

POSTSECONDARY EDUCATION WORKING GROUP PERFORMANCE FUNDING MODEL REVIEW



January 25, 2023 - 10:00 AM – 12:00 PM, EST
Council offices, 100 Airport Road, 2nd floor, Frankfort, KY

Slide No.

I.	Call to Order and Roll Call	
II.	Overview	2
III.	Introduction	3-8
	A. Working Group’s Charge	
	B. Timeline and Meetings	
	C. Staff Contacts	
	D. Resource Materials	
IV.	Background Information	9-17
	A. Impetus for the Model	
	B. Overarching Goal	
	C. Guiding Principles	
	D. Desired State Goals	
	E. Major Decision Points	
V.	Components and Metrics	18-23
	A. Components and Allocation Percentages	
	B. Metrics and Allocation Percentages	
VI.	Model Mechanics	24-31
	A. Allocable Resources	
	B. Component Funding Pools	
	C. Success Metric Pools	
	D. Share of Outcomes Produced	
	E. Current Share Versus Formula Share	
	F. Progress Toward Parity	
VII.	Distributions and Impact	32-39
	A. Appropriations by Source	
	B. Distributions and Metric Scorecards	
	C. Formula Share of Allocable Resources	
	D. State Funds for Educating Students	

VIII. Student Outcomes 40-47

- A. University Degrees and Progression
- B. KCTCS Credentials and Progression
- C. FTE Student Enrollment
- D. Council Resolution
- E. Progress Toward 60x30 Goal
- F. College Completion Rates

IX. Next Steps 48-49

X. Other Business and Adjournment

Commonwealth of Kentucky
 Postsecondary Education Working Group Meeting Schedule
 Calendar Year 2023

Draft - For Discussion Purposes
 January 25, 2023

Meeting	Day of Week/Month	Date/Time	Planned Activities
1	4th Wednesday in January	01/25/23 10:00 AM EST	Background Information <ul style="list-style-type: none"> • Impetus for the Model • Overarching Goal • Guiding Principles • Desired State Goals • Major Decision Points Components and Metrics Model Mechanics Distributions and Impact Student Outcomes
2	1st Wednesday in March	03/01/23 1:00 PM EST	Student Outcomes (Cont'd) <ul style="list-style-type: none"> • Public Universities • KCTCS Institutions 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



Performance Funding Model Review Fiscal Years 2017-18 Through 2022-23

Postsecondary Education Working Group
January 25, 2023



Overview



- Introduction
- Background Information
- Components and Metrics
- Model Mechanics
- Distributions and Impact
- Student Outcomes
- Next Steps



Introduction

Introduction



- What is the working group's charge? What are their primary responsibilities?
- What is the timeline for completion of work? How frequently should the working group meet?
- Which CPE staff will support the work group? How can they be contacted?
- What resource materials may be helpful for group members as they perform their work?

Introduction

Working Group's Charge

➔ KRS 164.092, 11(b)(c)

Beginning in fiscal year 2020-21 and every three fiscal years thereafter, the postsecondary education working group shall convene to:

- determine if the comprehensive funding model is functioning as expected
- identify any unintended consequences of the model
- recommend any adjustments to the model

The results of the review and recommendations of the working group shall be reported to the Governor, the Interim Joint Committee on A&R, and the Interim Joint Committee on Education (by December 1)

Introduction

Timeline and Meetings

First Performance
Work Group Meeting
January 25, 2023



▲
Oct 18 - PEWG
Report Finalized

Report to Governor
and General Assembly
December 1, 2023

Proposed Meeting Dates:

- Wednesday, March 1
- Wednesday, April 19
- Wednesday, June 7
- Wednesday, July 19
- Wednesday, September 23
- Wednesday, October 18

Half of these dates correspond
with previously scheduled
presidents' meetings

Proposed 1:00 PM start time for
all future meetings

Introduction

Staff Contacts

- For data validation or information requests:

Travis Muncie, Executive Director
Data and Advanced Analytics
(502) 892-3044 / travis.muncie@ky.gov



CPE data staff will
work with campus
IR Directors

- For model calculations or scenario requests:

Bill Payne, Vice President
Finance and Administration
(502) 892-3052 / bill.payne@ky.gov

Shaun McKiernan, Executive Director
Finance and Budget
(502) 892-3039 / shaun.mckiernan@ky.gov



CPE finance staff
will work with
campus CBOs

- Any requests for metric data or funding scenarios, and responses to such requests, will be shared with all working group members, as will proposals for adjustments in the models.

Introduction

Resource Materials

- Goal and Guiding Principles (September 2016)
- Postsecondary Education Working Group Report (December 2016)
- Kentucky Performance Funding Statute (KRS 164.092)
- 2020 Work Group Recommendations (December 2020)
- Fiscal Year 2022-23 Performance Fund Distribution (April 2022)
- Performance Funding Surveys (September 2022)
- Student Outcomes (Universities and KCTCS)



Background Information

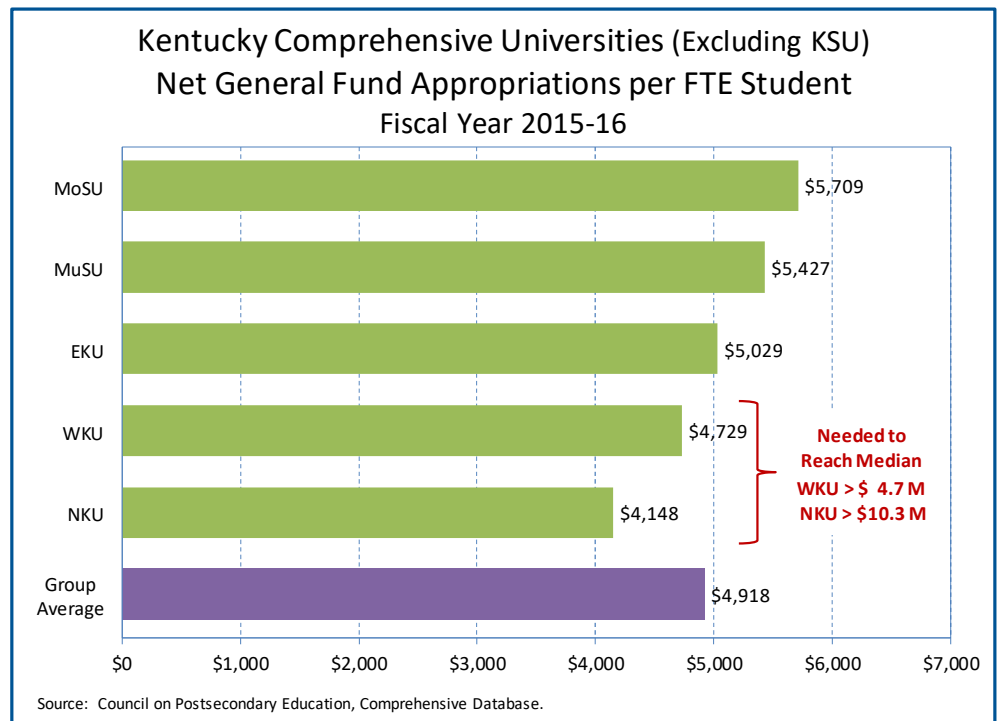
Background Information

- What was the main impetus for developing the funding models?
- What was the stated goal of the initial working group?
- What were the underlying principles that guided model development?
- What state goals for higher education were the models designed to achieve?
- What major decisions were made to achieve consensus?

