$922,600
<i>Subtotal</i>			\$2,937,056	\$5,988,405	\$8,443,654	\$10,689,652	\$11,176,777	\$11,679,215
Expenses								
Incremental faculty headcount	5	42	42	42	61	61	61	61
Incremental academic staff headcount	0	0	2	3	3	4	4	4
Incremental non-academic staff headcount	4	25	41	44	44	44	44	44
Salaries	(\$1,781,854)	(\$4,035,365)	(\$7,826,822)	(\$8,211,067)	(\$9,855,519)	(\$10,148,738)	(\$10,401,513)	(\$10,660,585)
Benefits	(\$766,197)	(\$1,735,207)	(\$3,365,533)	(\$3,530,759)	(\$4,237,873)	(\$4,363,957)	(\$4,472,651)	(\$4,584,051)
Marketing		(\$106,018)	(\$106,018)	(\$184,003)	(\$249,471)	(\$306,564)	(\$313,750)	(\$320,935)
Instructional materials and supplies			(\$184,830)	(\$341,896)	(\$494,042)	(\$647,054)	(\$705,795)	(\$769,464)
Non-personnel extracurricular expense			(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)
Non-personnel residential expense				(\$488,596)	(\$490,499)	(\$492,469)	(\$494,508)	(\$496,621)
<i>Subtotal</i>	(\$2,548,051)	(\$5,876,590)	(\$11,533,202)	(\$12,806,322)	(\$15,377,405)	(\$16,008,782)	(\$16,438,217)	(\$16,881,656)
Position								
Total recurring surplus (investment needed)	(\$2,548,051)	(\$5,876,590)	(\$8,596,147)	(\$6,817,917)	(\$6,933,751)	(\$5,319,130)	(\$5,261,440)	(\$5,202,441)
One time expenses								
Accreditation and curriculum development support	(\$43,500)							
Extracurricular equipment			(\$35,000)					
Facilities	(\$34,850,000)							
<i>Subtotal</i>	(\$34,893,500)		(\$35,000)					
Overall surplus (deficit for additional state support)	\$ (37,441,551)	\$ (5,876,590)	\$ (8,631,147)	\$ (6,817,917)	\$ (6,933,751)	\$ (5,319,130)	\$ (5,261,440)	\$ (5,202,441)

Note: faculty hired for one semester in FY27

Total additional state support needed FY26-FY33 **\$ (81,483,966)**

Appendix: Enrollment scenarios and financial impacts

In a moderate enrollment scenario, NewU is projected to enroll ~650 FTE students across all class cohorts and could require a total of ~\$73m from FY26-FY33

