



**COMMONWEALTH OF KENTUCKY
BUDGET REVIEW SUBCOMMITTEE
ON POSTSECONDARY EDUCATION**

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President, Kentucky State University
February 6, 2020***

PERFORMANCE FUNDING (THE KENTUCKY MODEL)

- **HB 303 mandated the implementation of a new performance funding model**
- **Legislation created a working group for allocating state funds that included enrollment, mission and performance**
- **Created a Performance Fund by transferring 5 percent of each institutions base Kentucky State University (held harmless for three years)**
- **Year 1 – Kentucky State University was held harmless at 0%**
- **Year 2 – Kentucky State University's base funding was reduced by 1%**
- **Year 3 – Kentucky State University's base funding was reduced by 2%**
- **Year 4 and 5 – \$6,867,800 annually to attain equilibrium**

PERFORMANCE FUNDING DIFFERENCES

KENTUCKY

Volume
Output Based
Based Fund Depletion/Equilibrium

NATION

Percentage
Input & Output Based
Secures Base – Performance Influences New Monies

The Existential Threat - The biennial fiscal cliff
\$13,735,600 plus pension cost

KENTUCKY STATE UNIVERSITY AND PERFORMANCE FUNDING

- Our campus supports the desired programmatic outcomes of the model.
- Our campus requires additional supports to continue improving outcomes.
- Our campus services all Kentucky students, but not all Kentucky students are alike.
- Our campus has better performance on percentage outcomes than volume outcomes.

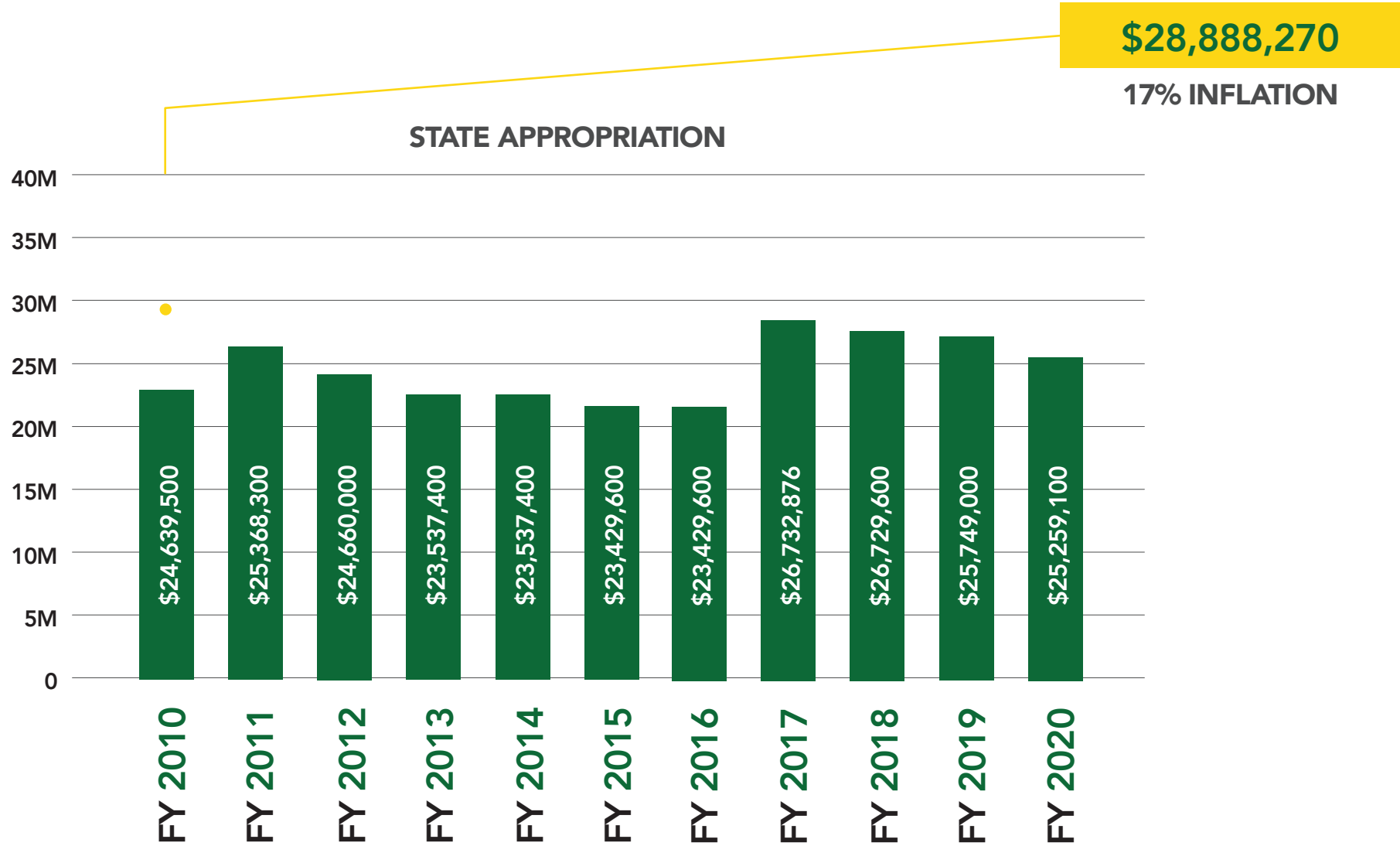
BIENNIAL BUDGET RECOMMENDATION

REQUESTED TOTAL GENERAL FUND APPROPRIATION (BEGINNING BASE)

INSTITUTION	2019-20 REGULAR APPROPRIATION ¹	PERFORMANCE DISTRIBUTION ²	2019-20 TOTAL APPROPRIATION
UNIVERSITY OF KENTUCKY	\$249,109,400	\$14,492,500	\$263,601,900
UNIVERSITY OF LOUISVILLE	\$123,290,400	\$3,343,300	\$126,633,700
EASTERN KENTUCKY UNIVERSITY	\$60,175,200	\$3,578,400	\$63,753,600
KENTUCKY STATE UNIVERSITY	\$25,259,100	\$0	\$25,259,100
MOREHEAD STATE UNIVERSITY	\$38,466,800	\$0	\$38,466,800
MURRAY STATE UNIVERSITY	\$44,581,400	\$0	\$4,581,400
NORTHERN KENTUCKY UNIVERSITY	\$47,974,500	\$4,325,500	\$52,300,000
WESTERN KENTUCKY UNIVERSITY	\$69,344,200	\$4,379,100	\$73,723,300
KCTCS	\$166,034,000	\$8,547,000	\$174,581,000
TOTAL	\$824,235,000	\$38,665,800	\$862,900,800

KSU FUNDING APPROPRIATIONS

LAST 10 YEARS OF APPROPRIATIONS



MANDATED PROGRAMS

CPE & GUBERNATORIAL REQUEST

KSU LAND-GRANT MATCH

- **FY 2020-2021 - \$7,148,800 (shortfall \$1,168,000)**
- **FY 2021-2022 - \$7,148,800 (shortfall \$1,355,600)**

KENTUCKY MUSEUM FOR AFRICAN AMERICAN HISTORY

- **\$0 requested for the Kentucky Museum of African American History at Jackson Hall authorized as a State Museum in HB 302 (2018)**

CHANGES FOR 1890 UNIVERSITIES

AGRICULTURE AND IMPROVEMENT ACT OF 2018 (FARM BILL)

THE 2018 FARM BILL INCLUDES A NEW PROVISION REQUIRING THE SECRETARY OF AGRICULTURE TO ANNUALLY REPORT TO CONGRESS THE ALLOCATIONS MADE TO AND STATE MATCHING FUNDS RECEIVED BY 1890 INSTITUTIONS AND 1862 INSTITUTIONS AS REQUIRED BY THE NATIONAL AGRICULTURAL RESEARCH, EXTENSION AND TEACHING POLICY ACT.