Background Information

Impetus for the Model

- Respond to legislative mandate to convene working group and develop model (HB 303, 2016)
- Accelerate progress toward attainment of state goals for postsecondary education
- Address shortcomings of the previous method (base +, base -)
- Rectify funding disparities that had developed over time



Background Information

Overarching Goal

The stated goal of the Postsecondary Education Working Group was to:

- Develop a funding model that aligns state funding for higher education operations with desired state policy goals and appropriately reflects differences in mission among campuses

Background Information

Guiding Principles

Outcomes Based

- Provide incentives for improved performance by creating a link between state funding and desired state goals

Targeted

- Exclude funding for debt service, mandated programs, and other activities that are not credit hour generating

Mission Sensitive

- Recognize that different missions may require different levels of funding

Sustainable

- Provide ongoing incentives for improvement regardless of resource environment

Background Information

Guiding Principles (Cont'd)

Cost Sensitive

- Consider differences in the costs of credit hours produced by course level and discipline

Stable

- Not permit large annual shifts in funding to occur

Data Driven

- Use reliable and readily available data

Functional

- Capable of being integrated into biennial budget requests

Simple

- Use relatively few metrics, and be easy to understand

Background Information

Desired State Goals

- Increase retention and progression of students toward timely completion
- Increase numbers of degrees and credentials earned by all students
- Produce more degrees and credentials in fields that garner higher wages upon completion (STEM+H, high-demand, and targeted industries)
- Close achievement gaps by growing degrees and credentials earned by minority, low income, and underprepared students

Background Information

Major Decision Points

The first working group had to make many critical decisions to reach consensus and construct the model:

- Type of model → targets and goals, or outcomes based
- Number of sectors → research and comprehensives together, or separate
- Main components → student success, course completion, M&O, institutional support, academic support
- Component weights → 35% student success, 35% course completion, 10% for each operational support component

Background Information

Major Decision Points (Cont'd)

- Model metrics → degree types, premiums, student progression, operational support
- Degree types → bachelor's only, all degrees
- Metric weights → graduated to emphasize completion yes, no
- Measures → numbers of degrees, graduation rate
 hours earned (progression), retention rate
- Earned credit hours → undergraduate, graduate, HS
- Nonresident hour weight → 0%, 35%, 50%, 100%



Components and Metrics

Components and Metrics

- What are the main components used in the model? What allocation percentage was assigned to each component?
- How were the components and allocation percentages determined?
- What metrics are used in the model? What allocation percentage was assigned to each metric?
- How were the metrics and allocation percentages determined?

Components and Metrics

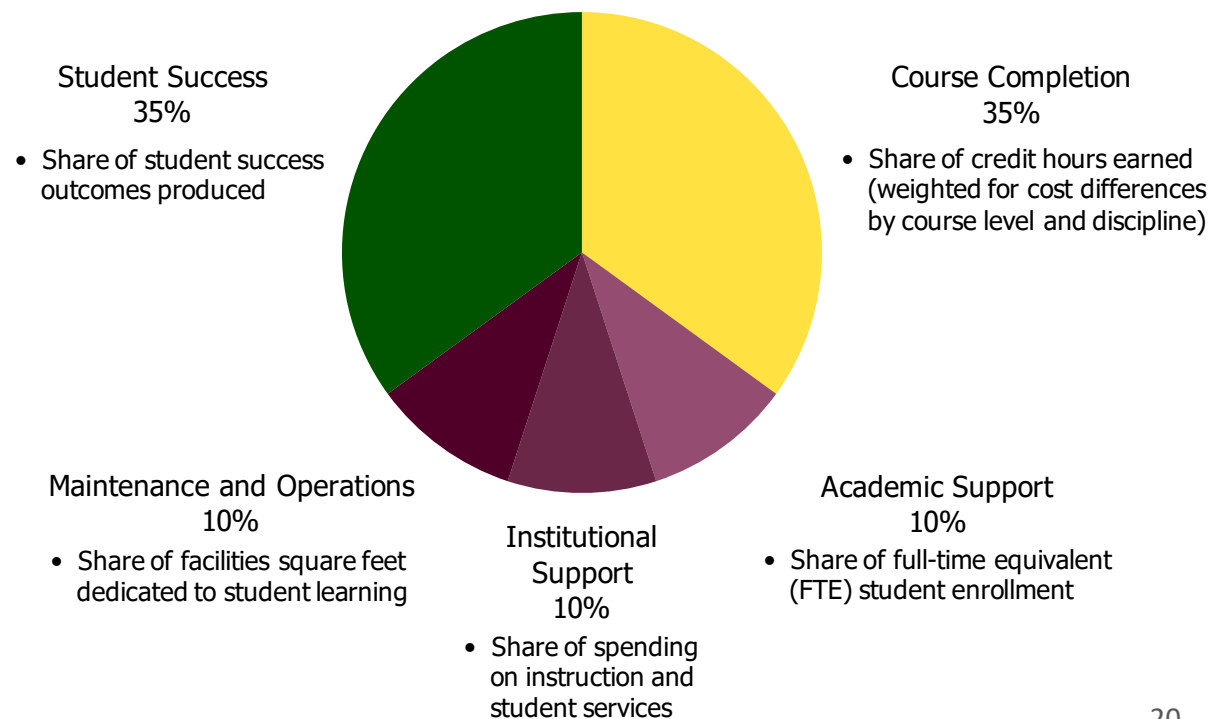
Components and Allocation Percentages

Kentucky's funding model contains five main components:

- Outcomes Based Components
 - Student Success
 - Course Completion
- Operational Support Components
 - M&O
 - Institutional Support
 - Academic Support

The components are the same for both university and KCTCS models

Kentucky's Performance Funding Model Distribution of Allocable Resources



Components and Metrics

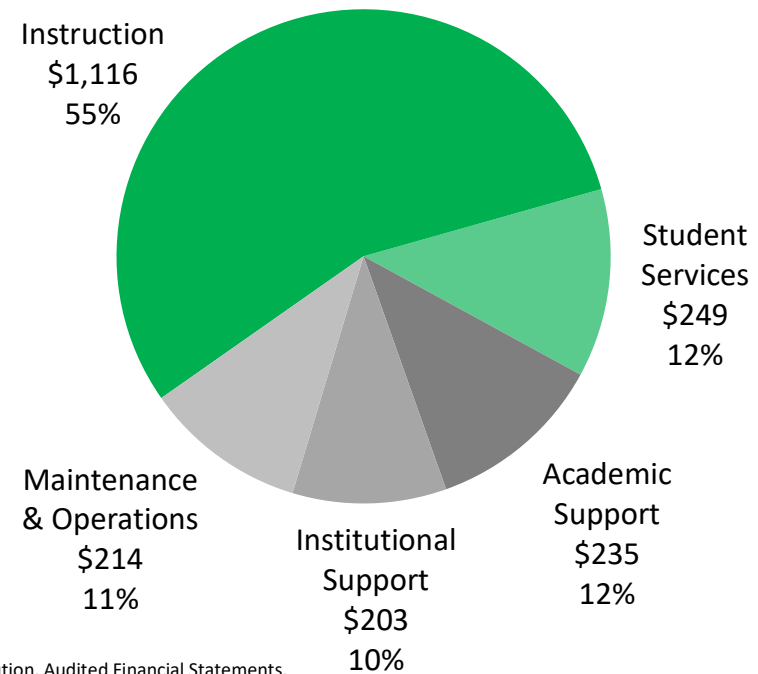
Components and Allocation Percentages (Cont'd)

CPE staff proposed and the working group accepted an approach that:

- Aligned funding model components with components of postsecondary system E&R spending
- The weighting of operational support components closely mirrored spending on indirect costs
- Spending on direct costs formed the basis for a 70% allocation to student success (35%) and course completion (35%) in the model

Education and Related Spending by Component Fiscal Year 2019-20

Total = \$2,016 Million



Source: Postsecondary Institution, Audited Financial Statements.