	Y0 (planning period)		Y1	Y2	Y3	Y4	Y5	Y6
	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Enrollment								
FTE students			223	384	517	631	644	653
Revenue								
Gross tuition			\$1,775,126	\$3,134,321	\$5,068,654	\$6,801,850	\$7,124,137	\$7,402,794
Federal and state scholarships (Pell, CAP, SEOG)			(\$819,971)	(\$1,419,425)	(\$2,250,410)	(\$2,960,710)	(\$3,040,191)	(\$3,097,163)
Institutional scholarships			(\$162,429)	(\$300,589)	(\$1,259,192)	(\$2,118,078)	(\$1,776,062)	(\$1,462,041)
Net tuition			\$792,726	\$1,414,307	\$1,559,052	\$1,723,062	\$2,307,884	\$2,843,589
Grants			\$819,971	\$1,419,425	\$2,250,410	\$2,960,710	\$3,040,191	\$3,097,163
Gifts / fundraising			\$44,886	\$77,395	\$104,289	\$127,277	\$129,850	\$131,694
Residential facilities			\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
<i>Subtotal</i>			\$1,670,583	\$2,924,127	\$3,926,751	\$4,824,050	\$5,490,925	\$6,085,446
Expenses								
Incremental faculty headcount	5	42	42	42	42	42	42	42
Incremental academic staff headcount	0	0	1	2	2	3	3	3
Incremental non-academic staff headcount	4	25	41	42	42	42	42	42
Salaries	(\$1,781,854)	(\$4,035,365)	(\$7,782,480)	(\$8,054,971)	(\$8,255,729)	(\$8,509,240)	(\$8,721,324)	(\$8,938,693)
Benefits	(\$766,197)	(\$1,735,207)	(\$3,346,467)	(\$3,463,638)	(\$3,549,963)	(\$3,658,973)	(\$3,750,169)	(\$3,843,638)
Marketing		(\$76,015)	(\$81,017)	(\$148,887)	(\$213,825)	(\$278,128)	(\$302,420)	(\$326,896)
Instructional materials and supplies			(\$109,462)	(\$201,162)	(\$288,900)	(\$375,780)	(\$408,601)	(\$441,671)
Non-personnel extracurricular expense			(\$32,500)	(\$32,500)	(\$32,500)	(\$32,500)	(\$32,500)	(\$32,500)
<i>Subtotal</i>	(\$2,548,051)	(\$5,846,587)	(\$11,351,926)	(\$11,901,159)	(\$12,340,916)	(\$12,854,622)	(\$13,215,013)	(\$13,583,397)
Position								
Total recurring surplus (investment needed)	(\$2,548,051)	(\$5,846,587)	(\$9,681,343)	(\$8,977,031)	(\$8,414,165)	(\$8,030,572)	(\$7,724,088)	(\$7,497,951)
				Note: faculty hired for one semester in FY27				
One time expenses								
Accreditation and curriculum development support	(\$43,500)							
Extracurricular equipment			(\$21,000)					
Facilities	(\$14,000,000)							
<i>Subtotal</i>	(\$14,043,500)		(\$21,000)					
Overall surplus (deficit for additional state support)	(\$16,591,551)	(\$5,846,587)	(\$9,702,343)	(\$8,977,031)	(\$8,414,165)	(\$8,030,572)	(\$7,724,088)	(\$7,497,951)

Total additional state support needed FY26-FY33	(\$72,784,289)
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Appendix: Enrollment scenarios and financial impacts

In a low enrollment scenario, NewU is projected to enroll ~360 FTE students across all class cohorts and could require a total of ~\$76m from FY26-FY33

	Y0 FY26	(planning period) FY27	Y1 FY28	Y2 FY29	Y3 FY30	Y4 FY31	Y5 FY32	Y6 FY33
Enrollment								
FTE students			124	213	287	348	356	364
Revenue								
Gross tuition			\$990,658	\$1,744,220	\$2,809,687	\$3,744,753	\$3,939,232	\$4,124,542
Federal and state scholarships (Pell, CAP, SEOG)			(\$495,329)	(\$872,110)	(\$1,404,843)	(\$1,872,377)	(\$1,969,616)	(\$2,062,271)
Institutional scholarships			(\$86,202)	(\$156,467)	(\$627,813)	(\$1,022,707)	(\$849,404)	(\$703,378)
Net tuition			\$409,127	\$715,643	\$777,031	\$849,670	\$1,120,212	\$1,358,893
Grants			\$495,329	\$872,110	\$1,404,843	\$1,872,377	\$1,969,616	\$2,062,271
Gifts / fundraising			\$25,018	\$43,001	\$57,809	\$70,190	\$71,842	\$73,284
Residential facilities			\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
<i>Subtotal</i>			\$942,474	\$1,643,754	\$2,252,683	\$2,805,237	\$3,174,670	\$3,507,448
Expenses								
Incremental faculty headcount	5	42	42	42	26	26	26	26
Incremental academic staff headcount	0	0	1	1	1	2	2	2
Incremental non-academic staff headcount	4	25	41	42	42	42	42	42
Salaries	(\$1,781,854)	(\$4,035,365)	(\$7,782,480)	(\$8,009,522)	(\$7,310,908)	(\$7,540,979)	(\$7,729,039)	(\$7,921,790)
Benefits	(\$766,197)	(\$1,735,207)	(\$3,346,467)	(\$3,444,094)	(\$3,143,690)	(\$3,242,621)	(\$3,323,487)	(\$3,406,370)
Marketing		(\$42,369)	(\$45,157)	(\$82,721)	(\$118,526)	(\$153,380)	(\$167,319)	(\$181,909)
Instructional materials and supplies			(\$61,012)	(\$111,765)	(\$160,141)	(\$207,233)	(\$226,066)	(\$245,778)
Non-personnel extracurricular expense			(\$22,581)	(\$24,067)	(\$25,650)	(\$27,338)	(\$29,137)	(\$31,054)
<i>Subtotal</i>	(\$2,548,051)	(\$5,812,941)	(\$11,257,697)	(\$11,672,169)	(\$10,758,916)	(\$11,171,550)	(\$11,475,048)	(\$11,786,901)
Position								
Total recurring surplus (investment needed)	(\$2,548,051)	(\$5,812,941)	(\$10,315,222)	(\$10,028,415)	(\$8,506,233)	(\$8,366,314)	(\$8,300,378)	(\$8,279,453)
			Note: faculty hired for one semester in FY27					
One time expenses								
Accreditation and curriculum development support	(\$43,500)							
Extracurricular equipment			(\$7,000)					
Facilities	(\$14,000,000)							
<i>Subtotal</i>	(\$14,043,500)		(\$7,000)					
Overall surplus (deficit for additional state support)	(\$16,591,551)	(\$5,812,941)	(\$10,322,222)	(\$10,028,415)	(\$8,506,233)	(\$8,366,314)	(\$8,300,378)	(\$8,279,453)
Total additional state support needed FY26-FY33	(\$76,207,506)							

