

POSTSECONDARY EDUCATION WORKING GROUP PERFORMANCE FUNDING MODEL REVIEW



July 26, 2023 - 1:00 PM – 3:00 PM, EST
Council offices, 100 Airport Road, 2nd floor, Frankfort, KY

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	<i>Next meeting: September 6, 2023 @ 1pm ET</i>	

Overview



- Fiscal 2023-24 Performance Distribution
- Biennial Budget Development
- University Model Scenarios
 - Increase Low-Income Degree Premium
 - Add New Adult Learner Metric
 - Eliminate Degree Efficiency Index Weighting
 - Modify Small School Adjustment
 - Increase Nonresident Credit Hour Weighting
- KCTCS Model



Fiscal 2023-24 Performance Distribution

Fiscal 2023-24 Performance Distribution

University Distribution and Hold Harmless Allocations

➤ In 2023 and 2024, \$75.8 million was available for distribution to universities

Public University Funding Model

Change in Performance Distribution and Hold Harmless Allocations Between Fiscal Years 2022-23 and 2023-24

Institution	Fiscal 2022-23 Distribution	Fiscal 2023-24 Distribution	Dollar Difference	Fiscal 2022-23 Hold Harmless	Fiscal 2023-24 Hold Harmless	Dollar Difference
UK	\$30,904,300	\$33,338,500	\$2,434,200	\$0	\$0	\$0
UofL	17,523,600	17,594,600	71,000	0	0	0
EKU	4,927,900	3,222,900	(1,705,000)	0	0	0
KSU	0	0	0	(6,575,200)	(6,643,600)	(68,400)
MoSU	0	0	0	(278,700)	(1,351,200)	(1,072,500)
MuSU	3,296,800	3,095,000	(201,800)	0	0	0
NKU	11,363,500	12,683,900	1,320,400	0	0	0
WKU	7,777,200	5,858,400	(1,918,800)	0	0	0
	<u>\$75,793,300</u>	<u>\$75,793,300</u>	<u>\$0</u>	<u>(\$6,853,900)</u>	<u>(\$7,994,800)</u>	<u>(\$1,140,900)</u>

Fiscal 2023-24 Performance Distribution

Growth Rates Above Sector Average

➤ Percent change in metric data determines the share of funding pool earned

STEM+H Bachelor's Degrees Pool Size = \$29.8 M in 2023-24	2022-23 Iteration	2023-24 Iteration	Volume Change	Percent Change	Status	Campus	2022-23 % Share	2023-24 % Share	% Point Change
UK	3,080	3,017	(62)	-2.0%	Above	UK	37.2%	37.3%	0.0%
UofL	1,662	1,680	17	1.1%	Above	UofL	20.1%	20.7%	0.6%
EKU	812	761	(51)	-6.3%	Below	EKU	9.8%	9.4%	-0.4%
KSU	31	24	(7)	-22.8%	Below	KSU	0.4%	0.3%	-0.1%
MoSU	374	364	(10)	-2.6%	Below	MoSU	4.5%	4.5%	0.0%
MuSU	665	611	(54)	-8.1%	Below	MuSU	8.0%	7.5%	-0.5%
NKU	768	793	25	3.2%	Above	NKU	9.3%	9.8%	0.5%
WKU	879	848	(32)	-3.6%	Below	WKU	10.6%	10.5%	-0.2%
Sector	8,271	8,097	(173)	-2.1%	= Average		100.0%	100.0%	
URM Bachelor's Degrees Pool Size = \$17.9 M in 2023-24	2022-23 Iteration	2023-24 Iteration	Volume Change	Percent Change	Status	Campus	2022-23 Share	2023-24 Share	% Point Change
UK	918	911	(7)	-0.8%	Below	UK	31.0%	30.6%	-0.4%
UofL	751	779	27	3.6%	Above	UofL	25.4%	26.1%	0.7%
EKU	265	275	10	3.6%	Above	EKU	9.0%	9.2%	0.3%
KSU	129	116	(13)	-9.8%	Below	KSU	4.3%	3.9%	-0.5%
MoSU	81	84	3	3.3%	Above	MoSU	2.7%	2.8%	0.1%
MuSU	158	161	4	2.3%	Above	MuSU	5.3%	5.4%	0.1%
NKU	271	279	8	2.8%	Above	NKU	9.2%	9.4%	0.2%
WKU	386	374	(12)	-3.0%	Below	WKU	13.0%	12.6%	-0.5%
Sector	2,959	2,978	20	0.7%	= Average		100.0%	100.0%	

Table 7 - Change in Funding Model Metric Three-Year Rolling Averages (**Weighted Activity Volume**)
Between 2022-23 and 2023-24 Iterations

Student Success Component

Bachelor's Degrees (Normalized) Pool Size = \$53.6 M in 2023-24	2022-23 Iteration	2023-24 Iteration	Volume Change	Percent Change	Status	Institution	2022-23 Share	2023-24 Share	% Point Change
UK	8,616	8,604	(11)	-0.1%	Above	UK	35.2%	35.6%	0.5%
UofL	5,152	5,058	(94)	-1.8%	Below	UofL	21.0%	20.9%	-0.1%
EKU	2,677	2,578	(99)	-3.7%	Below	EKU	10.9%	10.7%	-0.3%
KSU	95	62	(33)	-34.7%	Below	KSU	0.4%	0.3%	-0.1%
MoSU	1,053	1,014	(38)	-3.6%	Below	MoSU	4.3%	4.2%	-0.1%
MuSU	1,702	1,652	(50)	-2.9%	Below	MuSU	6.9%	6.8%	-0.1%
NKU	2,228	2,268	40	1.8%	Above	NKU	9.1%	9.4%	0.3%
WKU	2,984	2,927	(57)	-1.9%	Below	WKU	12.2%	12.1%	-0.1%
Sector	24,507	24,164	(343)	-1.4%	Average		100.0%	100.0%	
STEM+H Bachelor's Degrees Pool Size = \$29.8 M in 2023-24	2022-23 Iteration	2023-24 Iteration	Volume Change	Percent Change	Status	Institution	2022-23 Share	2023-24 Share	% Point Change
UK	3,080	3,017	(62)	-2.0%	Above	UK	37.2%	37.3%	0.0%
UofL	1,662	1,680	17	1.1%	Above	UofL	20.1%	20.7%	0.6%
EKU	812	761	(51)	-6.3%	Below	EKU	9.8%	9.4%	-0.4%
KSU	31	24	(7)	-22.8%	Below	KSU	0.4%	0.3%	-0.1%
MoSU	374	364	(10)	-2.6%	Below	MoSU	4.5%	4.5%	0.0%
MuSU	665	611	(54)	-8.1%	Below	MuSU	8.0%	7.5%	-0.5%
NKU	768	793	25	3.2%	Above	NKU	9.3%	9.8%	0.5%
WKU	879	848	(32)	-3.6%	Below	WKU	10.6%	10.5%	-0.2%
Sector	8,271	8,097	(173)	-2.1%	Average		100.0%	100.0%	
URM Bachelor's Degrees Pool Size = \$17.9 M in 2023-24	2022-23 Iteration	2023-24 Iteration	Volume Change	Percent Change	Status	Institution	2022-23 Share	2023-24 Share	% Point Change
UK	918	911	(7)	-0.8%	Below	UK	31.0%	30.6%	-0.4%
UofL	751	779	27	3.6%	Above	UofL	25.4%	26.1%	0.7%
EKU	265	275	10	3.6%	Above	EKU	9.0%	9.2%	0.3%
KSU	129	116	(13)	-9.8%	Below	KSU	4.3%	3.9%	-0.5%
MoSU	81	84	3	3.3%	Above	MoSU	2.7%	2.8%	0.1%
MuSU	158	161	4	2.3%	Above	MuSU	5.3%	5.4%	0.1%
NKU	271	279	8	2.8%	Above	NKU	9.2%	9.4%	0.2%
WKU	386	374	(12)	-3.0%	Below	WKU	13.0%	12.6%	-0.5%
Sector	2,959	2,978	20	0.7%	Average		100.0%	100.0%	