LAND-GRANT PROGRAMS IN THE COMMONWEALTH

Kentucky State University

2019-20 MANDATED PROGRAM FUNDING

LANDGRANT PROGRAM \$6,651,400

University of Kentucky

2019-20 MANDATED PROGRAM FUNDING

UNIVERSITY OF KENTUCKY HOSPITAL DIRECT SUPPORT	\$0
AGRICULTURE COOPERATIVE EXTENSION	\$31,275,300
AGRICULTURE EXPERIMENT STATION	\$29,479,600
AGRICULTURE PUBLIC SERVICE	\$1,800,000
LIVESTOCK DISEASE DIAGNOSTIC LAB	\$4,034,200
KENTUCKY GEOLOGICAL SURVEY	\$4,076,300
UNIVERSITY PRESS	\$0
CENTER ON AGING	\$2,040,500
CENTER FOR ENTREPRENEURSHIP	\$600,000
RURAL HEALTH CARE	\$450,200
CENTER ON CANCER PREVENTION	\$450,200
CENTER FOR APPLIED ENERGY RESEARCH	\$5,176,200
SUBTOTAL	\$79,382,500

USDA FEDERAL FUNDS RECEIVED IN 2018

MCINTIRE STENNIS	\$108,304	0.94 : 1
EVANS ALLEN	\$3,691,365	
SECTION 1444	\$3,261,840	
TOTAL MATCH NEED IN 2018	\$7,061,509	
PRIOR YEAR RECEIVED	\$6,651,400	

USDA FEDERAL FUNDS RECEIVED IN 2018

HATCH REGULAR	\$5,156,747	4.32 : 1
HATCH MULTI	\$1,205,094	
MCINTIRE STENNIS	\$613,722	
SMITH LEVER	\$9,379,792	
TOTAL MATCH NEED IN 2018	\$16,355,355	
PRIOR YEAR RECEIVED	\$70,665,400	

KENTUCKY STATE UNIVERSITY

ASSET PRESERVATION NEEDS

LIST ALL ASSET PRESERVATION NEEDS

Asbestos inspections/abatement	\$250,000
Streets, sidewalks and parking	\$1,500,000
Roofs	\$15,000,000
Building envelope	\$30,000,000
Fire Alarms Systems	\$8,000,000
Emergency Lighting	\$1,000,000
Power wiring	\$2,000,000

Elevators repair/replace	\$2,000,000
Interiors finishes	\$7,000,000
Plumbing – pumps, fixtures	\$7,000,000
HVAC Repairs	\$5,000,000
Federal Building	\$1,750,000
Spring House repairs	\$30,000
TOTAL CAMPUS NEEDS	\$80,530,000

CPE Recommended **\$10,729,400**

Governor Recommended **\$5,364,800**

CPE RECOMMENDED ASSET PRESERVATION FUNDS

POSTSECONDARY INSTITUTION	FUNDING BASE 1	RENOVATION AND RENEWAL NEED 2	PERCENT OF TOTAL	ALLOCATION BASED ON NEED	STATE BOND FUNDS
UNIVERSITY OF KENTUCKY	\$4,000,000	\$2,242,371,690	36.8%	\$132,628,100	\$136,628,100
UNIVERSITY OF LOUISVILLE	4,000,000	1,032,082,314	17.0%	61,043,900	65,043,900
EASTERN KENTUCKY UNIVERSITY	4,000,000	438,941,880	7.2%	25,961,800	29,961,800
KENTUCKY STATE UNIVERSITY	4,000,000	113,775,480	1.9%	6,729,400	10,729,400
MOREHEAD STATE UNIVERSITY	4,000,000	321,567,480	5.3%	19,019,500	23,019,500
MURRAY STATE UNIVERSITY	4,000,000	347,559,030	5.7%	20,556,900	24,556,900
NORTHERN KENTUCKY UNIVERSITY	4,000,000	294,015,940	4.8%	17,390,000	21,390,000
WESTERN KENTUCKY UNIVERSITY	4,000,000	537,724,980	8.8%	31,804,500	35,804,500
KCTCS	8,000,000	758,556,630	12.5%	44,865,900	52,865,900
TOTAL	\$40,000,000	\$6,086,595,424	100.0%	\$360,000,000	\$400,000,000

GOVERNOR'S PROPOSED RESURGENCE FUND

POSTSECONDARY INSTITUTION	FUNDING BASE 1	RENOVATION AND RENEWAL NEED 2	PERCENT OF TOTAL	ALLOCATION BASED ON NEED	STATE BOND FUNDS
UNIVERSITY OF KENTUCKY	\$2,000,000	\$2,242,371,690	36.8%	\$66,314,100	\$68,314,000
UNIVERSITY OF LOUISVILLE	2,000,000	1,032,082,314	17.0%	30,522,000	32,522,000
EASTERN KENTUCKY UNIVERSITY	2,000,000	438,941,880	7.2%	12,980,900	14,981,000
KENTUCKY STATE UNIVERSITY	2,000,000	113,775,480	1.9%	3,364,700	5,364,800
MOREHEAD STATE UNIVERSITY	2,000,000	321,567,480	5.3%	9,509,800	11,509,800
MURRAY STATE UNIVERSITY	2,000,000	347,559,030	5.7%	10,278,400	12,278,400
NORTHERN KENTUCKY UNIVERSITY	2,000,000	294,015,940	4.8%	8,695,000	10,695,000
WESTERN KENTUCKY UNIVERSITY	2,000,000	537,724,980	8.8%	15,902,200	17,902,000
KCTCS	4,000,000	758,556,630	12.5%	22,432,900	26,433,000
TOTAL	\$20,000,000	\$6,086,595,424	100.0%	\$180,000,000	\$200,000,000

LAST ASSET BOND APPROPRIATION INFORMATION



\$10,400,000



Did not utilize all of the funds

\$5M WAS RETURNED TO STATE.