Components and Metrics

Metrics and Allocation Percentages

University Metrics

	<u>Weight</u>
<i>Student Success</i>	
• Progression (@ 30 hours)	3.0%
• Progression (@ 60 hours)	5.0%
• Progression (@ 90 hours)	7.0%
• Total Bachelor's Degrees	9.0%
• STEM+H Bachelor's	5.0%
• URM Bachelor's Degrees	3.0%
• Low Income Bachelor's	3.0%
• Course Completion	35.0%
<i>Operational Support</i>	
• Maintenance & Operations	10.0%
• Institutional Support	10.0%
• Academic Support	10.0%

* Graduated scale to emphasize completion.

KCTCS Metrics

	<u>Weight</u>
<i>Student Success</i>	
• Progression (@ 15 hours)	2.0%
• Progression (@ 30 hours)	4.0%
• Progression (@ 45 hours)	6.0%
• Total Credentials	10.0%
• URM Credentials	2.0%
• Low Income Credentials	2.0%
• Underprepared Credentials	2.0%
• STEM+H Credentials	2.0%
• High Wage High Demand	1.0%
• Targeted Industry Sectors	2.0%
• Transfers	2.0%
• Course Completion	35.0%

Operational Support (Same as Universities)

Components and Metrics

Metrics and Allocation Percentages (Cont'd)

The main objectives of the working group were to select metrics and allocation percentages that:

- were aligned with desired state goals for higher education and commonly used in other states
- would provide incentives for institutions to accelerate progress toward identified goals
- assign progressively greater weight the further a student progressed toward completion (i.e., use a graduated scale)
- provide premiums for high priority populations



Model Mechanics

Model Mechanics

- What is the formula base? How is it calculated?
- What are the allocable resources run through the model? How are they calculated?
- What is the small school adjustment? How was it determined?
- How does the model work? What are the basic mechanics?

Model Mechanics

Allocable Resources

Performance Funding Model for the Public Universities

Calculate Allocable Resources by Institution

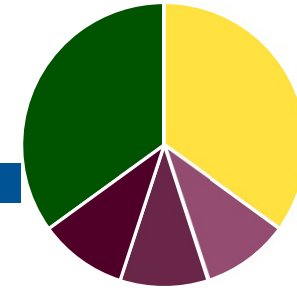
Fiscal Year 2022-23

	A	B	C	(A - B - C) D	E	(D - E) F
Institution	Fiscal 2022-23 General Fund	Adjustments to General Fund	2022-23 Mandated Program Funding	2022-23 Adjusted Net General Fund	Small School Adjustment	Allocable Resources
UK	\$289,108,300	(\$2,777,500)	(\$101,668,800)	\$184,662,000	(\$16,999,300)	\$167,662,700
UofL	129,031,800	(1,475,000)	(1,345,200)	126,211,600	(12,391,500)	113,820,100
EKU	76,640,900	(2,117,000)	(13,681,600)	60,842,300	(4,451,200)	56,391,100
KSU	28,165,600	(290,000)	(9,640,100)	18,235,500	(4,451,200)	13,784,300
MoSU	45,714,100	(634,500)	(10,148,100)	34,931,500	(4,451,200)	30,480,300
MuSU	48,708,900	(850,000)	(7,305,100)	40,553,800	(4,451,200)	36,102,600
NKU	53,090,500	(843,000)	(1,323,900)	50,923,600	(4,451,200)	46,472,400
WKU	79,173,100	(1,226,500)	(10,327,600)	67,619,000	(4,451,200)	63,167,800
Total	\$749,633,200	(\$10,213,500)	(\$155,440,400)	\$583,979,300	(\$56,098,000)	\$527,881,300

Source: Council on Postsecondary Education, Finance and Budget Unit, Performance Funding Database.

Model Mechanics

Component Funding Pools

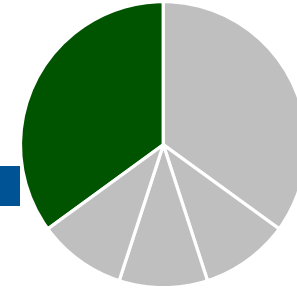


Funding Model for the Public Universities
 Assign Allocable Resources to Component Funding Pools
 Fiscal 2022-23 (Dollars in Millions)

<u>Model Component</u>	<u>Allocation Percentages</u>	<u>Component Funding Pools</u>	<u>Distribution Method</u>
Student Success	35%	\$184.8	Share of student success outcomes produced
Course Completion	35%	184.8	Share of weighted student credit hours earned
Maintenance and Operations	10%	52.8	Share of facilities square feet dedicated to student learning
Institutional Support	10%	52.8	Share of instruction and student services spending
Academic Support	10%	52.8	Share of FTE student enrollment
Total Allocable Resources	100%	\$527.9	

Model Mechanics

Success Metric Pools



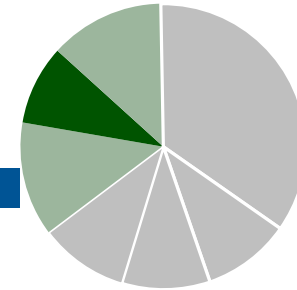
Funding Model for the Public Universities
 Assign Student Success Component to Metric Funding Pools
 Fiscal 2022-23 (Dollars in Millions)

Student Success Metric	Allocation Percentages	Success Metric Pools
Progression @ 30 Hours	3%	\$15.8
Progression @ 60 Hours	5%	26.4
Progression @ 90 Hours	7%	37.0
Bachelor's Degrees	9%	47.5
STEM+H Degrees	5%	26.4
URM Bachelor's Degrees	3%	15.8
Low Income Bachelor's Degrees	3%	15.8
Total Student Success Component	35%	\$184.8

- Student success metric allocation percentages are applied to \$527.9 million in allocable resources to determine the amount of each success metric pool
- The allocation percentages and metric pool amounts add to 35% and \$184.8 million, respectively, which equal student success funding component totals

Model Mechanics

Share of Outcomes Produced



Funding Model for the Public Universities
Distribute Bachelor's Degree Component Funds
Fiscal Year 2022-23

Bachelor's Degree Funding Pool \$47,509,300

<u>Institution</u>	<u>Weighted Bachelor's Degrees ¹</u>	<u>Percent Share</u>	<u>Distribution</u>
UK	8,616	35.2%	\$16,702,800
UofL	5,152	21.0%	9,987,600
EKU	2,677	10.9%	5,189,800
KSU	95	0.4%	185,000
MoSU	1,053	4.3%	2,041,000
MuSU	1,702	6.9%	3,299,400
NKU	2,228	9.1%	4,318,800
WKU	2,984	12.2%	5,784,900
Total	24,507	100.0%	\$47,509,300

- The model uses a three-year rolling average of bachelor's degrees produced, weighted by a degrees per 100 FTE student index to promote efficiency
- It calculates each institution's percent share of total weighted bachelor's degrees and applies that percent to the total pool
- This "percent share of total" approach is performed on all metrics throughout the model