Council on Postsecondary Education
Performance Funding Model for the Public Universities

July 26, 2023

Table 7 - Change in Funding Model Metric Three-Year Rolling Averages (**Weighted Activity Volume**)
Between 2022-23 and 2023-24 Iterations

Student Success Component (Cont'd)

Low Income Bachelor's Degrees Pool Size = \$17.9 M in 2023-24	2022-23 Iteration	2023-24 Iteration	Volume Change	Percent Change	Status	Institution	2022-23 Share	2023-24 Share	% Point Change
UK	3,489	3,494	5	0.1%	Above	UK	30.5%	30.9%	0.4%
UofL	2,850	2,863	13	0.5%	Above	UofL	24.9%	25.3%	0.4%
EKU	1,312	1,276	(36)	-2.7%	Below	EKU	11.5%	11.3%	-0.2%
KSU	124	110	(14)	-11.6%	Below	KSU	1.1%	1.0%	-0.1%
MoSU	670	641	(29)	-4.4%	Below	MoSU	5.9%	5.7%	-0.2%
MuSU	723	720	(4)	-0.5%	Above	MuSU	6.3%	6.4%	0.0%
NKU	962	942	(21)	-2.1%	Below	NKU	8.4%	8.3%	-0.1%
WKU	1,302	1,273	(29)	-2.2%	Below	WKU	11.4%	11.2%	-0.1%
Sector	11,433	11,319	(115)	-1.0%	Average		100.0%	100.0%	
Student Progression @ 30 Hours Pool Size = \$17.9 M in 2023-24	2022-23 Iteration	2023-24 Iteration	Volume Change	Percent Change	Status	Institution	2022-23 Share	2023-24 Share	% Point Change
UK	5,388	5,035	(353)	-6.5%	Below	UK	36.2%	35.6%	-0.6%
UofL	2,776	2,646	(130)	-4.7%	Above	UofL	18.7%	18.7%	0.1%
EKU	1,480	1,416	(64)	-4.3%	Above	EKU	9.9%	10.0%	0.1%
KSU	248	251	3	1.3%	Above	KSU	1.7%	1.8%	0.1%
MoSU	856	766	(89)	-10.4%	Below	MoSU	5.7%	5.4%	-0.3%
MuSU	932	956	24	2.6%	Above	MuSU	6.3%	6.8%	0.5%
NKU	1,333	1,237	(96)	-7.2%	Below	NKU	9.0%	8.7%	-0.2%
WKU	1,868	1,827	(42)	-2.2%	Above	WKU	12.6%	12.9%	0.4%
Sector	14,881	14,135	(746)	-5.0%	Average		100.0%	100.0%	
Student Progression @ 60 Hours Pool Size = \$29.8 M in 2023-24	2022-23 Iteration	2023-24 Iteration	Volume Change	Percent Change	Status	Institution	2022-23 Share	2023-24 Share	% Point Change
UK	5,849	5,871	22	0.4%	Above	UK	35.1%	36.2%	1.1%
UofL	3,298	3,146	(152)	-4.6%	Below	UofL	19.8%	19.4%	-0.4%
EKU	1,762	1,652	(109)	-6.2%	Below	EKU	10.6%	10.2%	-0.4%
KSU	191	207	16	8.4%	Above	KSU	1.1%	1.3%	0.1%
MoSU	931	862	(69)	-7.4%	Below	MoSU	5.6%	5.3%	-0.3%
MuSU	1,056	1,076	20	1.9%	Above	MuSU	6.3%	6.6%	0.3%
NKU	1,511	1,427	(84)	-5.5%	Below	NKU	9.1%	8.8%	-0.3%
WKU	2,069	1,993	(76)	-3.7%	Below	WKU	12.4%	12.3%	-0.1%
Sector	16,666	16,234	(432)	-2.6%	Average		100.0%	100.0%	

Table 7 - Change in Funding Model Metric Three-Year Rolling Averages (**Weighted Activity Volume**)
Between 2022-23 and 2023-24 Iterations

Student Success Component (Cont'd)

Student Progression @ 90 Hours Pool Size = \$41.7 M in 2023-24	2022-23 Iteration	2023-24 Iteration	Volume Change	Percent Change	Status	Institution	2022-23 Share	2023-24 Share	% Point Change
UK	7,462	7,457	(5)	-0.1%	Above	UK	34.4%	35.4%	0.9%
UofL	4,511	4,401	(110)	-2.4%	Above	UofL	20.8%	20.9%	0.1%
EKU	2,318	2,206	(112)	-4.8%	Below	EKU	10.7%	10.5%	-0.2%
KSU	174	185	11	6.3%	Above	KSU	0.8%	0.9%	0.1%
MoSU	1,163	1,072	(91)	-7.9%	Below	MoSU	5.4%	5.1%	-0.3%
MuSU	1,453	1,385	(68)	-4.7%	Below	MuSU	6.7%	6.6%	-0.1%
NKU	1,902	1,820	(82)	-4.3%	Below	NKU	8.8%	8.6%	-0.1%
WKU	2,691	2,552	(139)	-5.2%	Below	WKU	12.4%	12.1%	-0.3%
Sector	21,674	21,078	(596)	-2.8%	= Average		100.0%	100.0%	

Course Completion Component

Student Credit Hours Earned Pool Size = \$208.5 M in 2023-24	2022-23 Iteration	2023-24 Iteration	Volume Change	Percent Change	Status	Institution	2022-23 Share	2023-24 Share	% Point Change
UK	1,413,975	1,435,689	21,715	1.5%	Above	UK	31.8%	32.4%	0.6%
UofL	1,027,175	1,032,840	5,665	0.6%	Above	UofL	23.1%	23.3%	0.2%
EKU	471,858	450,914	(20,944)	-4.4%	Below	EKU	10.6%	10.2%	-0.4%
KSU	34,114	33,908	(207)	-0.6%	Below	KSU	0.8%	0.8%	0.0%
MoSU	219,173	205,814	(13,359)	-6.1%	Below	MoSU	4.9%	4.6%	-0.3%
MuSU	269,449	267,935	(1,514)	-0.6%	Below	MuSU	6.1%	6.1%	0.0%
NKU	471,365	490,710	19,345	4.1%	Above	NKU	10.6%	11.1%	0.5%
WKU	532,816	510,089	(22,727)	-4.3%	Below	WKU	12.0%	11.5%	-0.5%
Sector	4,439,925	4,427,898	(12,026)	-0.3%	= Average		100.0%	100.0%	

Maintenance and Operations

Square Feet Data Pool Size = \$59.6 M in 2023-24	2022-23 Iteration	2023-24 Iteration	Volume Change	Percent Change	Status	Institution	2022-23 Share	2023-24 Share	% Point Change
UK	8,864,197	9,092,137	227,940	2.6%	Above	UK	35.9%	36.5%	0.6%
UofL	4,657,687	4,654,178	(3,509)	-0.1%	Below	UofL	18.9%	18.7%	-0.2%
EKU	2,333,391	2,311,449	(21,941)	-0.9%	Below	EKU	9.5%	9.3%	-0.2%
KSU	673,771	673,771	-	0.0%	Below	KSU	2.7%	2.7%	0.0%
MoSU	1,434,642	1,448,491	13,849	1.0%	Below	MoSU	5.8%	5.8%	0.0%
MuSU	1,993,278	1,984,828	(8,450)	-0.4%	Below	MuSU	8.1%	8.0%	-0.1%
NKU	1,959,112	1,962,551	3,439	0.2%	Below	NKU	7.9%	7.9%	-0.1%
WKU	2,746,834	2,785,694	38,860	1.4%	Above	WKU	11.1%	11.2%	0.0%
Sector	24,662,911	24,913,099	250,187	1.0%	= Average		100.0%	100.0%	