CMTA - ENERGY SAVINGS INITIATIVE

APPROVED - JUNE 2018

**ENERGY PERFORMANCE
SAVINGS CONTRACT:**

\$16,326,461

**LOAN CLOSING/PROJECT
START DATE:**

NOVEMBER 15, 2019

COMPLETION DATE:

DECEMBER 31, 2020

SCOPE OF WORK:

**Controls Upgrades
(Building Automation System)**

HVAC Upgrades

**Lighting Upgrades
(Replace fixtures and bulbs w/LEDs)**

Site Piping Infrastructure Upgrades

Kitchen Upgrades

Billing Optimization

Water Efficiency Upgrades

Building Envelope Upgrades

Telecommunications Upgrades

Copier and Printer Services

INFRASTRUCTURE REPAIR COSTS (INSTITUTIONAL)

BRING THE HALLS ONLINE

\$1,800,000

HVAC upgrade
new unit ventilators in rooms

Fire alarm system upgrades

\$25,000.00

clean-up /damage repairs

Misc. repairs to piping insulation and
hardware, boiler

New water heaters for domestic water

Mold remediation

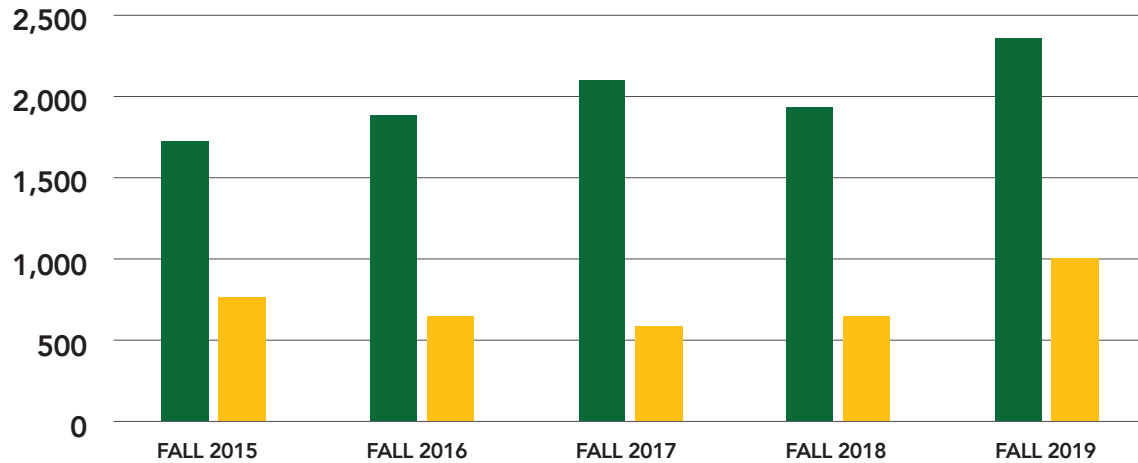
EXCHANGE VALVE

Exchange valve **\$250,000.00**

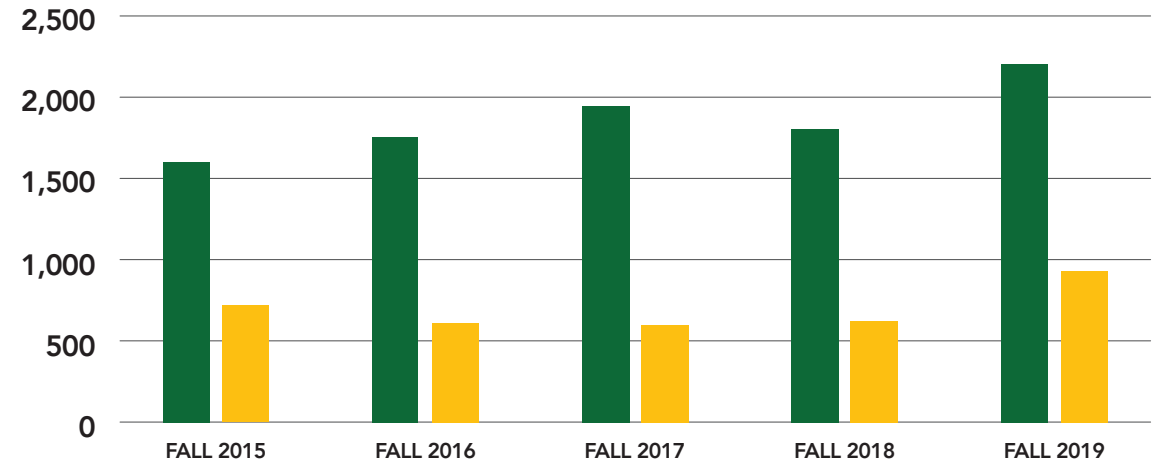
HOUSING CAPACITY IMPACT



KENTUCKY STATE UNIVERSITY ENROLLMENT

TOTAL ENROLLMENT VS. HOUSING CAPACI-



TOTAL ENROLLMENT VS. HOUSING CAPACITY
(including temporary housing)