Model Mechanics

Current Share versus Formula Share

- The model compares current and formula distributions and allocates funds to institutions to minimize differences
- Due to adoption of the 2021 funding floor and elimination of stop loss carve outs base funds no longer redistributed
- Rather, appropriations to the Performance Fund are distributed to help close gaps

Performance Funding Model for the Public Universities

Calculate Difference Between Current Share and Formula Derived Distributions
Fiscal Year 2022-23

Bachelor's Degree Pool \$47,509,300

Institution	Current Share Distribution		Formula Derived Distribution		Dollar Difference
	Percent Share	Current Distribution	Percent Share	Formula Distribution	
UK	31.8%	\$15,089,600	35.2%	\$16,702,800	\$1,613,200
UofL	21.6%	10,243,800	21.0%	9,987,600	(256,200)
EKU	10.7%	5,075,200	10.9%	5,189,800	114,600
KSU	2.6%	1,240,700	0.4%	185,000	(1,055,700)
MoSU	5.8%	2,743,200	4.3%	2,041,000	(702,200)
MuSU	6.8%	3,249,200	6.9%	3,299,400	50,200
NKU	8.8%	4,182,500	9.1%	4,318,800	136,300
WKU	12.0%	5,685,100	12.2%	5,784,900	99,800
Total	100.0%	\$47,509,300	100.0%	\$47,509,300	\$0

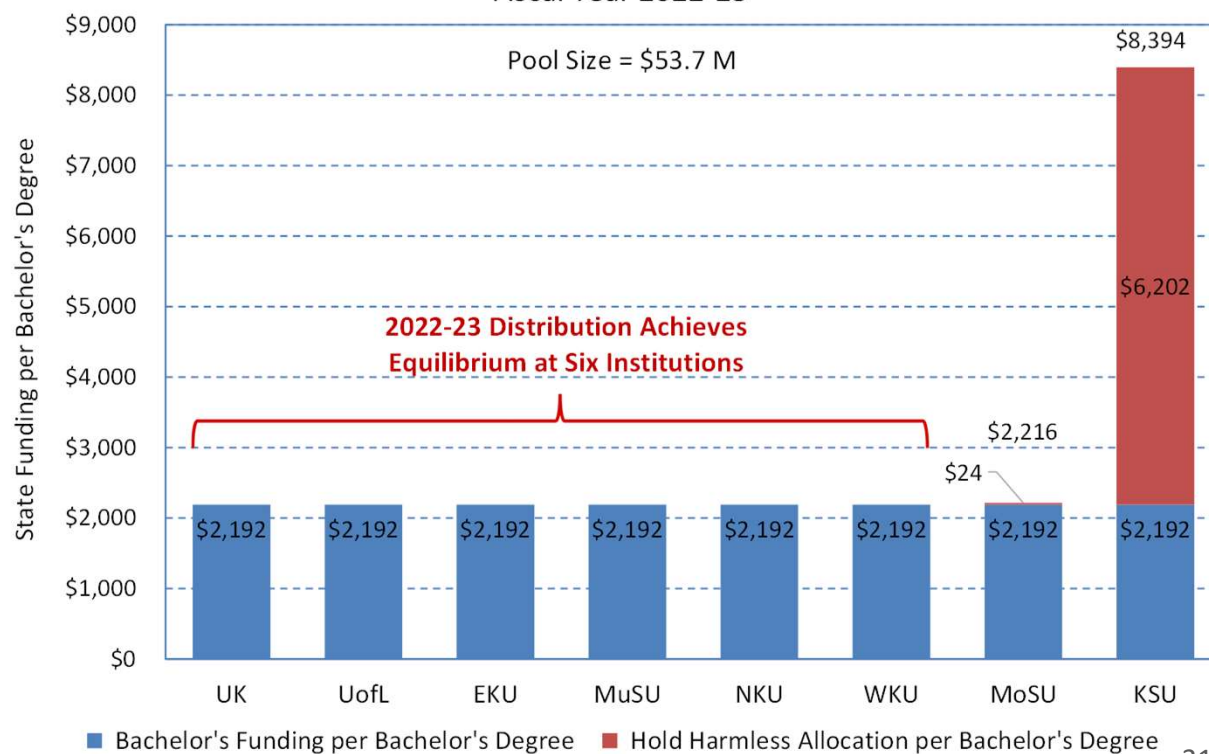
Source: Council on Postsecondary Education, Finance and Budget Unit, Performance Funding Database.

Model Mechanics

Progress Toward Parity

- After the distribution of 2022-23 performance funds, the model ultimately allocates \$53.7 million to the universities for degrees
- As a result, six universities are at funding parity (\$2,192 per degree) and a 7th is very close
- The red bars represent hold harmless amounts assigned to bachelor's degree production at MoSU and KSU
- The floor 2020-21 protects these funds from being redistributed

Kentucky Performance Funding Model
Bachelor's Degree Component Funding per Weighted Bachelor's Degree
Fiscal Year 2022-23





Distributions and Impact

Distributions and Impact

- How much has been appropriated to the Performance Fund? What was the source of that funding?
- How much has each institution received? Was the funding recurring or nonrecurring?
- Does there seem to be alignment between outcomes produced and funding distributions?
- What are state funds for educating students? How have they changed since adopting performance funding?

Distributions and Impact

Appropriations by Source

- For four years, models were applied with *no new funding*
- Lack of state support resulted in redistribution of the General Fund base among institutions
- In March 2021, KRS 164.092 was amended to eliminate stop loss carve outs and establish a funding floor 2020-21
- Beginning in 2021-22, the General Assembly began appropriating new operating funds to the Performance Fund

Funding Models for the Universities and KCTCS Institutions
Implementation Schedule and Funding Sources
(Dollars in Millions)

<u>Timeline</u>	<u>Fiscal Year</u>	<u>Institution Contribution</u>	<u>State Funding</u>	<u>Total Funding</u> ¹
Year 0	2017-18	\$42.9	\$0.0	\$42.9
Year 1	2018-19	31.0	0.0	31.0
Year 2	2019-20	38.7	0.0	38.7
Year 3	2020-21	14.9	0.0	14.9
Year 4	2021-22	0.0	17.3	17.3
Year 5	2022-23	\$0.0	\$97.3	\$97.3

¹ Represents state appropriations, stop-loss contributions, and other campus carve outs added to the Performance Fund, which were then distributed among institutions based on outcomes produced.

Distributions and Impact

Distributions and Metric Scorecards

- Performance funds distributed in 2017-18, 2019-20, and 2020-21 ultimately became recurring to the institutions
- This occurred as the General Assembly enacted budgets in each subsequent year and adjusted the base budgets of institutions that received performance funds
- Beginning March 18, 2021, distributions from the performance fund to the institutions are nonrecurring (KRS 164.092)

Kentucky Performance Funding Models

Annual Distributions from the Postsecondary Education Performance Fund
Fiscal Years 2017-18 Through 2022-23

Institution	2017-18 Distribution	2018-19 Distribution	2019-20 Distribution	2020-21 Distribution	2021-22 Distribution	2022-23 Distribution
UK	\$13,411,800	\$9,119,000	\$14,492,500	\$6,621,600	\$6,086,400	\$30,904,300
UofL	6,580,500	2,507,100	3,343,300	2,938,900	2,972,500	17,523,600
EKU	3,321,500	3,387,300	3,578,400	394,200	120,200	4,927,900
KSU	-- NA -- ¹	0	0	0	0	0
MoSU	1,742,900	0	0	0	0	0
MuSU	2,231,300	557,800	0	0	0	3,296,800
NKU	2,745,900	4,837,200	4,325,500	967,000	2,902,700	11,363,500
WKU	3,830,200	3,748,600	4,379,100	757,900	1,398,800	7,777,200
Subtotal	\$33,864,100	\$24,157,000	\$30,118,800	\$11,679,600	\$13,480,600	\$75,793,300
KCTCS	9,080,300	6,843,000	8,547,000	3,315,200	3,826,500	21,513,800
Total	\$42,944,400	\$31,000,000	\$38,665,800	\$14,994,800	\$17,307,100	\$97,307,100

¹ KSU was excluded from participation in performance funding in fiscal year 2017-18.