Table 7 - Change in Funding Model Metric Three-Year Rolling Averages (**Weighted Activity Volume**)
 Between 2022-23 and 2023-24 Iterations

Institutional Support

Instruction and Student Services Pool Size = \$59.6 M in 2023-24	2022-23 Iteration	2023-24 Iteration	Volume Change	Percent Change	Status	Institution	2022-23 Share	2023-24 Share	% Point Change
UK	3,296	3,328	32	1.0%	Above	UK	30.4%	30.7%	0.3%
UofL	2,676	2,621	(55)	-2.1%	Below	UofL	24.7%	24.1%	-0.5%
EKU	993	1,006	13	1.3%	Above	EKU	9.2%	9.3%	0.1%
KSU	175	177	2	1.2%	Above	KSU	1.6%	1.6%	0.0%
MoSU	573	589	16	2.8%	Above	MoSU	5.3%	5.4%	0.1%
MuSU	742	750	8	1.1%	Above	MuSU	6.8%	6.9%	0.1%
NKU	1,140	1,197	57	5.0%	Above	NKU	10.5%	11.0%	0.5%
WKU	1,250	1,189	(60)	-4.8%	Below	WKU	11.5%	11.0%	-0.6%
Sector	10,845	10,857	13	0.1%	Average		100.0%	100.0%	

Academic Support

FTE Students Pool Size = \$59.6 M in 2023-24	2022-23 Iteration	2023-24 Iteration	Volume Change	Percent Change	Status	Institution	2022-23 Share	2023-24 Share	% Point Change
UK	38,310	38,462	152	0.4%	Above	UK	33.7%	34.2%	0.5%
UofL	24,354	24,308	(46)	-0.2%	Above	UofL	21.4%	21.6%	0.2%
EKU	11,717	11,286	(431)	-3.7%	Below	EKU	10.3%	10.0%	-0.3%
KSU	1,419	1,525	106	7.5%	Above	KSU	1.2%	1.4%	0.1%
MoSU	5,958	5,604	(354)	-5.9%	Below	MoSU	5.2%	5.0%	-0.3%
MuSU	7,210	7,145	(64)	-0.9%	Above	MuSU	6.3%	6.3%	0.0%
NKU	11,185	11,160	(25)	-0.2%	Above	NKU	9.8%	9.9%	0.1%
WKU	13,582	13,124	(458)	-3.4%	Below	WKU	11.9%	11.7%	-0.3%
Sector	113,736	112,616	(1,120)	-1.0%	Average		100.0%	100.0%	

Funding Model Totals

Metrics = 11

Allocable Resources = **\$595.7 M** in 2023-24

Fiscal 2023-24 Performance Distribution

Metric Scorecard

Performance Funding Model for the Public Universities									May 1, 2023
Table 8 - Metrics Where Rates of Growth Exceeded Sector Average Between Fiscal Years 2022-23 and 2023-24									
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"/>	\$53.6
STEM+H 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 type="checkbox"/>	29.8
URM Bachelor's Degrees	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	17.9
Student Progression @ 30 Hours	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	41.7
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"/>	208.5
Operational Support Activity									
Instructional Square Feet	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	59.6
Direct Cost of Instruction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	59.6
FTE Students	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	59.6
Metrics Above Sector Average	9	7	3	5	2	6	6	2	
Total Allocable Resources:									\$595.7

Fiscal 2023-24 Performance Distribution

Metric Scorecard (Cont'd)

- Three out of four universities that recorded growth rates above the sector average on six or more metrics increased their performance distributions between fiscal years 2023 and 2024 (*UK, UofL, NKU*)
- Three institutions that had growth rates below the sector average on eight or more metrics registered the largest dollar decreases in their distributions or hold harmless amounts (*EKU, MoSU, WKU*)
- There is a positive correlation between the number of metrics that an institution achieves with growth rates above the sector average and change in that institution's performance distribution
- As intended, funding is being driven by changes in outcomes

Fiscal 2023-24 Performance Distribution

State Funds for Educating Students

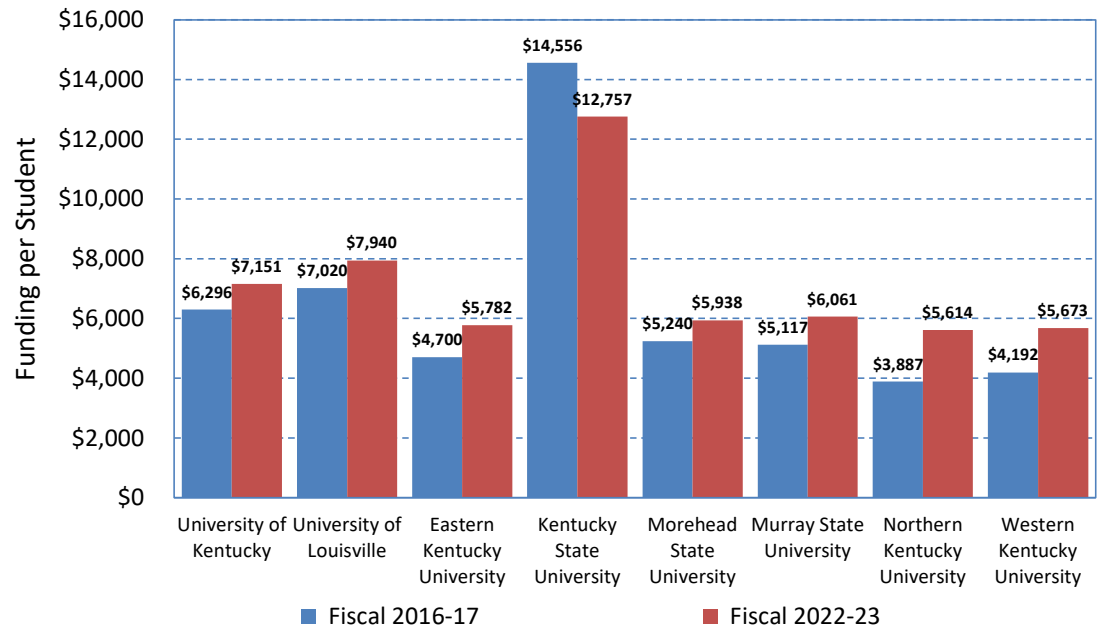
➤ UK and NKU have lowest state funding per student in their respective sectors

Kentucky Public Postsecondary Institutions
Share of State Funds for Educating Students¹
Fiscal Years 2016-17 and 2023-24

Institution	Fiscal 2016-17 % Share	Fiscal 2023-24 % Share	% Point Difference
UK	23.9%	25.7%	1.9%
UofL	17.4%	17.0%	-0.4%
EKU	8.2%	7.6%	-0.7%
KSU	2.6%	2.2%	-0.5%
MoSU	5.1%	4.1%	-1.0%
MuSU	5.7%	5.2%	-0.6%
NKU	5.9%	7.5%	1.6%
WKU	8.8%	8.7%	-0.1%
KCTCS	22.3%	22.1%	-0.2%
Total	100.0%	100.0%	0.0%

¹ Each institution's regular General Fund appropriation, plus 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 2022-23



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.



Biennial Budget Development

Biennial Budget Development

Operating Funds Components

Funding Category	Fiscal 2023-24	Fiscal 2024-25	Fiscal 2025-26
2023-24 Net General Fund ¹	\$1,009,383,800	\$1,009,383,800	\$1,009,383,800
Base Adjustments:			
KERS Subsidy Reductions		(4,415,700)	(6,623,500)
Adjusted Net General Fund	\$1,009,383,800	\$1,004,968,100	\$1,002,760,300
Additional Budget Requests:			
Inflation Adjustment (@6.0% ATB)		\$54,724,600	\$54,724,600
Earned Performance Funds (@ 50.0%)		48,653,700	48,653,700
Performance Fund		22,692,900	22,692,900
KSU Land-Grant Program	TBD	TBD	TBD
Total Operating Request	\$1,009,383,800	\$1,131,039,300	\$1,128,831,500
Dollar Change	\$0	\$121,655,500	\$119,447,700
Percent Change	0.0%	12.1%	11.8%

¹ Each institution's regular General Fund appropriation minus debt service. Includes \$97,307,100 in the Postsecondary Education Performance Fund.