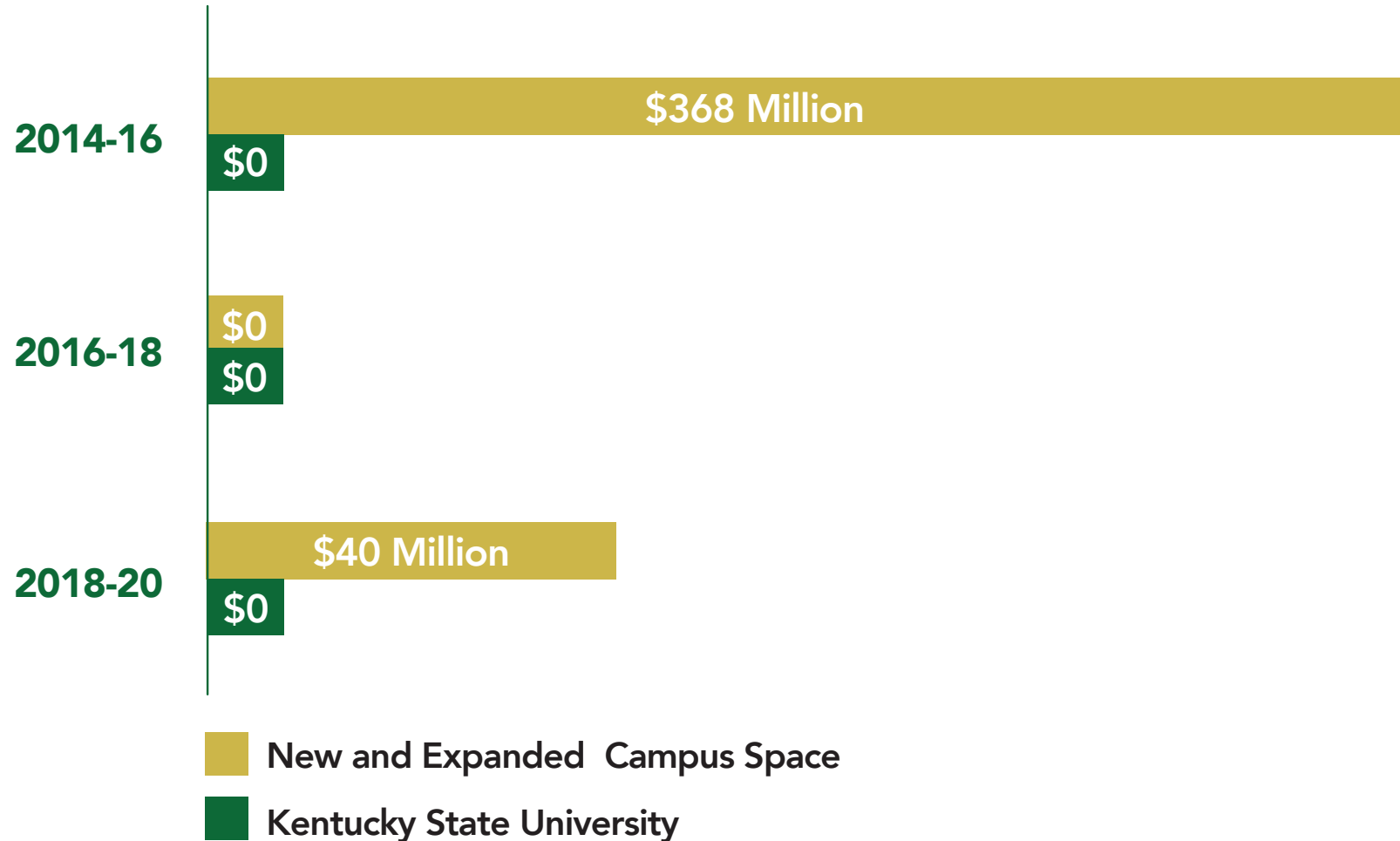
 Enrollment
 Housing Capacity

NEW P3 RESIDENT HALL

- Approximately 500 Beds
- Additional Spaces
 1. 300 Seat Capacity Dining/Public Space
 2. Two Study/Lounge Areas per floor [10 total]
 3. Floors 3-5 have additional common room off elevator [3 total]
 4. 1st Floor Amenities:
 - a. Recreation Room
 - b. Multi-Purpose Room
 - c. Mail Room
 - d. Large lobby with seating area
 - e. 2 Study/Lounge Rooms
 5. Floors 2-5 Amenities:
 - a. Two Study/Lounge Room
 - b. Laundry Room
- Approved by Finance and Administration Cabinet
- Awarded to CRM & D.W. Wilburn



STATE APPROPRIATED CAMPUS CONSTRUCTION



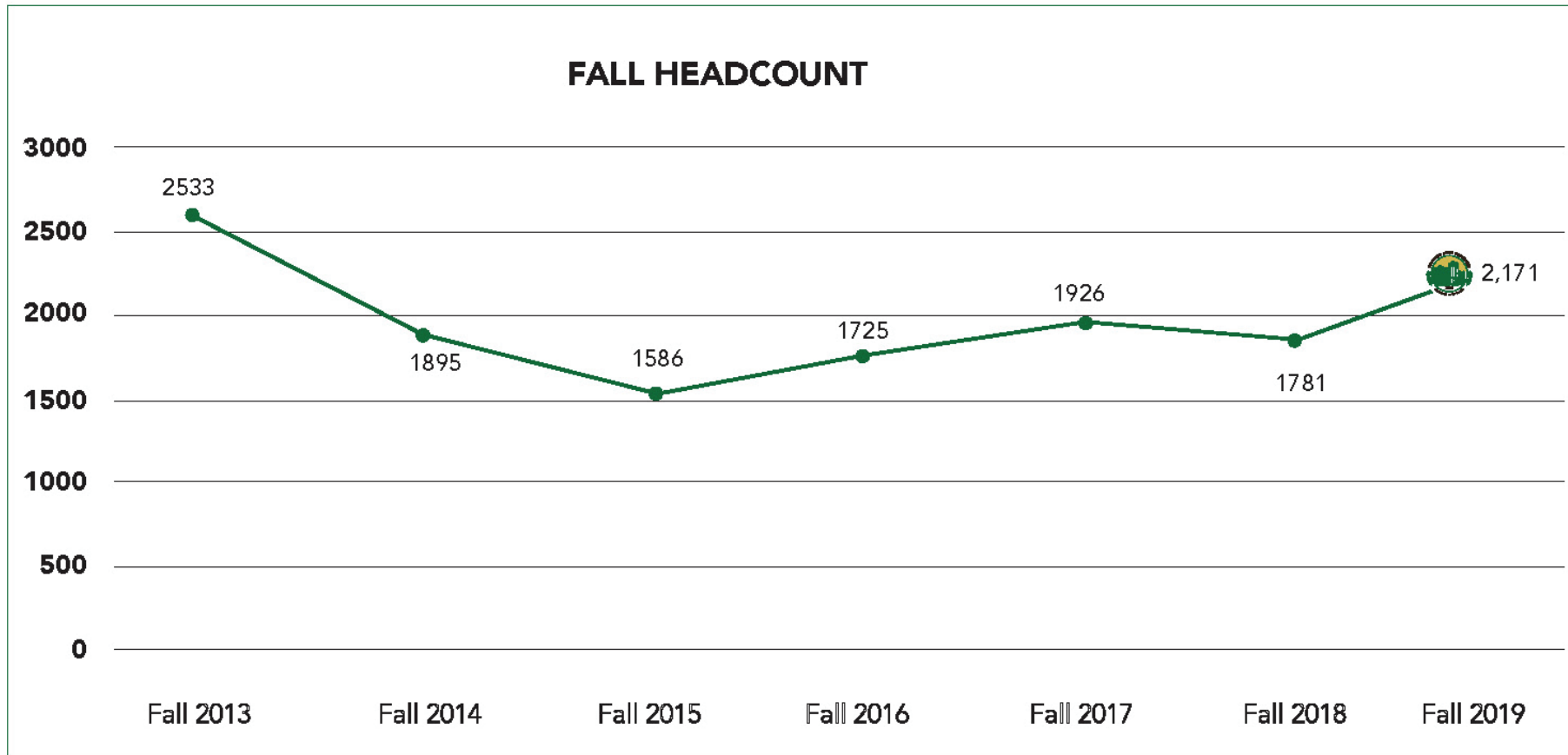
HB 303 (2016) - MANAGEMENT IMPROVEMENT PLAN