Distributions highlighted in yellow ultimately became recurring to institutions that received the funds.

Source: Council on Postsecondary Education, Finance and Budget Unit, Performance Funding Database.

Distributions and Impact

Distributions and Metric Scorecards (Cont'd)

Kentucky Performance Funding Models Distribution of Performance Funds Fiscal Year 2022-23

Institution	Distribution
University of Kentucky	\$30,904,300
University of Louisville	17,523,600
Eastern Kentucky University	4,927,900
Kentucky State University	0
Morehead State University	0
Murray State University	3,296,800
Northern Kentucky University	11,363,500
Western Kentucky University	7,777,200
Subtotal	\$75,793,300
KCTCS	21,513,800
Total	\$97,307,100

The enacted 2022-2024 Budget of the Commonwealth appropriated \$97.3 to the Postsecondary Education Performance Fund in fiscal year 2022-23. These funds were distributed among institutions in accordance with provisions of KRS 164.092.

Performance Funding Model for the Public Universities Metrics Where Rates of Growth Exceeded Sector Average Between Fiscal Years 2021-22 and 2022-23

Performance Metric	UK	UofL	EKU	KSU	MoSU	MuSU	NKU	WKU	Pool Size (In Millions)
Student Success Outcomes									
Bachelor's Degrees	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	\$53.7
STEM+H Bachelor's Degrees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	29.8
URM Bachelor's Degrees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	17.9
Low Income Bachelor's Degrees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	17.9
Student Progression @ 30 Hours	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17.9
Student Progression @ 60 Hours	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	29.8
Student Progression @ 90 Hours	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	41.8
Earned Credit Hours	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	208.9
Operational Support Activity									
Instructional Square Feet	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	59.7
Direct Cost of Instruction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	59.7
FTE Students	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	59.7
Metrics Above Sector Average	11	7	0	4	3	4	8	2	

Total Allocable Resources: \$596.8

Distributions and Impact

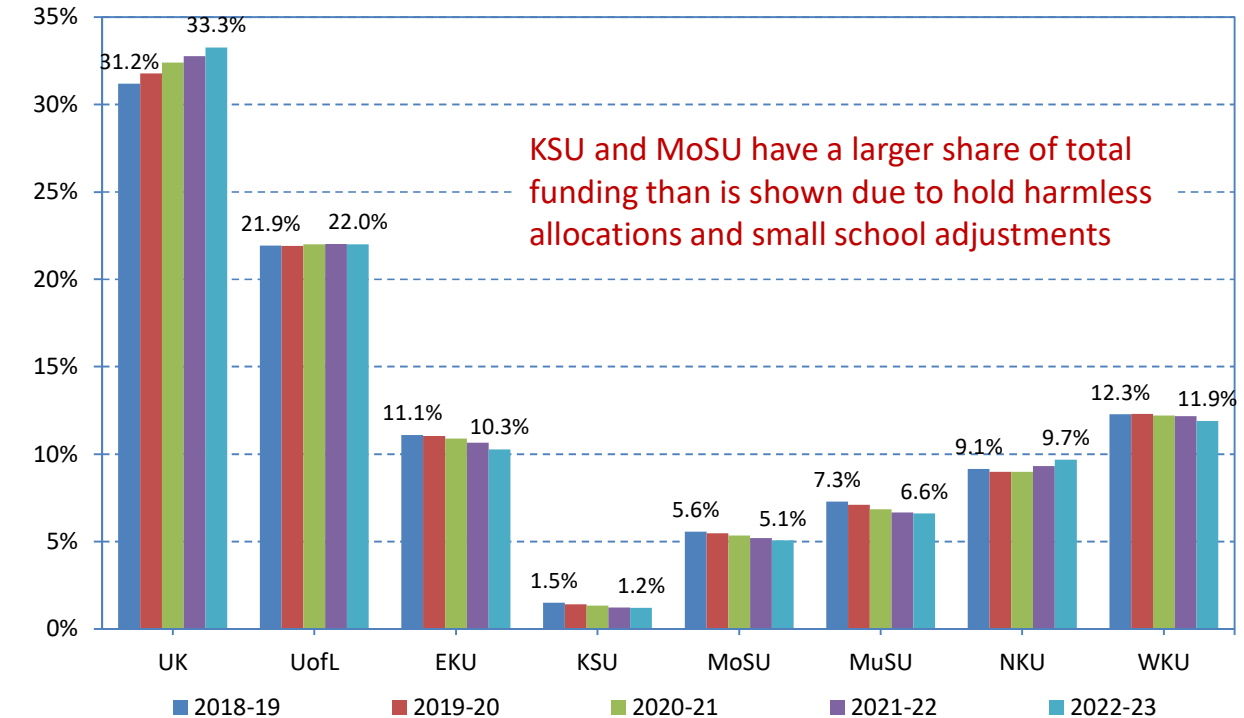
Formula Share of Allocable Resources

Funding Model for the Public Universities
Formula Share of Allocable Resources
Change Between 2018-19 and 2022-23

Institution	Fiscal 2018-19	Fiscal 2022-23	% Point Change
UK	31.2%	33.3%	2.1%
UofL	21.9%	22.0%	0.1%
EKU	11.1%	10.3%	-0.8%
KSU	1.5%	1.2%	-0.3%
MoSU	5.6%	5.1%	-0.5%
MuSU	7.3%	6.6%	-0.7%
NKU	9.1%	9.7%	0.5%
WKU	12.3%	11.9%	-0.4%
Total	100.0%	100.0%	0.0%

- This table shows the change in share of allocable resources after the distribution of performance funds. The percentages are based on amounts that do not include debt service, mandated programs, small school adjustments, or hold harmless funds.

Kentucky Funding Model for the Public Universities
Formula Share of Allocable Resources by Institution
Fiscal Years 2018-19 Through 2022-23



Source: Council on Postsecondary Education, Finance and Budget Unit, Performance Funding Database.