Operating Funds Components

Inflation Adjustment

➤ *Features*

- Additional operating funds of **\$54.7 million** each year of biennium, representing an across-the-board **6%** increase at each institution
- Inflation adjustment funds will be requested on a recurring basis and excluded from the allocable resources run through the model

➤ *Rationale*

- If authorized, these funds will help institutions offset some of the largest increases in inflation in two decades (5.2% in 2022)
- The funds will also help Council and campus officials maintain affordability and access for Kentucky students

Operating Funds Components

Inflation Adjustment (Cont'd)

➤ Allocation

- It is anticipated that the Council will recommend **\$54.7 million** each year
- The allocation represents **6.0%** of each institution's 2023-24 net General Fund appropriation
- The net General Fund is each institution's regular appropriation, minus debt service

Kentucky Public Postsecondary Institution
Allocation of Hypothetical Inflation Adjustment Request
Fiscal Years 2024-25 and 2025-26

Institution	2023-24 Net General Fund	Adjustment Percentage	Proposed Allocation	
			Fiscal 2024-25	Fiscal 2025-26
UK	\$286,330,800	6.0%	\$17,179,800	\$17,179,800
UofL	127,456,800	6.0%	7,647,400	7,647,400
EKU	73,437,300	6.0%	4,406,200	4,406,200
KSU	27,820,800	6.0%	1,669,200	1,669,200
MoSU	44,328,400	6.0%	2,659,700	2,659,700
MuSU	47,517,600	6.0%	2,851,100	2,851,100
NKU	52,247,500	6.0%	3,134,900	3,134,900
WKU	77,591,300	6.0%	4,655,500	4,655,500
KCTCS	<u>175,346,200</u>	6.0%	<u>10,520,800</u>	<u>10,520,800</u>
Total	\$912,076,700		\$54,724,600	\$54,724,600

Operating Funds Components

Inflation Adjustment (Cont'd)

➤ *Impact on Distributions*

- If inflation adjustment funds are excluded from the model, they should have no impact on future performance distributions

➤ *Implications*

- Recently, several universities proposed changing the model, so that a portion of performance funds (e.g., one-third) would be distributed to the base regardless of outcomes produced (*UofL, MoSU, MuSU*)
- To the extent that a request for base funding can be addressed outside the model through the biennial budget development process, the need to modify the model for that purpose may be alleviated

Operating Funds Components

Earned Performance Funds

➤ *Features*

- Additional appropriations of **\$48.7 million** each year, allocated using **50%** of each institution's earned 2023-24 performance funds
- These funds will be requested on a recurring basis and included in the allocable resources run through the funding model

➤ *Rationale*

- If authorized, these funds will help cover increased operating costs at institutions that produced more outcomes relative to their peers
- The funds will also move institutions toward equilibrium (i.e., funding parity) as contemplated in statute and determined by the model

Operating Funds Components

Earned Performance Funds (Cont'd)

➤ Allocation

- It is anticipated that the Council will recommend **\$48.7 million** each year
- Allocated by multiplying each institution's earned 2023-24 performance funds by **50%**
- Institutions that did not receive a distribution in 2023-24 will not receive an allocation

Kentucky Public Postsecondary Institution
Allocation of Hypothetical Earned Performance Funds Request
Fiscal Years 2024-25 and 2025-26

Institution	Final 2023-24 Distribution	Earned Funds Percentage	Proposed Allocation	
			Fiscal 2024-25	Fiscal 2025-26
UK	\$33,338,500	50.0%	\$16,669,300	\$16,669,300
UofL	17,594,600	50.0%	8,797,300	8,797,300
EKU	3,222,900	50.0%	1,611,500	1,611,500
KSU	0	50.0%	0	0
MoSU	0	50.0%	0	0
MuSU	3,095,000	50.0%	1,547,500	1,547,500
NKU	12,683,900	50.0%	6,342,000	6,342,000
WKU	5,858,400	50.0%	2,929,200	2,929,200
KCTCS	<u>21,513,800</u>	50.0%	<u>10,756,900</u>	<u>10,756,900</u>
Total	\$97,307,100		\$48,653,700	\$48,653,700

Operating Funds Components

Earned Performance Funds (Cont'd)

➤ *Impact on Distributions*

- If requested funding is authorized, the universities will be brought closer to funding parity, which will allow more institutions to fully participate in funding distributions going forward

➤ *Implications*

- In other words, more institutions could potentially receive funding without requiring a change in the model

Operating Funds

Performance Fund

➤ *Features*

- Additional appropriations of **\$22.7 million** each year, added to \$97.3 million already in the Performance Fund (i.e., \$120.0 million total)
- The funds will be requested on a recurring basis (to the Performance Fund) and distributed using statutorily defined funding models

➤ *Rationale*

- If authorized, these funds will provide resources necessary for institutions to continue making progress toward desired state goals

➤ *Allocation* (100% to the Performance Fund)

Operating Funds

Performance Fund (Cont'd)

➤ *Impact on Distributions*

- If requested funding is authorized, every university would have an opportunity to increase their distribution or reduce hold harmless
- Assuming no change in performance data, four universities (UofL, ECU, MuSU, WKU) received a larger share of funds distributed and two universities reduced their hold harmless allocations (KSU, MoSU)

➤ *Implications*

- Most institutions would receive an increase in their performance distribution without requiring a change in the model



University Model Scenarios

University Model Scenarios

Proposed Adjustments

- Stakeholder proposed changes to the university model:
 - Increase Low-Income Degree Premium
 - Add New Adult Learner Metric
 - Eliminate Degree Efficiency Index Weighting
 - Modify Small School Adjustment
 - Increase Nonresident Credit Hour Weighting



Low-Income Degree Premium

University Model Scenarios

Increase Low-Income Degree Premium

➤ *Background:*

- The model currently provides premiums for degrees earned in STEM+H fields and awarded to URM and low-income students
- Since 2014, STEM+H and URM degrees have grown, but awards to low-income students have lagged behind
- Between 2014 and 2021, the number of bachelor's degrees awarded to low-income students decreased by -1.4%
- Several stakeholders have proposed that the work group consider increasing the premium for low-income degrees (*UofL, KCTCS, CPE*)

University Model Scenarios

Increase Low-Income Degree Premium (Cont'd)

➤ *Rationale:*

- The subsidy per degree is larger for STEM+H (\$3,678) and URM (\$6,000) degrees, than it is for low-income degrees (\$1,579)
- A larger subsidy (\$4,213) will provide added incentive for institutions to enroll, retain, and graduate low-income students

➤ *Assumptions:*

- Increase the allocation percentage for the low-income pool from 3% to 8% and reduce credit-hours-earned pool from 35% to 30%
- No change in student success or operational support metric data

University Model Scenarios

Increase Low-Income Degree Premium (Cont'd)

➤ *Scenario Impact*

- Increasing the premium for low-income bachelor's degrees (from 3% to 8%) and reducing the credit hours earned pool (from 35% to 30%)
- Results in hypothetical shift of funds from UK, NKU, and WKU to UofL, ECU, and MoSU
- It also reduces hold harmless allocations by \$65,300 at KSU and by \$321,400 at MoSU