KENTUCKY STATE UNIVERSITY

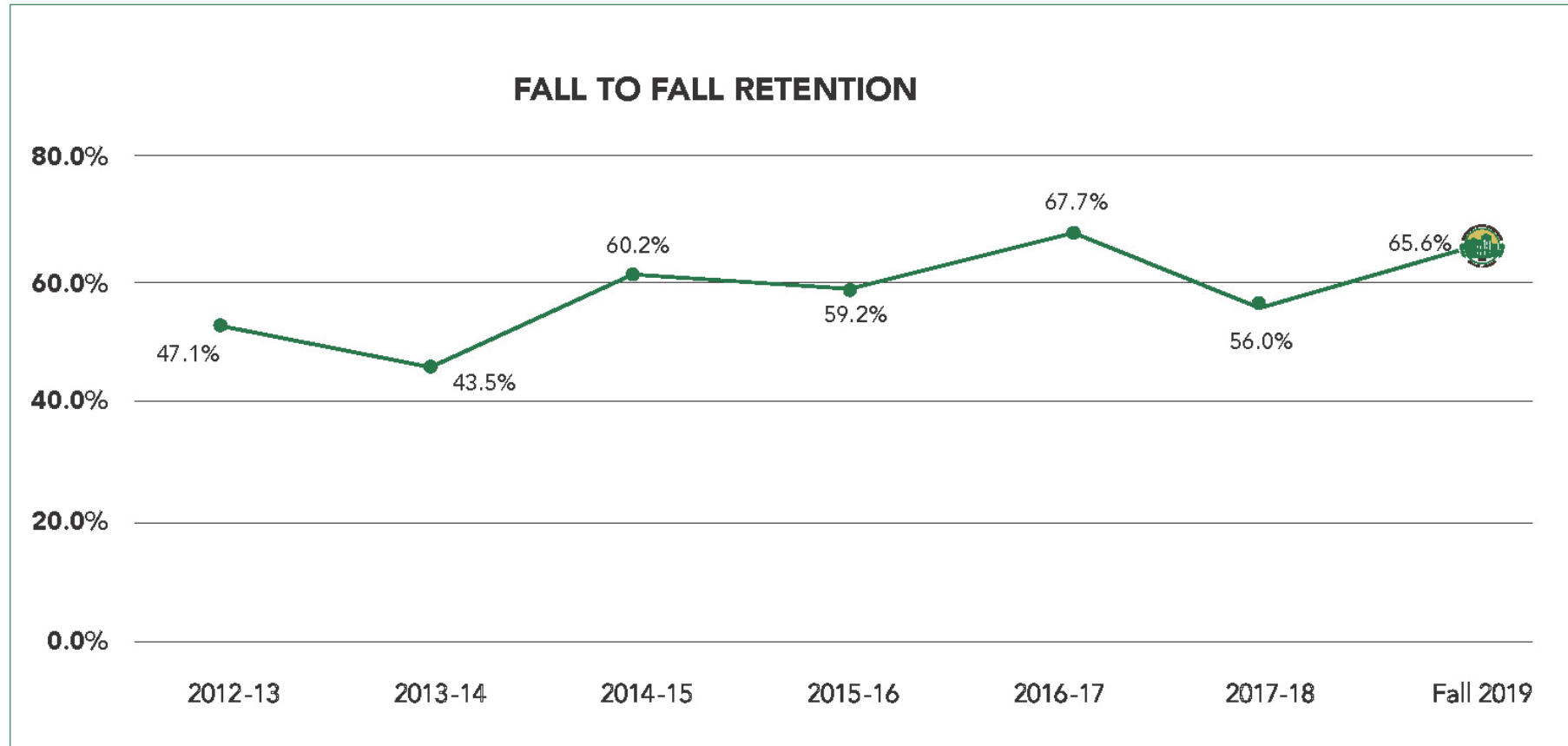
REPORT CARD

KENTUCKY STATE UNIVERSITY REPORT CARD	FALL 2015	FALL 2016	FALL 2017	FALL 2018	FALL 2019	KENTUCKY STATE UNIVERSITY REPORT CARD	FALL 2015	FALL 2016	FALL 2017	FALL 2018	FALL 2019
FALL ENROLLMENT	D	B	A	A	A	PRIMARY RESERVE RATIO	D	C	C	A	B
FALL TO FALL RETENTION	B	C	B	C	B	VIABILITY RATIO	F	D	C	B	A
COHORT STUDENTS RETURNING FOR THE THIRD YEAR	F	D	D	C	C	RETURN ON NET ASSETS RATIO	F	F	B	A	B
GROSS TUITION AND FEES REVENUE	F	D	C	B	B	NET OPERATING REVENUES RATIO	F	F	C	A	A
YEAR END UNRESTRICTED NET ASSETS EXCLUDING PLANT NET OF COMP ABSENCES AND PENSIONS	*	*	*	*	*	COMPOSITE FINANCIAL INDEX	F	D	C	B	B