Distributions and Impact

State Funds for Educating Students

Kentucky Public Postsecondary Institution
 Calculated State Funds for Educating Students
 Fiscal Year 2022-23

Institution				(A - B - C)	(D + E)	
	A	B	C	D	E	F
	Enacted Total General Fund	Debt Service Adjustment	Mandated Programs	Adjusted Net General Fund ¹	Performance Distribution	State Funds for Education
University of Kentucky	\$289,108,300	(\$2,777,500)	(\$101,668,800)	\$184,662,000	\$30,904,300	\$215,566,300
University of Louisville	129,031,800	(1,475,000)	(1,345,200)	126,211,600	17,523,600	143,735,200
Eastern Kentucky University	76,640,900	(2,117,000)	(13,681,600)	60,842,300	4,927,900	65,770,200
Kentucky State University	28,165,600	(290,000)	(9,640,100)	18,235,500	0	18,235,500
Morehead State University	45,714,100	(634,500)	(10,148,100)	34,931,500	0	34,931,500
Murray State University	48,708,900	(850,000)	(7,305,100)	40,553,800	3,296,800	43,850,600
Northern Kentucky University	53,090,500	(843,000)	(1,323,900)	50,923,600	11,363,500	62,287,100
Western Kentucky University	79,173,100	(1,226,500)	(10,327,600)	67,619,000	7,777,200	75,396,200
KCTCS	180,464,900	(3,229,000)	(11,474,300)	165,761,600	21,513,800	187,275,400
Total	\$930,098,100	(\$13,442,500)	(\$166,914,700)	\$749,740,900	\$97,307,100	\$847,048,000

¹ The adjusted net General Fund appropriation is also referred to as the "Formula Base" in statute (KRS 164.092).

Source: Kentucky Performance Funding Model, Fiscal 2022-23 Iteration, Final Verified Calculations.

Distributions and Impact

State Funds for Educating Students (Cont'd)

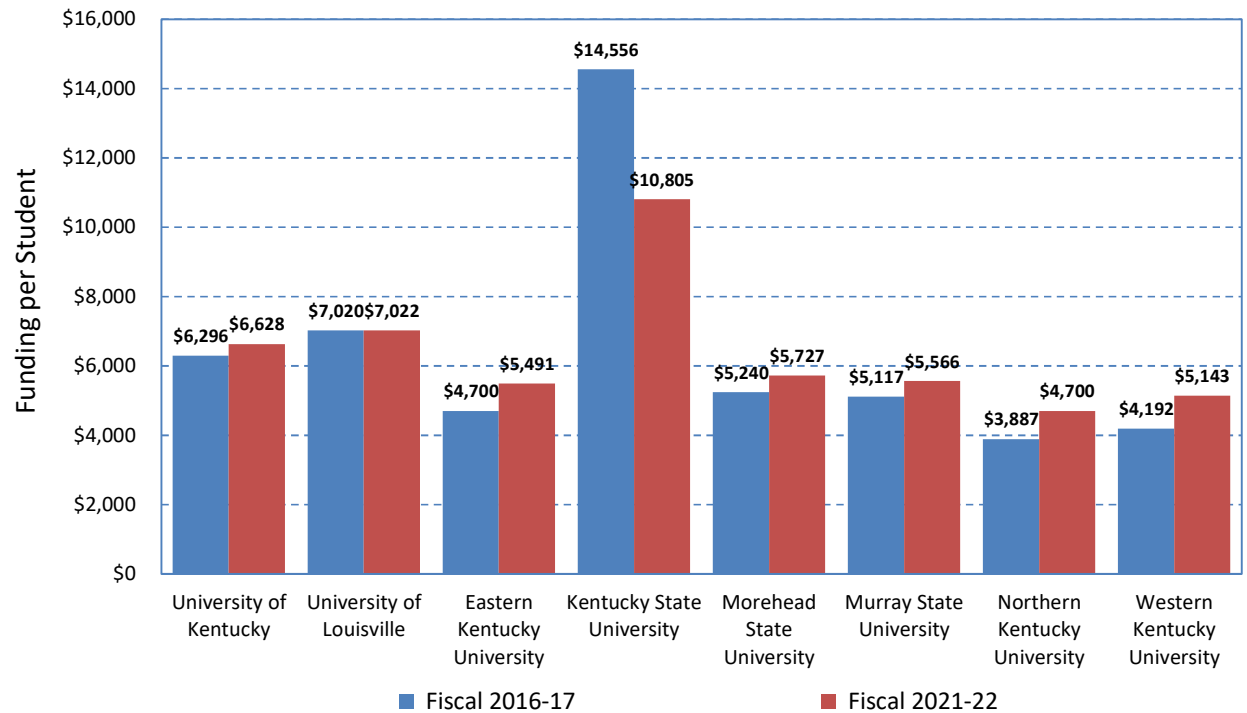
Kentucky Public Postsecondary Institution
Change in State Funds for Educating Students¹
Between Fiscal Years 2016-17 and 2022-23

Nominal Dollars in Millions

Campus	2016-17	2022-23	Dollar Change	Percent Change
UK	\$181	\$216	\$34	19%
UofL	132	144	12	9%
EKU	63	66	3	5%
KSU	20	18	(2)	-9%
MoSU	39	35	(4)	-10%
MuSU	43	44	0	1%
NKU	45	62	17	38%
WKU	66	75	9	13%
KCTCS	170	187	18	10%
Total	\$759	\$847	\$88	12%

¹ Defined as each institution's regular General Fund appropriation plus any performance fund distribution, minus debt service and mandated program funding.

State Funds for Educating Students¹ per Full-Time Equivalent Student
Fiscal Years 2016-17 and 2021-22



¹ Regular General Fund appropriation plus performance fund distribution, minus debt service and mandated program funding.
Source: Council on Postsecondary Education, Finance and Budget Unit, and Data and Advanced Analytics Unit.



Student Outcomes

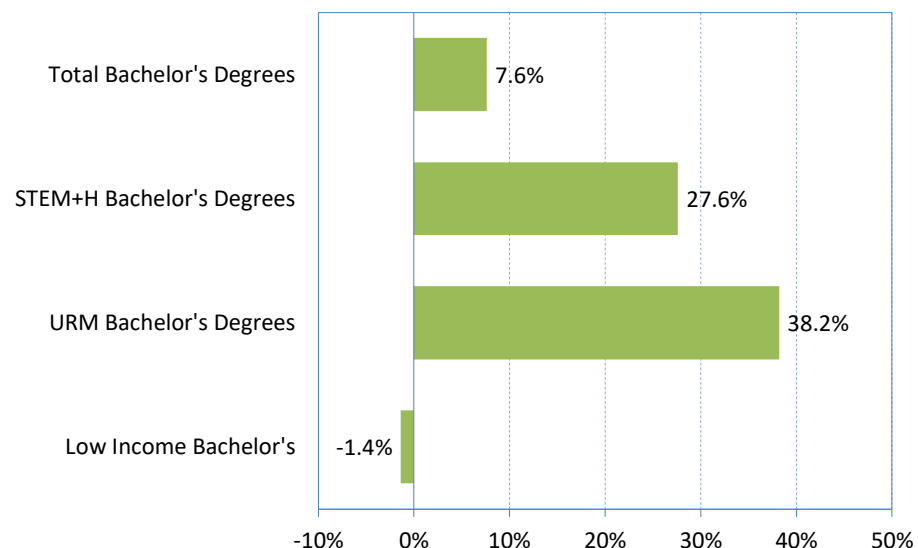
Student Outcomes

- Have public universities increased numbers of students progressing and bachelor's degrees produced?
- Are there differences by degree type and threshold?
- Have KCTCS institutions increased numbers of students progressing and credentials produced?
- Are there differences by credential type and threshold?
- Is Kentucky still on track to achieve its 60% attainment goal by the year 2030?