Appendix: Enrollment scenarios and financial impacts

At scale by FY33, NewU could cost ~\$5.2m-\$8.3m annually; it would require a total investment of ~\$73m to ~\$81m over the seven-year scaling period

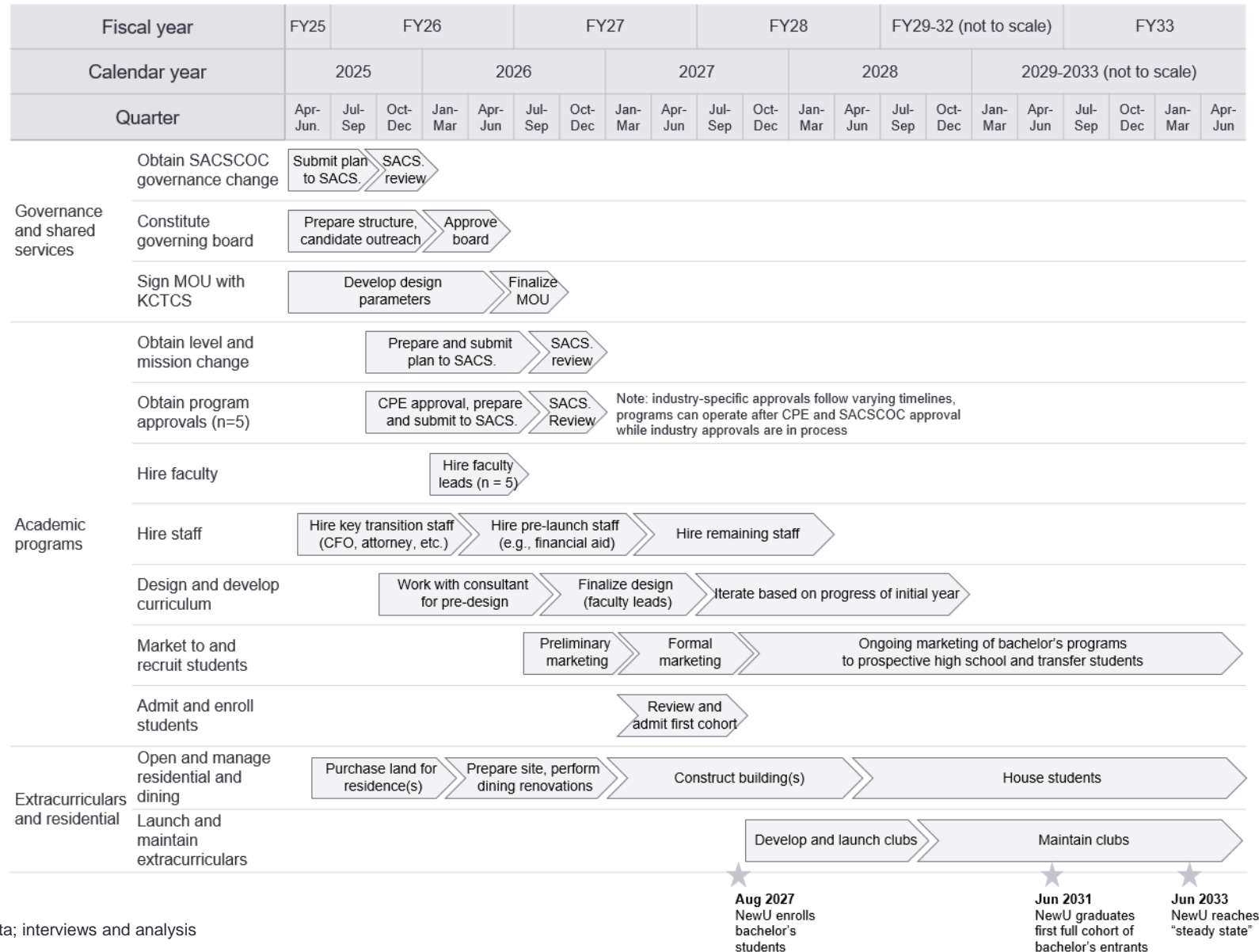
Current state, HCTC FY23 ¹	
State appropriations allocated to HCTC, FY23	\$11.5m
HCTC FTE student enrollment, FY23	1,387 FTE students
Appropriations per HCTC FTE student, FY23	\$8.3k