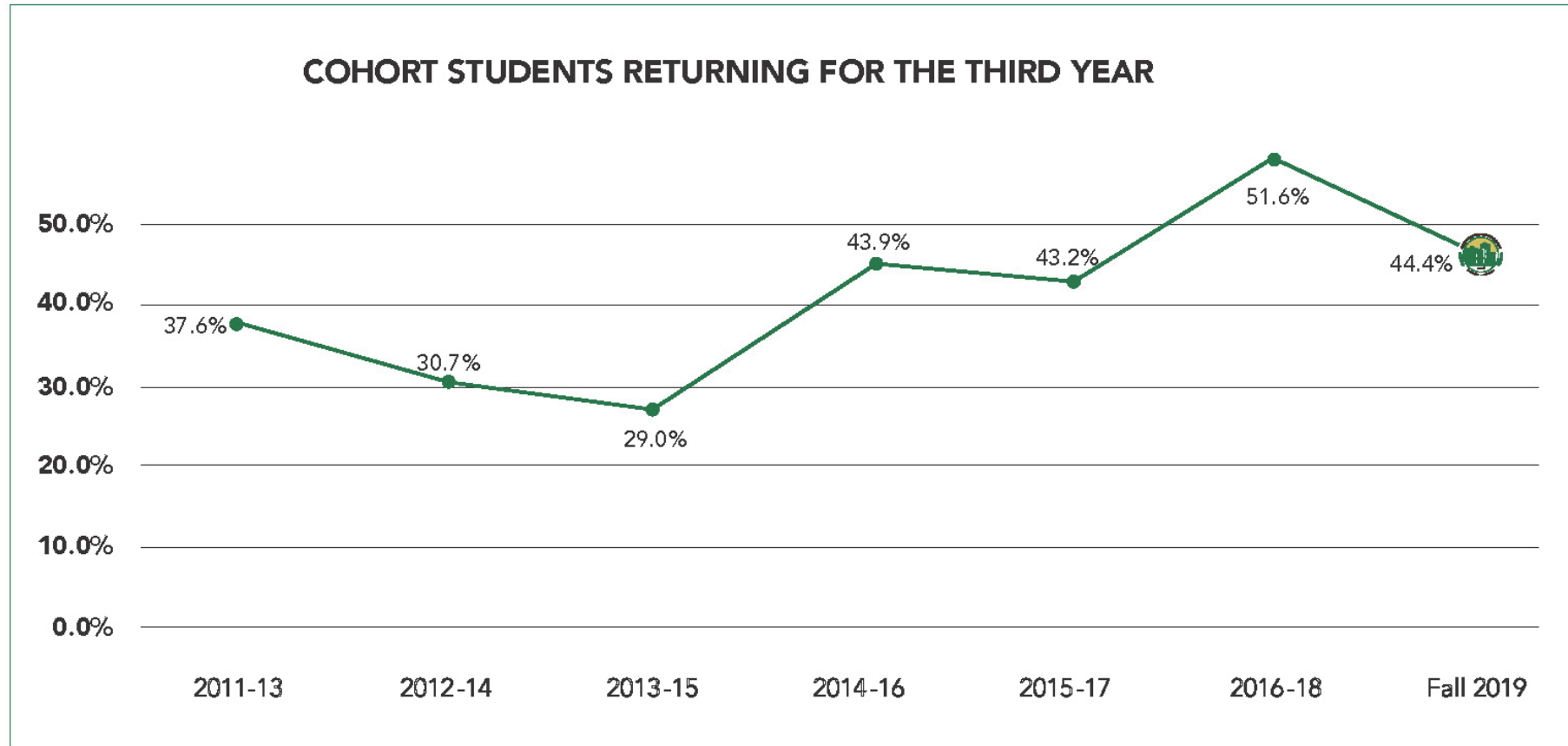
FALL HEADCOUNT



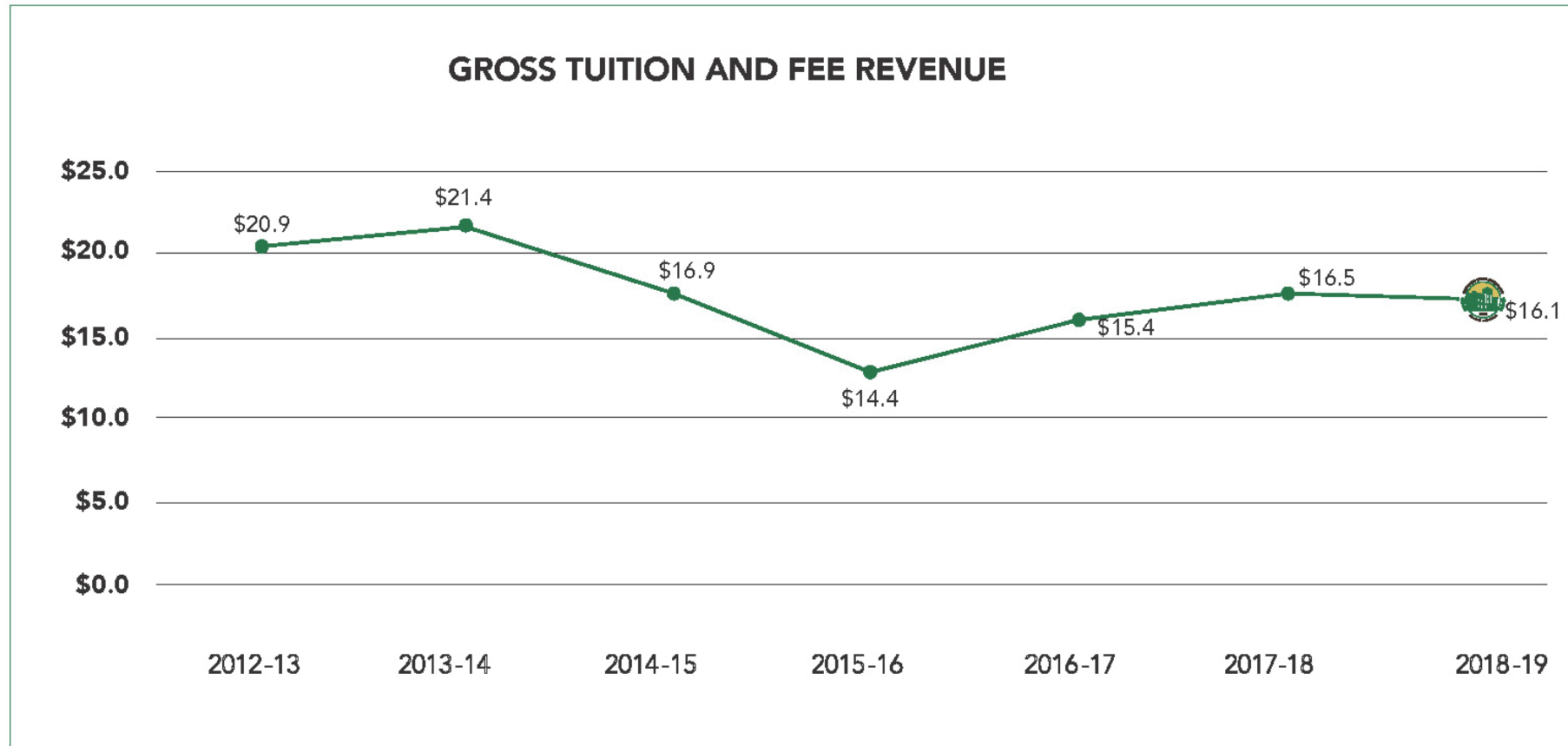
FALL TO FALL RETENTION



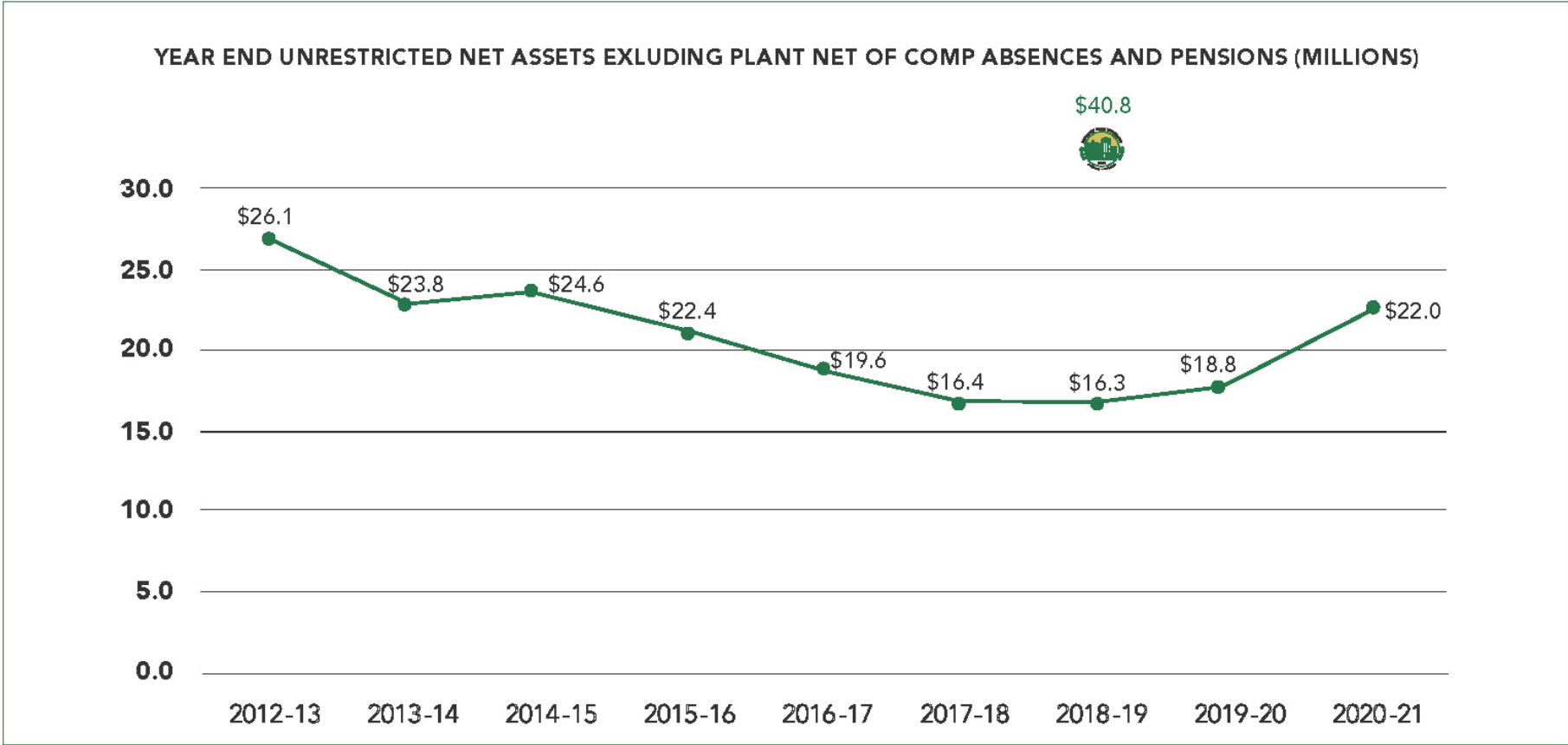
COHORT STUDENTS RETURNING FOR THE THIRD YEAR



GROSS TUITION AND FEE REVENUE



YEAR END UNAEP NET OF COMP ABSENCES AND PENSIONS



KENTUCKY STATE UNIVERSITY

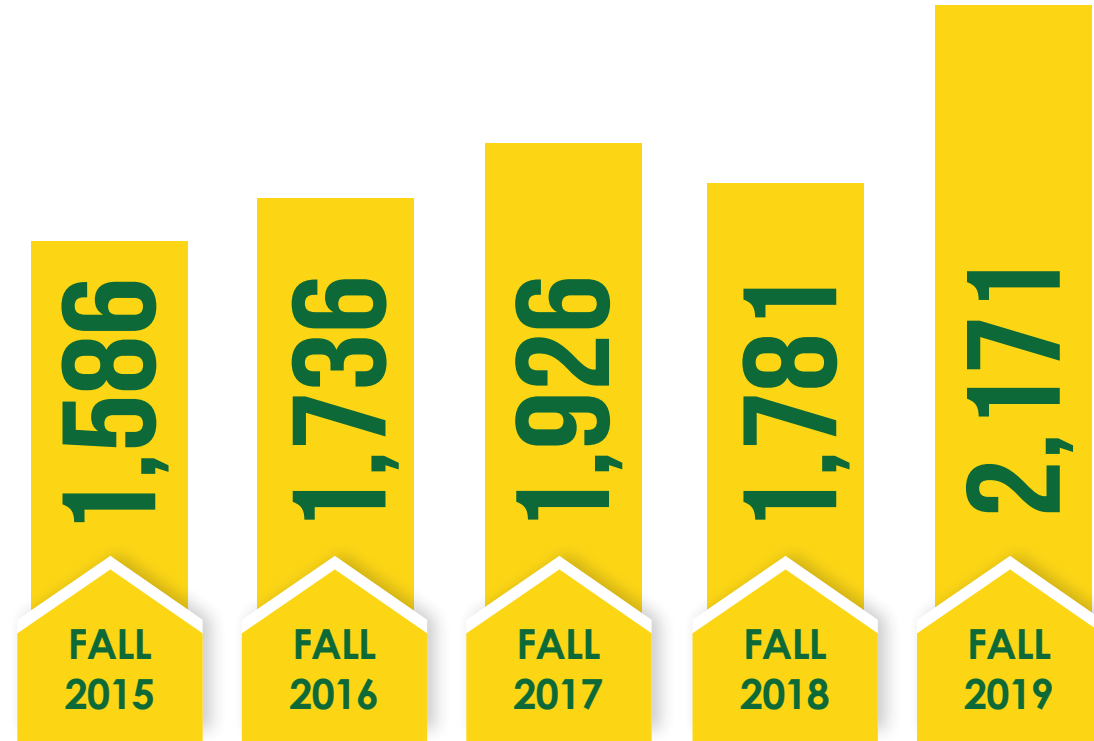