Student Outcomes

University Degrees and Progression

Percent Change in Bachelor's Degrees Produced by Type
Between Academic Years 2013-14 and 2020-21

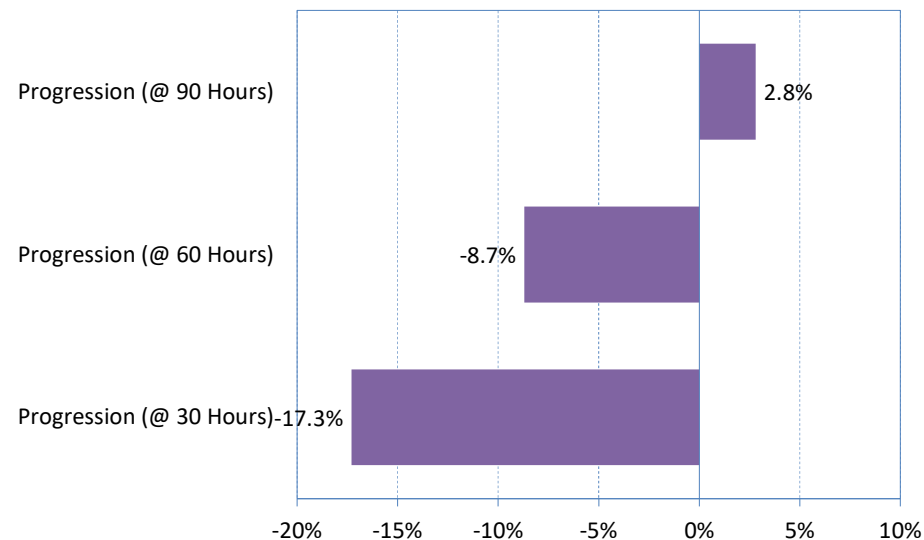


Source: Council on Postsecondary Education, Finance and Budget Unit, Performance Funding Database.

- Over the past seven years, STEM+H and URM bachelor's degrees grew by 28% and 38%, respectively
- Despite a premium in the model, bachelor's degrees awarded to low-income students decreased by -1.4%

- Since 2014, numbers of students who reached 30 and 60 credit hours decreased by -17% and -9%, respectively
- The number of students who progressed beyond 90 credit hours increased by +2.8%

Change in University Student Progression at Targeted Thresholds
Between Academic Years 2013-14 and 2020-21

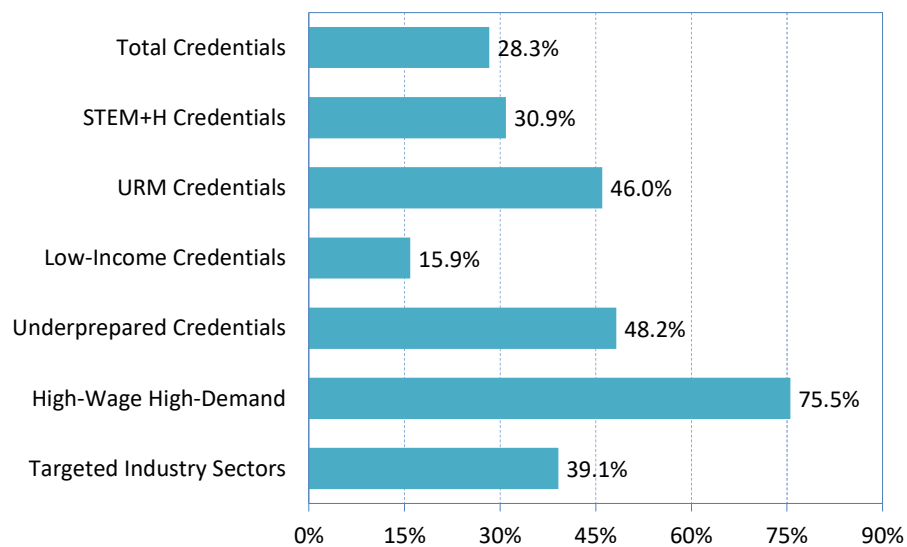


Source: Council on Postsecondary Education, Finance and Budget Unit, Performance Funding Database.

Student Outcomes

KCTCS Credentials and Progression

Percent Change in KCTCS Credentials Produced by Type Between Academic Years 2015-16 and 2020-21



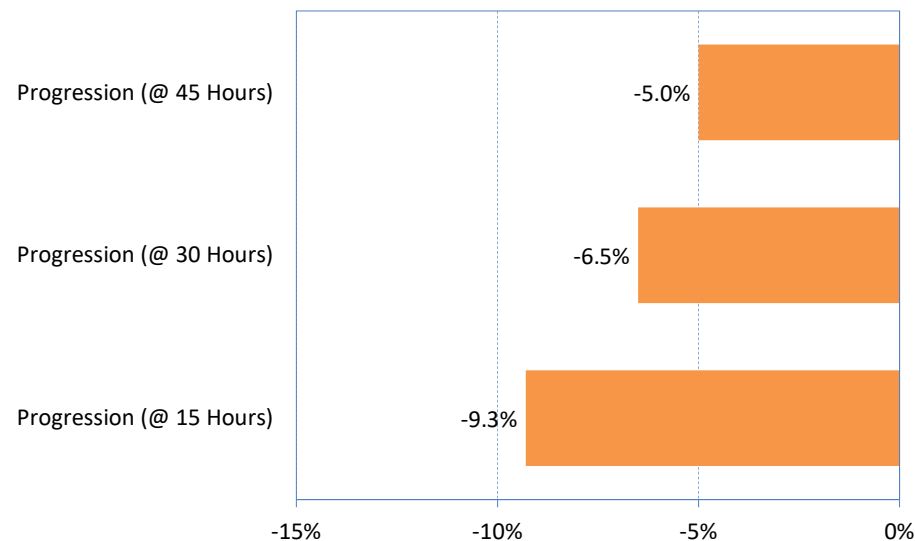
Source: Council on Postsecondary Education, Finance and Budget Unit, Performance Funding Database.

- At KCTCS, STEM+H (+31%) and URM (+46%) credentials grew at a faster pace than did total credentials (+28%)
- Despite a premium in the model, credentials awarded to low-income students grew far less than other credentials

- Declining enrollment contributed to reduced student progression at every credit hour threshold
- Growth in transfers also contributed to the decrease in student progression at 45 credit hours



Change in KCTCS Student Progression at Targeted Thresholds Between Academic Years 2015-16 and 2020-21