Incremental recurring investment of appropriations needed at scale; NewU FY323 bachelor's programs by scenario				
		Low	Moderate	High
Additional recurring appropriations investment needed for bachelor's programs		~\$8.3m	~\$7.5m	~\$5.2m
Incremental bachelor's FTE students (% increase over HCTC FY23)		364 (+26%)	653 (+47%)	1,138 (+82%)
Incremental faculty and staff needed for bachelor's programs	Faculty	26	42	61
	Academic staff	2	3	4
	Non-academic staff	42	42	44
One-time costs		~\$14.0m	~\$14.0m	~\$34.9m
Total investment needed during NewU scaling period				
Total investment		~\$76.2m	~\$72.8m	~\$81.5

1. Based on 2023 as most recently-available public FTE count
 Source: HCTC internal data; university websites; IPEDS; interviews and analysis

Appendix: Implementation timeline

NewU would undergo an accreditation and approval process in FY26 and FY27 to enroll its first cohort of bachelor's students in fall 2027 (FY28)



Appendix: Alternative model

As an alternative, investing in the University Center of the Mountains could address current pain points that prevent the transfer center from reaching a larger scale

UCM has low awareness among prospective students and four-year partners

“ I do not know a great deal about UCM. We’d be receptive to being more helpful but would likely need to have a better understanding of their strategy.”
Provost of four-year comprehensive university, current UCM partner

There is limited in-person interaction for student support and community-building

“ I come to the UCM classrooms for my live-streamed classes, but I’m the only student here in the room so I don’t have anyone to ask questions to or study with. My professor is only available virtually.”
Current student at UCM partner institution

UCM represents a small share of partners’ transfer enrollment; it lacks the critical mass to incentivize partner engagement

“ Normally we don’t run classes smaller than 12-25 outside of central campus. We’re not going to invest in sending faculty and advisors if there are three students taking a program. Scaling up these programs would only be possible if the state invests in it.”
Provost of four-year comprehensive university, current UCM partner

Partners are not required to share enrollment and student success data to UCM, so there is limited reporting on outcomes