Public University Funding Model

Hypothetical 2023-24 Performance Distribution

Scenario 1: Increase Low-Income Degree Premium ¹

<u>Institution</u>	<u>Final 2023-24 Distribution</u>	<u>Increase Low Income Premium</u>	<u>Dollar Difference</u>
University of Kentucky	\$33,338,500	\$33,005,500	(\$333,000)
University of Louisville	17,594,600	18,266,800	672,200
Eastern Kentucky University	3,222,900	3,587,400	364,500
Kentucky State University	0	0	0
Morehead State University	0	0	0
Murray State University	3,095,000	3,212,000	117,000
Northern Kentucky University	12,683,900	11,898,900	(785,000)
Western Kentucky University	5,858,400	5,822,700	(35,700)
	\$75,793,300	\$75,793,300	\$0
KCTCS	21,513,800	21,513,800	0
Total Performance Fund	\$97,307,100	\$97,307,100	\$0

¹ Assumes an increase in the premium from 3% to 8% for bachelor's degrees awarded to low-income students and a reduction in credit hours earned pool from 35% to 30%

University Model Scenarios

Increase Low-Income Degree Premium (Cont'd)

➤ *Discussion Questions:*

- Do work group members support increasing the premium for bachelor's degrees awarded to low-income students?
- If so, is the increase in allocation percentage from 3% to 8% for the low-income degree pool sufficient?
- Do work group members support reducing the earned-credit-hour pool from 35% to 30% to accommodate this change?
- If not, which funding pool should have its allocation percentage reduced to support the increase in the low-income degree pool?



Adult Learner Metric

University Model Scenarios

Add Adult Learner Metric

➤ *Background:*

- The university model does not currently contain a metric that rewards enrollment, retention, or completion of adult learners
- Kentucky will not be able to achieve its 60x30 attainment goal unless institutions expand efforts to target this population
- Several stakeholders have proposed that the work group consider adding a new adult learner metric (*UofL, KCTCS, CPE*)

University Model Scenarios

Add Adult Learner Metric (Cont'd)

➤ *Rationale:*

- Adding an adult learner metric will recognize institutions that serve disproportionate numbers of nontraditional age students
- It will provide a financial incentive for institutions to target displaced workers, students who stopped out of college, etc.

➤ *Assumptions:*

- Add an adult learner premium to the model by counting credit hours earned by resident undergraduate students ages 25-64
- No change in other student success or operational support data

University Model Scenarios

Add Adult Learner Metric (Cont'd)

➤ Scenario Impact

- Adding resident undergraduate credit hours earned by adult learners to the credit hour metric and assigning a weight of 1.0 to those credit hours
- Results in hypothetical shift of funds from UK and WKU to UofL, ECU, MuSU, and NKU
- It reduces the hold harmless at KSU by \$35,900 and increases it by \$453,100 at MoSU

Public University Funding Model

Hypothetical 2023-24 Performance Distribution

Scenario 2: Add Adult Learner Metric ¹

Institution	Final 2023-24 Distribution	Add Adult Learner Metric	Dollar Difference
University of Kentucky	\$33,338,500	\$32,926,500	(\$412,000)
University of Louisville	17,594,600	17,691,800	97,200
Eastern Kentucky University	3,222,900	3,490,200	267,300
Kentucky State University	0	0	0
Morehead State University	0	0	0
Murray State University	3,095,000	3,233,400	138,400
Northern Kentucky University	12,683,900	13,301,500	617,600
Western Kentucky University	5,858,400	5,149,900	(708,500)
	\$75,793,300	\$75,793,300	\$0
KCTCS	21,513,800	21,513,800	0
Total Performance Fund	\$97,307,100	\$97,307,100	\$0

¹ Adds credit hours earned by resident undergraduate students ages 25 through 64 to the credit hour metric and assigns an assumed weighting of 1.0 to those hours.

University Model Scenarios

Add Adult Learner Metric (Cont'd)

➤ *Discussion Questions:*

- Do work group members support adding an adult learner metric to the university funding model?
- If so, is providing a premium for credit hours earned by resident undergraduate students ages 25 – 64 a good approach?
- Is assigning a weighting of 1.0 for credit hours earned by adult learners sufficient?
- If not, what approach and what weighting represent better methods for accommodating this change?



Degree Efficiency Index

University Model Scenarios

Eliminate Degree Efficiency Index Weighting

➤ *Background:*

- In 2016, the working group agreed to weight bachelor's degrees produced using an index of each institution's degrees per 100 FTE students divided by the sector average
- The intent was to provide an incentive to produce bachelor's degrees efficiently, but there was an unexpected outcome
- The index rewards institutions that are experiencing declining enrollment and penalizes those with growing enrollment, which runs counter to growth-oriented goals of the model
- Two stakeholders have proposed eliminating the index (*UK, CPE*)

University Model Scenarios

Eliminate Degree Efficiency Index Weighting (Cont'd)

➤ *Rationale:*

- The degree efficiency index has not operated as intended due to declining enrollment at most institutions
- It negatively impacts institutions with growing enrollment and rewards institutions with decreasing enrollment
- It complicates the model and provides inconsistent incentives

➤ *Assumptions:*

- Eliminate the degree efficiency index from the model
- No change in student success or operational support data

University Model Scenarios

Eliminate Degree Efficiency Index Weighting (Cont'd)

➤ *Scenario Impact*

- Eliminating the degree efficiency index to weight the number of bachelor's degrees produced
- Results in hypothetical shift of funds from EKU, MuSU, and NKU to UK, UofL, and WKU
- It also reduces hold harmless at KSU and MoSU by \$196,700 and \$304,000, respectively

Public University Funding Model

Hypothetical 2023-24 Performance Distribution

Scenario 3: Eliminate Degree Efficiency Weighting ¹

<u>Institution</u>	<u>Final 2023-24 Distribution</u>	<u>Eliminate Degree Efficiency Weight</u>	<u>Dollar Difference</u>
University of Kentucky	\$33,338,500	\$33,471,800	\$133,300
University of Louisville	17,594,600	17,742,800	148,200
Eastern Kentucky University	3,222,900	3,118,700	(104,200)
Kentucky State University	0	0	0
Morehead State University	0	0	0
Murray State University	3,095,000	3,006,000	(89,000)
Northern Kentucky University	12,683,900	12,561,900	(122,000)
Western Kentucky University	5,858,400	5,892,100	33,700
	<u>\$75,793,300</u>	<u>\$75,793,300</u>	<u>\$0</u>
KCTCS	<u>21,513,800</u>	<u>21,513,800</u>	<u>0</u>
Total Performance Fund	\$97,307,100	\$97,307,100	\$0

¹ Under this scenario, the number of bachelor's degrees awarded by an institution is no longer weighted using a ratio of that institution's bachelor's degrees produced per 100 FTE undergraduate students indexed to the sector average.

University Model Scenarios

Eliminate Degree Efficiency Index Weighting (Cont'd)

➤ *Discussion Questions:*

- Do work group members support eliminating the degree efficiency index weighting in the university funding model?
- Are there any work group members who oppose eliminating the degree efficiency index weighting?