INSTITUTIONAL PROFILE



Steady increase of enrollment after a plunge in fall 2015, with 1736 total enrollment in fall 2016 to 1926 in fall 2017.



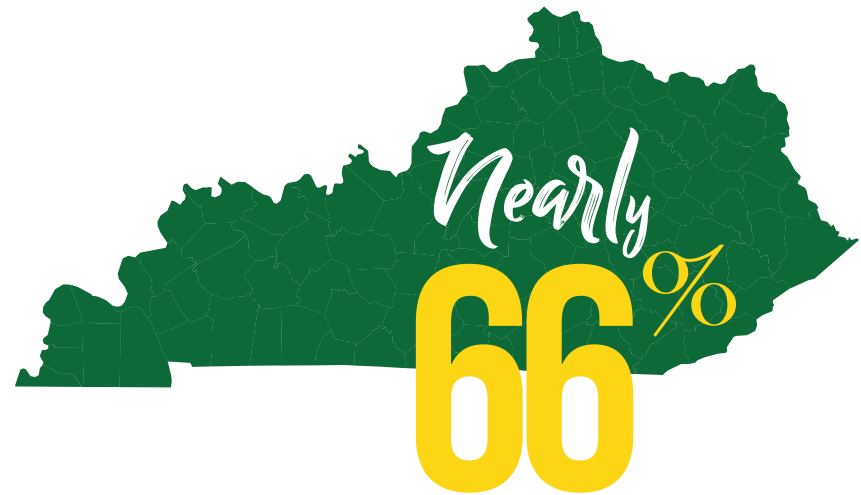
Offers more than 30 degree programs at all levels, including one new doctorate of Nursing program, which graduated its first class in December 2017.