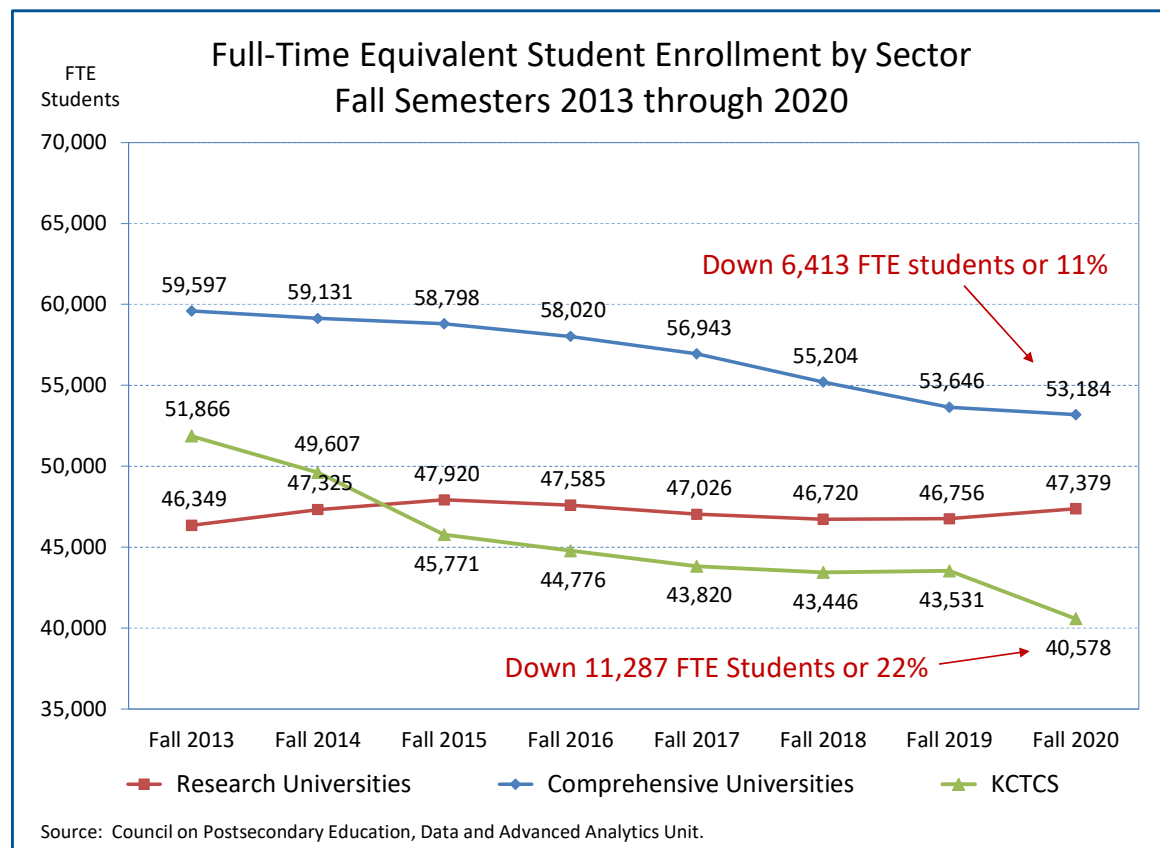


Source: Council on Postsecondary Education, Finance and Budget Unit, Performance Funding Database.

Student Outcomes

FTE Student Enrollment

- Between fall semesters 2013 and 2020, FTE student enrollment decreased by -6,413 or -11% at the comprehensives (-1.6 AAGR)
- KCTCS enrollment fell by -11,287 students or -22% (-3.4% AAGR)
- Enrollment in the research sector grew by +1,030 students or +2% during this period
- UK was the only university that had an increase in enrollment (+1,094 students or 4.0%)



Student Outcomes

Council Resolution

- In February 2021, the Council adopted a resolution calling on education leaders to take decisive action to combat enrollment declines
- Data at the time showed that undergraduate enrollment was down 7.3% at the universities and down 12.3% at KCTCS, compared to five years earlier
- In response, system average increases in tuition over the past three years were the lowest in two decades (0.7% in 2021, 1.2% in 2022, 1.5% in 2023)
- The downward trend in enrollment is something the working group may want to keep in mind as it considers possible changes to the funding models
- Responses to the Performance Funding Survey indicate some support for adjustments to the model that encourage enrollment, persistence, and completion of nonresident students, adult learners, and low-income students

Student Outcomes

Progress Toward 60x30 Goal

Although degree and credential growth slowed in 2020-21, Kentucky is still on track to achieve its 60% college attainment by 2030 goal:

Category	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Average
Needed Progress	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Actual Progress	4.7%	2.8%	3.5%	3.3%	0.5%	3.0%

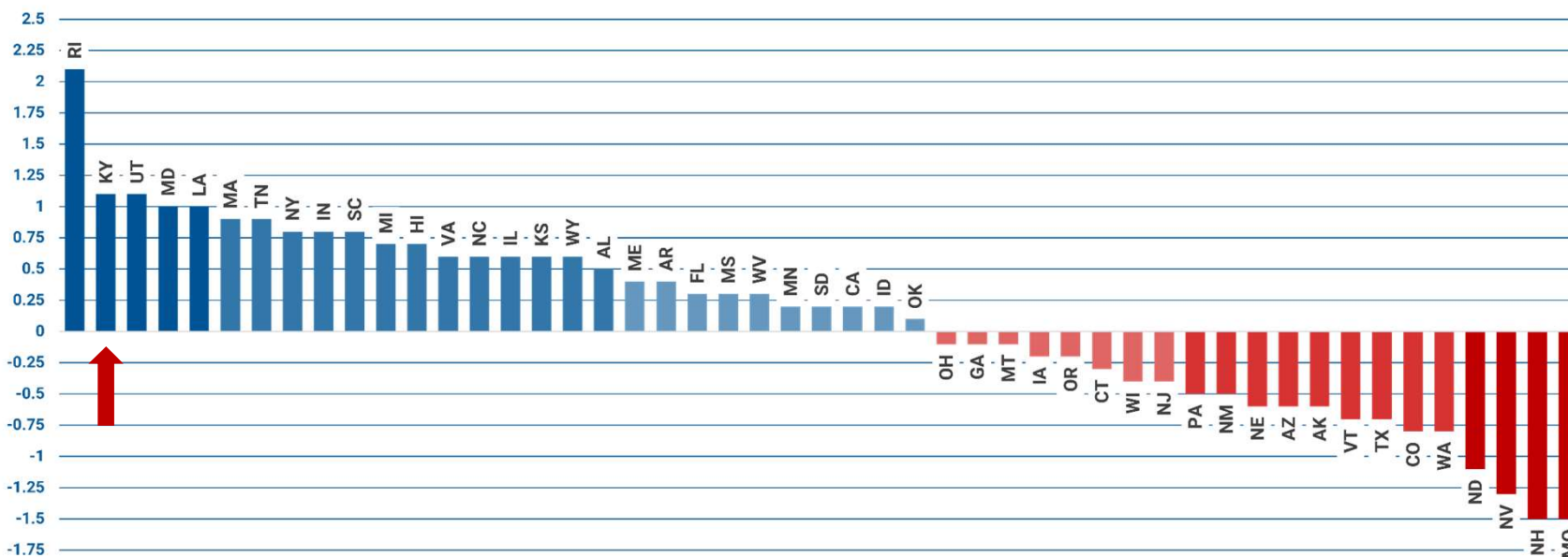
- Degrees and credentials need to grow by 1.7% per year to reach the 60x30 goal
- Over the past five years, the annual number of degrees and credentials awarded grew by about 3.0% per year
- Performance funding and other CPE initiatives have encouraged degree and credential production despite recent enrollment declines

Student Outcomes

College Completion Rates

Kentucky leads the way in improving college completion rates

Change from Previous Year in Six-Year Completion Rate by State, All Sectors



Completing College: National and State Reports with Longitudinal Data Dashboard on Six- and Eight-Year Completion Rates. National Student Clearinghouse Research Center.

- Kentucky's gain in six-year college completion rates tied for second best in the nation
- It was one of only five states with a gain of 1.0 percentage point or more (+1.1 ppt)



Next Steps

Next Steps

Student Outcomes (Cont'd)

- Public Universities
- KCTCS Institutions

Environmental Scan

Performance Funding Survey

- Campus Responses
- CPE Staff Responses

Major Decision Points

Questions?



Twitter: CPENews and CPEPres



Website: <http://cpe.ky.gov>



Facebook: KYCPE