Small School Adjustment

University Model Scenarios

Modify Small School Adjustment

➤ *Background:*

- The small school adjustment is an amount deducted from the formula base, so that those funds will be excluded from the allocable resources run through model
- In 2016, the deduction amount was a major decision point
- CPE staff recommended a **15%** small school adjustment; KSU argued for a **25%** adjustment; consensus was reached at **10%**
- Recently, several stakeholders proposed that the small school adjustment at KSU and MoSU be increased (*KSU, MoSU, CPE*)

University Model Scenarios

Modify Small School Adjustment (Cont'd)

➤ *Rationale:*

- KSU and MoSU have had negative hold harmless allocations and have not received any fund distributions since model inception
- A larger adjustment would promote equity and enhance ability of KSU and MoSU to earn funding via improved performance

➤ *Assumptions:*

- Increase small school adjustments at KSU and MoSU by amounts equal to each institution's 2023-24 hold harmless allocation
- No change in student success or operational support metric data

University Model Scenarios

Modify Small School Adjustment (Cont'd)

➤ *Scenario Impact*

- Adding the positive inverse of actual 2023-24 hold harmless amounts at KSU and MoSU to the small school adjustments at those same institutions
- Does not cause any meaningful shifts in funds among campuses
- But it does reduce the hold harmless by \$6,643,600 at KSU and by \$1,351,100 at MoSU

Public University Funding Model

Hypothetical 2023-24 Performance Distribution

Scenario 4: Increase Small School Adjustment (for Selected Institutions) ¹

Institution	Final 2023-24 Distribution	Increase Small School Adjustment	Dollar Difference
University of Kentucky	\$33,338,500	\$33,338,200	(\$300)
University of Louisville	17,594,600	17,594,500	(100)
Eastern Kentucky University	3,222,900	3,222,900	0
Kentucky State University	0	200	200
Morehead State University	0	0	0
Murray State University	3,095,000	3,095,100	100
Northern Kentucky University	12,683,900	12,684,200	300
Western Kentucky University	5,858,400	5,858,200	(200)
	<u>\$75,793,300</u>	<u>\$75,793,300</u>	<u>\$0</u>
KCTCS	<u>21,513,800</u>	<u>21,513,800</u>	<u>0</u>
Total Performance Fund	\$97,307,100	\$97,307,100	\$0

¹ Assumes the positive additive inverse of calculated 2023-24 hold harmless amounts at KSU and MoSU are added to the small school adjustments of those same institutions prior to running the university funding model.

University Model Scenarios

Modify Small School Adjustment (Cont'd)

➤ *Discussion Questions:*

- Do work group members support increasing the small school adjustment at KSU and MoSU, which would allow these institutions to compete more effectively in the model?
- Is adding hold harmless amounts to small school adjustments at these institutions the best way to accommodate this change?
- If not, what other approach would group members suggest?
- Are there any work group members who oppose increasing the small school adjustments at KSU and MoSU?



Nonresident Credit Hour Weighting

University Model Scenarios

Increase Nonresident Credit Hour Weighting

➤ *Background:*

- Six years ago, the weighting assigned to nonresident credit hours was determined through negotiation and compromise
- Several institutions argued that the weighting of credit hours should be the same for residents and nonresidents (i.e., 1.00)
- Others argued that nonresident hours be assigned zero weight
- Ultimately, the group reached consensus at a 0.50 weighting
- Recently, two institutions proposed that the nonresident credit hour weight should be increased to 1.00 (*MuSU, WKU*)

University Model Scenarios

Increase Nonresident Credit Hour Weighting (Cont'd)

➤ *Rationale:*

- The 50% weighting of nonresident hours limits the benefit of enrolling nonresident students at time when maintaining enrollment is crucial
- The current weighting runs counter to the Council's nonresident student tuition policy

➤ *Assumptions:*

- Increase weighting of nonresident credit hours from 0.50 to 1.00
- No change in student success or operational support metric data

University Model Scenarios

Increase Nonresident Credit Hour Weighting (Cont'd)

➤ *Scenario Impact*

- Increasing the weighting of nonresident credit hours from 0.50 to 1.00 across three years of funding model data
- Results in hypothetical shift of distributed funding from UofL, ECU, and WKU toward UK, MuSU, and NKU
- It reduces the hold harmless at KSU by \$219,600 and increases it by \$866,900 at MoSU

Public University Funding Model

Hypothetical 2023-24 Performance Distribution

Scenario 5: Increase Nonresident Credit Hour Weighting ¹

Institution	Final 2023-24 Distribution	Increase NR Credit Hour Weighting	Dollar Difference
University of Kentucky	\$33,338,500	\$34,605,700	\$1,267,200
University of Louisville	17,594,600	17,191,700	(402,900)
Eastern Kentucky University	3,222,900	2,063,600	(1,159,300)
Kentucky State University	0	0	0
Morehead State University	0	0	0
Murray State University	3,095,000	3,596,100	501,100
Northern Kentucky University	12,683,900	13,822,300	1,138,400
Western Kentucky University	5,858,400	4,513,900	(1,344,500)
	<u>\$75,793,300</u>	<u>\$75,793,300</u>	<u>\$0</u>
KCTCS	<u>21,513,800</u>	<u>21,513,800</u>	<u>0</u>
Total Performance Fund	\$97,307,100	\$97,307,100	\$0

¹ Under this scenario, the weighting assigned to credit hours earned by nonresident students is increased from 0.50 to 1.00, which results in nonresident credit hours being counted the same as resident credit hours in the public university funding model.

University Model Scenarios

Increase Nonresident Credit Hour Weighting (Cont'd)

➤ *Discussion Questions:*

- Do work group members support increasing the weighting of credit hours earned by nonresident students?
- If so, is an increase in weighting from 0.50 to 1.00 appropriate?
- Do work group members support decreasing the weighting of credit hours earned by nonresident students?
- Should the weighting of nonresident hours stay the same?
- What would be the rationale for maintaining a weighting of 0.50? What's the rationale for decreasing the weighting?

KCTCS PERFORMANCE FUNDING MODEL REVIEW

July 26, 2023

KCTCS FUNDING MODEL (CURRENT) DISTRIBUTION AND METRICS

FUNDING MODEL DISTRIBUTION

Institution	Fiscal 2022-23 Distribution	Fiscal 2023-24 Distribution	Dollar Difference	Fiscal 2022-23 Hold Harmless	Fiscal 2023-24 Hold Harmless	Dollar Difference
Ashland	\$623,900	\$785,200	\$161,300	-	-	-
Big Sandy	-	-	-	(1,993,900)	(2,512,100)	(518,200)
Bluegrass	3,942,100	3,889,100	(53,000)	-	-	-
Elizabethtown	1,990,400	2,193,400	203,000	-	-	-
Gateway	1,646,700	1,757,400	110,700	-	-	-
Hazard	-	-	-	(3,438,900)	(3,425,000)	13,900
Henderson	-	-	-	(495,300)	(414,800)	80,500
Hopkinsville	922,700	853,200	(69,500)	-	-	-
Jefferson	3,766,500	3,825,300	58,800	-	-	-
Madisonville	1,035,100	1,166,000	130,900	-	-	-
Maysville	1,337,600	1,370,200	32,600	-	-	-
Owensboro	1,487,100	1,701,400	214,300	-	-	-
Somerset	2,093,700	1,850,200	(243,500)	-	-	-
Southcentral	1,665,300	1,715,500	50,200	-	-	-
Southeast	-	-	-	(2,736,400)	(2,567,600)	168,800
West Kentucky	1,002,700	406,900	(595,800)	-	-	-
	<u>\$21,513,800</u>	<u>\$21,513,800</u>	-	<u>(\$8,664,500)</u>	<u>(\$8,919,500)</u>	<u>(\$255,000)</u>

METRIC COMPARISON – CREDENTIALS

Weighted Credentials

(3-year avg)

	2022-23	2023-24	Volume Change	Percent Change	Status	Institution	2022-23 Share	2023-24 Share	% Point Change
Ashland	3,751	3,845	94	2.5%	Above	Ashland	5.2%	5.3%	0.1%
Big Sandy	3,034	2,963	(71)	-2.3%	Below	Big Sandy	4.2%	4.1%	-0.1%
Bluegrass	9,749	10,317	568	5.8%	Above	Bluegrass	13.4%	14.2%	0.8%
Elizabethtown	5,634	6,012	378	6.7%	Above	Elizabethtow	7.8%	8.3%	0.5%
Gateway	4,885	4,812	(73)	-1.5%	Below	Gateway	6.7%	6.6%	-0.1%
Hazard	3,230	3,136	(94)	-2.9%	Below	Hazard	4.4%	4.3%	-0.1%
Henderson	1,124	1,142	17	1.5%	Above	Henderson	1.5%	1.6%	0.0%
Hopkinsville	2,505	2,410	(95)	-3.8%	Below	Hopkinsville	3.4%	3.3%	-0.1%
Jefferson	9,245	9,057	(187)	-2.0%	Below	Jefferson	12.7%	12.5%	-0.3%
Madisonville	2,895	2,891	(4)	-0.1%	Below	Madisonville	4.0%	4.0%	0.0%
Maysville	3,875	4,016	142	3.7%	Above	Maysville	5.3%	5.5%	0.2%
Owensboro	4,584	4,749	165	3.6%	Above	Owensboro	6.3%	6.5%	0.2%
Somerset	5,685	5,534	(151)	-2.7%	Below	Somerset	7.8%	7.6%	-0.2%
Southcentral	5,058	4,933	(125)	-2.5%	Below	Southcentral	7.0%	6.8%	-0.2%
Southeast	2,085	2,016	(70)	-3.3%	Below	Southeast	2.9%	2.8%	-0.1%
West KY	5,306	4,857	(449)	-8.5%	Below	West KY	7.3%	6.7%	-0.6%
KCTCS	72,645	72,690	45	0.1% = Average			100.0%	100.0%	