* HIGHEST ENROLLMENT SINCE 2014

INSTITUTIONAL PROFILE

- In 2019, nearly 66% of KSU undergraduates are Kentucky residents.
- In 2019, more than 39% of students will be the first in their families to earn a college degree.
- 78% of 2019 KSU graduates were either first generation, low-income, or both.
- 54% KSU graduates are employed in KY within three (3) year of graduation.



INSTITUTIONAL RANKINGS

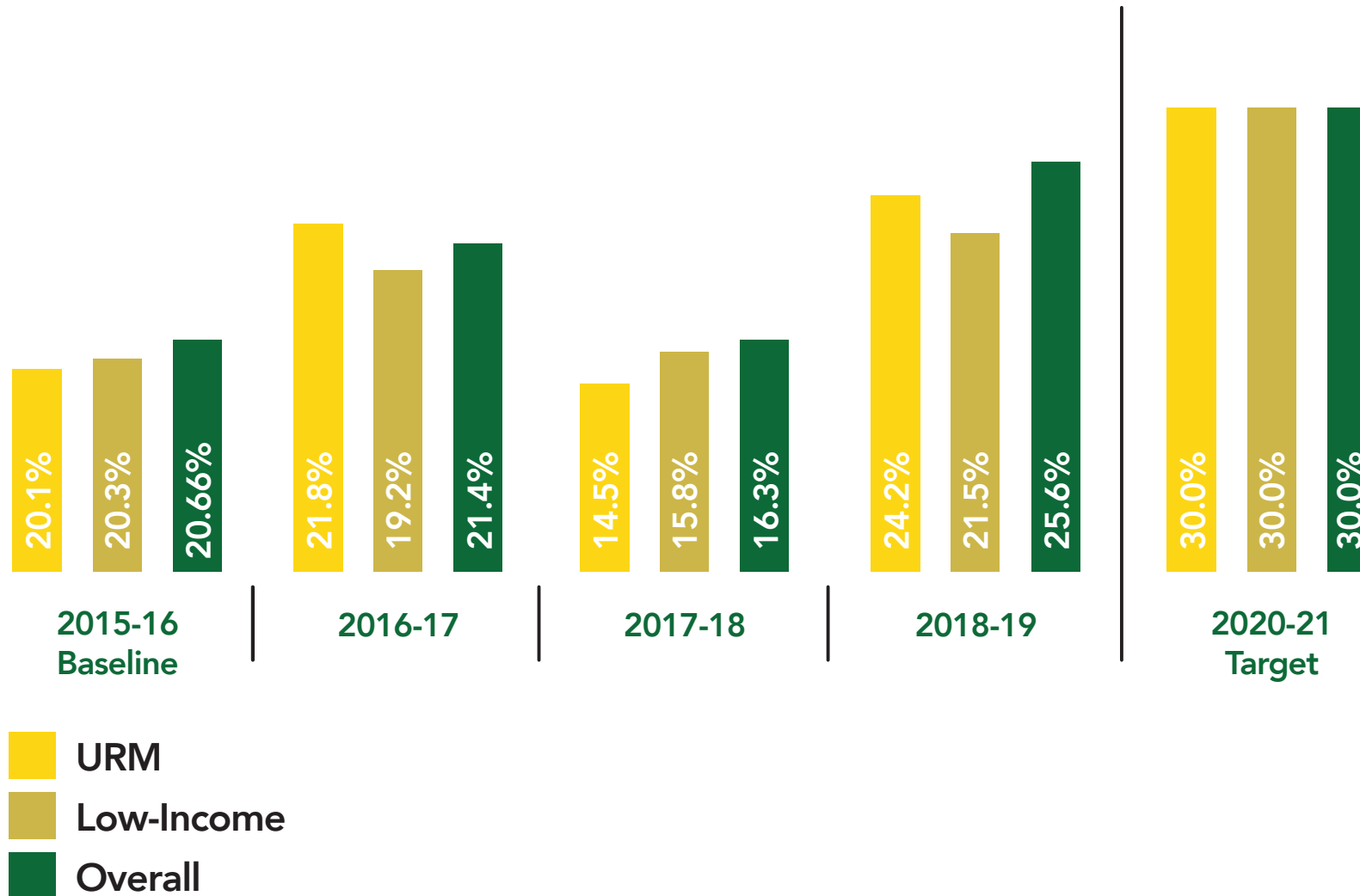
- Ranked 31st in 2020 US News and World Report for Regional Colleges South
- Ranked 6th in 2020 US News and World Report for Top Public Schools South
- Ranked #35 in 2020 US News and World Report for HBCUs
- Ranked #2 best value regional south
- Ranked #26 top performance in social mobility regional south.



KSU OFFERS INCREASED OPPORTUNITY to students in the service region with fully online degree programs and online courses.

KENTUCKY STATE UNIVERSITY

GRADUATION RATES



KENTUCKY STATE UNIVERSITY

SPECIAL MISSION DESIGNATIONS

HISTORICALLY BLACK COLLEGE AND UNIVERSITIES (HBCUS) – Institutions of higher education in the United States that were established before the Civil Rights Act of 1964 with the intention of primarily serving the African American community. There are currently 101 institutions.

1980 LAND-GRANT UNIVERSITY (1980) – As part of the Second Morrill Act, passed in 1890, states were required to show that race was not an admissions criterion, or else to designate separate land-grant institution for persons of color. The 1890 Act granted cash instead of land, and it granted colleges under that act the same legal standing as the 1862 Act colleges. The mission of land-grant institutions is aimed at “learning, discovery, and engagement.”

COUNCIL OF PUBLIC LIBERAL ARTS COLLEGES (COPLAC) – is a consortium, of 29 public colleges and universities, that advances the aims of its member institutions and drives awareness of the value of public liberal arts education in a student centered, residential environments.

EXAMPLES OF COURT-ORDERED HBCU SETTLEMENTS

- Alabama – \$95 Million
- Louisiana – \$100 Million
- Maryland – \$100 Million (Offer Pending)
- Mississippi – \$500 Million
- Tennessee – \$75 Million

LESSONS FROM OHIO

- State and national government investment and the valuing of HBCU's is central to the success of higher education,
- HBCU's are integral in that they provide essential educational opportunities to underserved populations, which contribute to the well-being of the state and the;
- Opportunities for academic area specialization provide niche markets of opportunity
- Supplemental Funding will help an institution survive, while the fostering of new revenue growth will help provide long-term sustainability.
- Fiscal responsibility of an institution rests on the administration however, the long-term viability of an institution is inter-reliant upon the collaboration between the state and institution.



SACSCOC

fully reaffirms

KENTUCKY STATE UNIVERSITY ACCREDITATION

for **1**  *Years*