“ The data is hard to get because we completely depend on partner institutions to report that to us, especially data on enrollment and completions.”
Director of UCM

UCM is capacity-constrained with a staff of two full-time employees

“ UCM staff has been in a transition since the pandemic and flood crisis. Before, it was only part-time co-directors and a transfer advisor who has since retired.”
Director of UCM



As a result, UCM is currently is not positioned to significantly increase the number of bachelor’s degree enrollees in the region

A “NewUCM” could look to peer models for leading practices to implement to reach more students

Peer institution	Leading practices
<p>University Center of Lake County</p>	<ul style="list-style-type: none"> ▶ Targeted programs with workforce demand: based on labor market and economic needs ▶ Partner engagement: certain eligibility requirements to promote programs and exclusive partnerships align incentives ▶ Data on enrollment and outcomes: Member institutions are required to report student success metrics to UCLC ▶ Facilities: a 91k sq. ft facility allows students to interact and engage with the campus ▶ Staff and leadership capacity: dedicated resources allow for the appropriate level of support ▶ Student experience: College and career counselors meet with students early in their tenure at the partner community college and stay with them throughout their time at UCLC
<p>The Universities at Shady Grove</p>	<ul style="list-style-type: none"> ▶ Scholarship opportunities: access private funding dollars make bachelor’s degrees more accessible ▶ Data on enrollment and outcomes: data on program outcomes is used to attract students and message the value of pathways ▶ Student experience: In-person engagement opportunities, academic advising, and wraparound services help build community and make support more accessible to students ▶ Facilities: USG has four buildings at its dedicated campus allowing students to interact with the campus ▶ K-12 through career connection: participation in the ACES program to provide students with coaching from tenth grade through bachelor's degree completion

NewUCM could operate under different governance structures; the option that would likely have the highest cost would be an independent not-for-profit

	A) Remain a part of HCTC	B) Become a branch within CPE	C) Become an independent not-for-profit
Benefits	<ul style="list-style-type: none"> ▶ Would be able to leverage current HCTC systems and resources (e.g., student data on SIS, shared personnel) with the least friction 	<ul style="list-style-type: none"> ▶ Could share some state-wide resources (e.g., access to state-level benchmarking) and have guidance from CPE on program focuses, etc. ▶ Could be more-easily replicated statewide 	<ul style="list-style-type: none"> ▶ Could allow for flexibility and brand differentiation ▶ Would signal increase in focus on program ▶ Objective in nature; able to focus on meeting student needs more than institutions' preferences
Risks	<ul style="list-style-type: none"> ▶ May not have enough separation to focus resources on bachelor's students and solve current state pain points 	<ul style="list-style-type: none"> ▶ May not be as directly tied to Southeastern Kentucky if operated at a state level 	<ul style="list-style-type: none"> ▶ As an entity independent from the state system, holding partner institutions accountable may be more challenging



Appendix: Alternative model

NewUCM could require 18 full-time employees to lead the organization and perform other activities aligned to increasing the number of bachelor's transfers in Eastern KY

Role	FTE count	Responsibilities
Executive Director / CEO	1	▶ Develop and executive overall strategy, be key liaison with external stakeholders, provide internal leadership
Director of Operations	1	▶ Manage the day-to-day operations of NewUCM (incl. finance, HR, data analytics, etc.) and serve as thought partner to CEO
Administrative Lead	1	▶ Support leadership team in day-to-day in-person operations of NewUCM
Data Analyst	1	▶ Collect, analyze, and summarize student data from member institutions tracking success metrics
Business Office Manager	1	▶ Manage procurement, accounts payable, accounts receivable, and other central business functions
Marketing and Events Coordinator	1	▶ Promote NewUCM across marketing channels, incl. social media; host internal and external events (e.g., back-to-school night, internship and career expo)
Development Associate	2	▶ Support fundraising efforts including donor outreach, event planning, grant writing and management
Recruitment Specialist	3	▶ Recruit potential students to respective programs by visiting high schools, associate programs, and employers
Technology Support Specialist	1	▶ Address classroom and student technology issues
Transfer Pathway Coordinator	3	▶ Work with two-year and four-year faculty to formalize transfer pathways in focus areas, advise prospective and current students on academic transfer matters
Tutor	3	▶ Meet with students to provide supplemental tutoring (e.g., nursing coursework); note: full-time equivalence, may be part-time or hourly
Total	18	