METRIC COMPARISON – URM CREDENTIALS

Underrepresented Minority Credentials

	2022-23	2023-24	Volume Change	Percent Change	Status	Institution	2022-23 Share	2023-24 Share	% Point Change
Ashland	64	87	23	35.9%	Above	Ashland	1.3%	1.7%	0.4%
Big Sandy	59	54	(5)	-8.5%	Below	Big Sandy	1.2%	1.0%	-0.2%
Bluegrass	1,041	970	(71)	-6.8%	Below	Bluegrass	21.3%	18.6%	-2.7%
Elizabethtown	302	451	149	49.3%	Above	Elizabethtow	6.2%	8.7%	2.5%
Gateway	427	493	66	15.5%	Above	Gateway	8.8%	9.5%	0.7%
Hazard	50	56	6	12.0%	Above	Hazard	1.0%	1.1%	0.1%
Henderson	59	98	39	66.1%	Above	Henderson	1.2%	1.9%	0.7%
Hopkinsville	323	402	79	24.5%	Above	Hopkinsville	6.6%	7.7%	1.1%
Jefferson	1,118	1,127	9	0.8%	Above	Jefferson	22.9%	21.7%	-1.3%
Madisonville	147	215	68	46.3%	Above	Madisonville	3.0%	4.1%	1.1%
Maysville	137	147	10	7.3%	Above	Maysville	2.8%	2.8%	0.0%
Owensboro	156	228	72	46.2%	Above	Owensboro	3.2%	4.4%	1.2%
Somerset	176	110	(66)	-37.5%	Below	Somerset	3.6%	2.1%	-1.5%
Southcentral	356	305	(51)	-14.3%	Below	Southcentral	7.3%	5.9%	-1.4%
Southeast	27	35	8	29.6%	Above	Southeast	0.6%	0.7%	0.1%
West KY	436	427	(9)	-2.1%	Below	West KY	8.9%	8.2%	-0.7%
KCTCS	4,878	5,205	327	6.7% =	Average		100.0%	100.0%	

METRIC COMPARISON – PROGRESSION

Progression >15 credit
hours

	2022-23	2023-24	Volume Change	Percent Change	Status	Institution	2022-23 Share	2023-24 Share	% Point Change
Ashland	469	486	17	3.6%	Above	Ashland	3.7%	3.9%	0.2%
Big Sandy	468	424	(44)	-9.4%	Below	Big Sandy	3.7%	3.4%	-0.3%
Bluegrass	2,123	1,810	(313)	-14.7%	Below	Bluegrass	16.7%	14.4%	-2.2%
Elizabethtown	961	1,004	43	4.5%	Above	Elizabethtow	7.5%	8.0%	0.5%
Gateway	908	895	(13)	-1.4%	Below	Gateway	7.1%	7.1%	0.0%
Hazard	446	511	65	14.6%	Above	Hazard	3.5%	4.1%	0.6%
Henderson	213	199	(14)	-6.6%	Below	Henderson	1.7%	1.6%	-0.1%
Hopkinsville	418	420	2	0.5%	Above	Hopkinsville	3.3%	3.3%	0.1%
Jefferson	2,183	2,077	(106)	-4.9%	Below	Jefferson	17.1%	16.5%	-0.6%
Madisonville	579	586	7	1.2%	Above	Madisonville	4.5%	4.7%	0.1%
Maysville	577	533	(44)	-7.6%	Below	Maysville	4.5%	4.2%	-0.3%
Owensboro	647	749	102	15.8%	Above	Owensboro	5.1%	6.0%	0.9%
Somerset	881	878	(3)	-0.3%	Below	Somerset	6.9%	7.0%	0.1%
Southcentral	769	770	1	0.1%	Above	Southcentral	6.0%	6.1%	0.1%
Southeast	365	462	97	26.6%	Above	Southeast	2.9%	3.7%	0.8%
West KY	730	748	18	2.5%	Above	West KY	5.7%	6.0%	0.2%
KCTCS	12,737	12,552	(185)	-1.5% =	Average		100.0%	100.0%	



METRIC COMPARISON – COURSE COMPLETION

Weighted Course Completion	Volume		Percent Change	Status	2022-23			2023-24		
	2022-23	2023-24			Change	Institution	Share	% Point Change	Institution	Share
Ashland	63,309	63,814	505	0.8%	Above	Ashland	4.6%	4.7%	0.1%	
Big Sandy	56,863	53,254	(3,610)	-6.3%	Below	Big Sandy	4.2%	3.9%	-0.3%	
Bluegrass	200,721	191,233	(9,488)	-4.7%	Below	Bluegrass	14.7%	14.0%	-0.7%	
Elizabethtown	104,023	109,207	5,184	5.0%	Above	Elizabethtow	7.6%	8.0%	0.4%	
Gateway	82,692	83,670	979	1.2%	Above	Gateway	6.1%	6.1%	0.1%	
Hazard	56,976	58,634	1,658	2.9%	Above	Hazard	4.2%	4.3%	0.1%	
Henderson	24,035	24,765	730	3.0%	Above	Henderson	1.8%	1.8%	0.1%	
Hopkinsville	42,742	40,284	(2,458)	-5.8%	Below	Hopkinsville	3.1%	3.0%	-0.2%	
Jefferson	194,740	188,513	(6,227)	-3.2%	Below	Jefferson	14.3%	13.8%	-0.4%	
Madisonville	61,729	62,546	817	1.3%	Above	Madisonville	4.5%	4.6%	0.1%	
Maysville	66,799	63,731	(3,069)	-4.6%	Below	Maysville	4.9%	4.7%	-0.2%	
Owensboro	77,894	86,165	8,270	10.6%	Above	Owensboro	5.7%	6.3%	0.6%	
Somerset	106,752	106,793	42	0.0%	Below	Somerset	7.8%	7.8%	0.0%	
Southcentral	86,043	89,411	3,368	3.9%	Above	Southcentral	6.3%	6.6%	0.3%	
Southeast	51,298	53,800	2,502	4.9%	Above	Southeast	3.8%	4.0%	0.2%	
West KY	88,723	85,472	(3,250)	-3.7%	Below	West KY	6.5%	6.3%	-0.2%	
KCTCS	1,365,339	1,361,292	(4,047)	-0.3%	Average		100.0%	100.0%		

KCTCS FUNDING MODEL RECOMMENDED ADJUSTMENTS

FUNDING MODEL REVIEW

Recommended Adjustments

- **Use a three-year average on all metrics except square footage to smooth economic and population change impacts**
- **Allow earned funds to become part of an institution's base**
- **Add Adult Learner metric**
- **Promote equity by accounting for regional differences**
Allocate equity adjustment based on Community Needs Index that considers local unemployment, labor force participation, and poverty rates

FUNDING MODEL REVIEW

Recommended Adjustments cont'd

- Reduce weight of the progression metrics (12% --> 7%) to reflect retention of a KCTCS student to complete a short-term credential
- Merge overlapping STEM+H, High-Wage/ High-Demand, and Targeted Industry credentials to an overall credential calculation tied to the economy
- Reduce the weighting of the credential metric (from 15% to 8%) to allow increased focus on URM, under-prepared, low income, and transfers

Current Model					Proposed Model	
Student Success	Credentials Awarded	Metrics Tied to the Economy (Three-Year Weighted Average, High Wage/High Demand, Targeted Industry Sector, STEM+H)	15% (10%, 1%, 2%, 2%)	Respond to Economic Needs	Simplify to Metric Tied to the Economy (Incentivize both short-term credentials with immediate economic impact <u>AND</u> building the pipeline to 4-year degrees; continue to reduce volatility using 3-year averages)*	8%
		Metrics Tied to Equity (Underrepresented Minority, Low Income, Underprepared)	6% (2% each)		Prioritize Equity	Increase Focus on Equity by Tying Funding to Success in Traditionally Underserved Populations (Underrepresented Minority, Low Income, Underprepared, Adult ; volume-driven to place resources where most needed; reduce volatility using 3-year averages)*
	Progression to 15/30/45 Credit Hours		12% (2%,4%, 6%)	Reduce Volatility	Student Progression to 15/30/45 Credit Hours (reduce volatility using 3-year averages)*	7% (1%/2%/4%)
	Transfer		2%		Transfer (reduce volatility using 3-year averages)*	4%
Weighted Course Completions			35%		Weighted Course Completions (reduce volatility using 3-year averages)*	35%
Operational Support	Full-Time Equivalent Enrollment		10%	Serve <u>ALL</u> Kentucky Communities	Full-Time Equivalent Enrollment (reduce volatility using 3-year averages)*	10%
	Direct Instructional Cost		10%		Direct Instructional Cost (reduce volatility using 3-year averages)*	10%
	Square Footage		10%		Square Footage	10%
Equity Allocation/ Small School Adjustment			10% (held inbase)		Equity Allocation redistributed based on Community Needs Index (CNI)**	10%

* Gold text indicates proposed changes to existing metrics; gold boxes indicate new metrics; gray box indicates retired metrics.

** Community Need Index (based on local unemployment, labor force participation, and poverty rates) - reallocates equity allocation/ small school adjustment

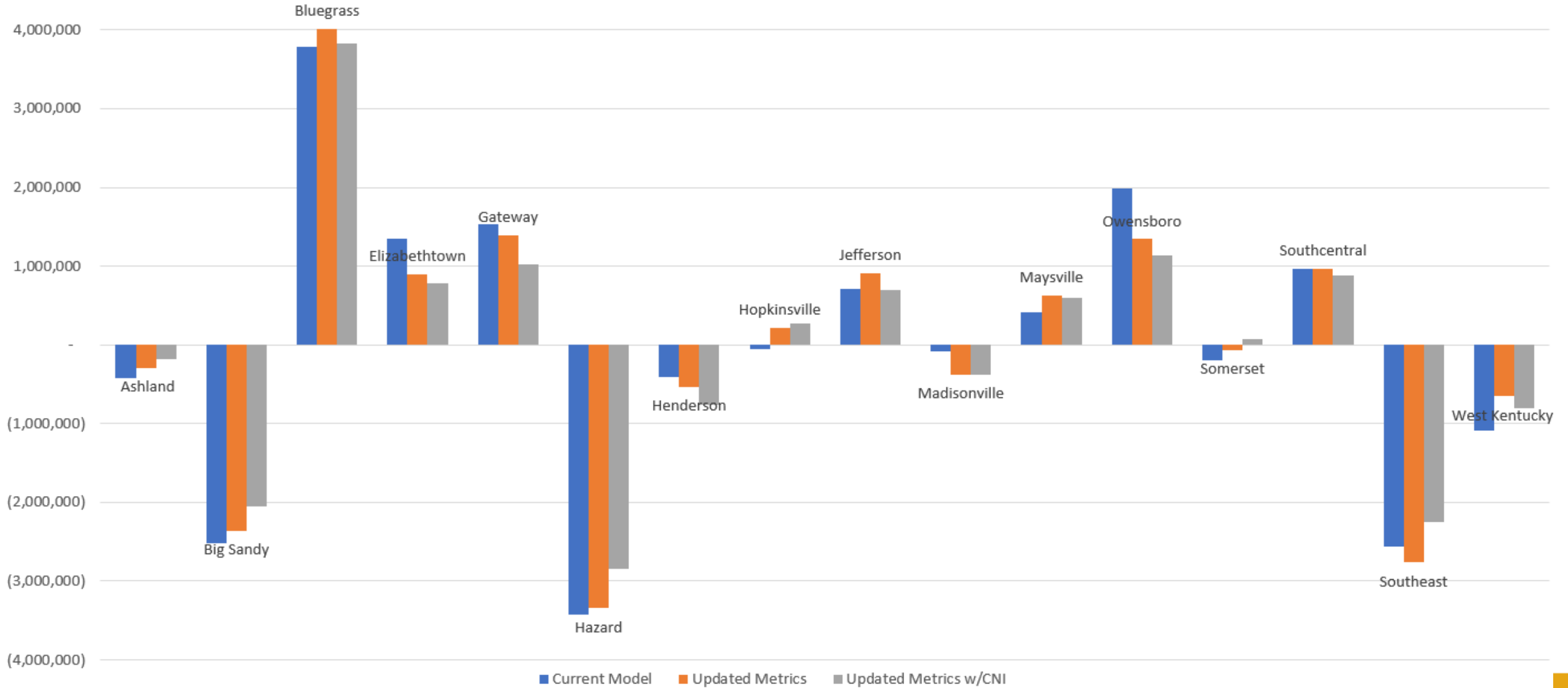
CHANGE IN CALCULATED ALLOCATION

Calculated Allocation w/ metric changes

	2023-24	Model	Updated		Updated	
	Current Model	Calculated	Metrics	Change	Metrics	Change
	Calculation	%	Calc ⁽¹⁾	%	w/ CNI ⁽³⁾	%
Ashland	8,176,700	4.93%	8,310,300	0.08%	8,420,300	0.15%
Big Sandy	7,223,800	4.36%	7,373,100	0.09%	7,683,000	0.28%
Bluegrass	21,882,900	13.20%	22,114,600	0.14%	21,920,600	0.02%
Elizabethtown	12,793,300	7.72%	12,337,800	-0.27%	12,222,500	-0.34%
Gateway	10,456,600	6.31%	10,322,300	-0.08%	9,952,400	-0.30%
Hazard	7,624,500	4.60%	7,703,500	0.05%	8,200,900	0.35%
Henderson	3,816,600	2.30%	3,697,900	-0.07%	3,470,600	-0.21%
Hopkinsville	5,963,500	3.60%	6,231,000	0.16%	6,287,300	0.20%
Jefferson	21,541,400	13.00%	21,745,800	0.12%	21,530,300	-0.01%
Madisonville	7,821,200	4.72%	7,522,600	-0.18%	7,512,400	-0.19%
Maysville	8,380,500	5.06%	8,597,100	0.13%	8,571,600	0.12%
Owensboro	10,156,100	6.13%	9,512,600	-0.39%	9,300,500	-0.52%
Somerset	12,269,500	7.40%	12,398,000	0.08%	12,529,600	0.16%
Southcentral	10,232,000	6.17%	10,231,600	0.00%	10,146,300	-0.05%
Southeast	6,681,000	4.03%	6,485,800	-0.12%	6,997,000	0.19%
West Kentucky	10,742,000	6.48%	11,177,800	0.26%	11,016,500	0.17%
	165,761,600	100%	165,761,800		165,761,800	



MOVEMENT IN CALCULATED FUNDING LEVELS





Next Steps

Next Steps

- University Model
 - Run additional scenarios as needed
 - Continue discussion and reach consensus on proposed changes
- KCTCS Model
 - Run scenarios as needed
 - Continue discussion and reach consensus on proposed changes

Questions?



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