As with NewU, NewUCM could focus on a targeted set of market-driven programs, but instead through a partnership approach supported by a mix of revenue sources

NewUCM focus programs

- ① **Nursing**
- ② **Education**
- ③ **Social work**
- ④ **IT**
- ⑤ **Business**

Potential approach to partnership

- ▶ One partner granted exclusivity per program
- ▶ Partners are recruited via a RFP-type process
- ▶ NewUCM provides students a place to learn remotely, enrichment activities, supplemental advising and tutoring, trips to visit transfer partners, and other benefits
- ▶ Partners agree to teach in-person and send advisors when programs reach an agreed-upon critical mass

Potential revenue sources

- ▶ Payments from partners, ex.:
 - Annual fee
 - Revenue-sharing agreement to collect a small percentage of gross tuition from a UCM-recruited student
- ▶ Donations and fundraising
- ▶ State appropriations

Appendix: Alternative model

At full scale, NewUCM could require ~\$2.2m in recurring funds which includes dedicated staff and funding for student support and experiential learning

	Y1 FY26	Y2 FY27	Y3 FY28	Y4 FY29	Y5 FY30	Y6 FY31	Y7 FY32	Y8 FY33
Enrollment								
FTE students	62	107	143	175	178	182	182	182
Staff expenses								
UCM staff headcount	18	18	18	18	18	18	18	18
Salaries	(\$1,036,537)	(\$1,062,451)	(\$1,089,012)	(\$1,116,237)	(\$1,144,143)	(\$1,172,747)	(\$1,202,066)	(\$1,232,117)
Benefits	(\$445,711)	(\$456,854)	(\$468,275)	(\$479,982)	(\$491,982)	(\$504,281)	(\$516,888)	(\$529,810)
<i>Total personnel expenses</i>	(\$1,482,248)	(\$1,519,305)	(\$1,557,287)	(\$1,596,219)	(\$1,636,125)	(\$1,677,028)	(\$1,718,954)	(\$1,761,928)
Recurring costs								
Campus visits	(\$64,532)	(\$110,915)	(\$149,112)	(\$181,587)	(\$185,308)	(\$189,028)	(\$189,028)	(\$189,028)
Community events	(\$3,570)	(\$3,570)	(\$3,570)	(\$3,570)	(\$3,570)	(\$3,570)	(\$3,570)	(\$3,570)
Merit scholarships and stipends	(\$43,938)	(\$75,519)	(\$101,526)	(\$123,637)	(\$126,170)	(\$128,703)	(\$128,703)	(\$128,703)
Investments in facilities and distance learning technology	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)
Financial software	(\$1,188)	(\$1,188)	(\$1,188)	(\$1,188)	(\$1,188)	(\$1,188)	(\$1,188)	(\$1,188)
Space rental	(\$43,213)	(\$43,213)	(\$43,213)	(\$43,213)	(\$43,213)	(\$43,213)	(\$43,213)	(\$43,213)
Marketing	(\$21,184)	(\$38,807)	(\$55,604)	(\$72,170)	(\$78,495)	(\$85,339)	(\$90,955)	(\$96,939)
<i>Total one time operating expenses</i>	(\$180,626)	(\$276,213)	(\$357,214)	(\$428,366)	(\$440,944)	(\$454,042)	(\$459,658)	(\$465,642)
One time costs								
Technology investment (5 campuses)	(\$55,000)							
Total incremental investment required	(\$1,717,874)	(\$1,795,517)	(\$1,914,501)	(\$2,024,585)	(\$2,077,069)	(\$2,131,070)	(\$2,178,611)	(\$2,227,570)
Total additional state support needed FY26-FY33	(\$16,066,798)							

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