

STRONGER by DEGREES



MEETING AGENDA

Budget Development Work Group

Friday, September 18, 2015
Conference Room A

The Council on Postsecondary Education is Kentucky's statewide postsecondary and adult education coordinating agency charged with leading the reform efforts envisioned by state policy leaders in the *Kentucky Postsecondary Education Improvement Act of 1997*. The Council does not discriminate on the basis of race, color, national origin, sex, religion, age, or disability in employment or the provision of services, and provides, upon request, reasonable accommodation, including auxiliary aids and services necessary to afford individuals with disabilities an equal opportunity to participate in all programs and activities.

Kentucky Council on Postsecondary Education, 1024 Capital Center Drive, Suite 320, Frankfort KY 40601, Ph: (502) 573-1555, Fax: (502) 573-1535,
<http://cpe.ky.gov>

Twitter: <https://twitter.com/cpenews>

Printed with state funds

Facebook: <https://www.facebook.com/KYCPE>

AGENDA

Budget Development Work Group

Council on Postsecondary Education

Friday, September 18, 2015

1:00 PM

Conference Room A

1. Opening Remarks
2. Update on 2016-18 Budget Development Process 3
 - a. Operating Funds
 - b. Trust Funds
 - c. Capital Projects
 - d. Agency Budget
3. Other Business

2016-18 Biennial Budget Recommendation

Funding Categories

- A. Operating Funds
- B. Trust Funds
- C. Capital Projects
- D. Agency Budget

3

Operating Funds Request

Proposed Components

A. Operating Funds	(In Millions)
■ Strategic Investments	<u>2016-18</u>
– Performance Funding	\$ 86.7
■ Special Initiatives	
– Centers of Research Excellence	12.0
– Equity Adjustment	15.8
– KSU Student Recruitment & Retention	TBD
– KSU Land Grant Match	TBD
– KCTCS Tuition Stabilization	<u>3.5</u>
Total	\$118.0

4

Performance Funding

Proposed Features

- CPE staff will recommend \$43.4 million in 2016-17 and \$86.7 million in 2017-18 to support performance funding.
- The \$86.7 million requested in the second year represents 50% restoration of General Fund cuts sustained since 2007-08.
- Funds will be allocated among sectors based on each sector's share of those cuts.
- CPE and campus staffs will agree on metrics aligned with state priorities and negotiate goals for each metric.
- To be retained in an institution's base beyond the 2016-18 biennium, performance targets must be achieved.

Performance Funding Allocations by Sector and Institution

<u>Institution</u>	<u>2016-17 Requested Increase</u>	<u>2017-18 Requested Increase</u>	<u>Total Biennial Increase</u>
University of Kentucky	\$14,183,900	\$14,183,900	\$28,367,800
University of Louisville	7,055,000	7,055,000	14,110,000
Sector Total ⁽¹⁾	\$21,238,900	\$21,238,900	\$42,477,800
Eastern Kentucky University	\$2,847,300	\$2,847,300	\$5,694,600
Kentucky State University	766,100	766,100	1,532,200
Morehead State University	1,691,800	1,691,800	3,383,600
Murray State University	1,978,900	1,978,900	3,957,800
Northern Kentucky University	2,098,900	2,098,900	4,197,800
Western Kentucky University	3,110,900	3,110,900	6,221,800
Sector Total ⁽²⁾	\$12,493,900	\$12,493,900	\$24,987,800
KCTCS	\$9,635,700	\$9,635,700	\$19,271,400
System Total	<u>\$43,368,500</u>	<u>\$43,368,500</u>	<u>\$86,737,000</u>

(1) Performance funds in the research sector are allocated between UK and UofL based on each institution's share of sector total enacted 2015-16 net General Fund appropriations.

(2) In the comprehensive sector, performance funds are allocated among institutions based on a combination of total public funds share and share of budget cuts since 2007-08 (with a \$500,000 limit up or down on the differential between the two).

Performance Funding

Proposed Metrics (09-18-15)

KCTCS

- Certificates and Diplomas ▲
 - Certificates
 - Diplomas
- Associate Degrees ▲
- 7 • Retention Rate (1st to 2nd year) ▲
- Graduation Rate (3-year) ▲ ●
- College Readiness Success
 - Complete English course (by end 2nd fall)
 - Complete Math course (by end 2nd fall)
- Institution Specific

Universities

- Baccalaureate Degrees ▲
- Retention Rate (1st to 2nd Year) ▲
- Progression ▲
 - 60 - 89 hours
 - 90+ hours
 - or
 - Sophomore and above students earning 30+ hours in one year
- Graduation Rate (6-Year) ▲ ●
- Sector Specific (e.g., Research \$)
- Institution Specific

▲ Includes components related to closing achievement gaps for underrepresented minority and low-income students.

● Graduation rate will be included as a metric in the 2016-18 biennium, but not assigned any weight until 2018-20.

Performance Funding Proposed Assessment Method

Metric	Two-Year Change Goal	Actual Two-Year Change	Percent of Goal Attained	Point Value
Metric 1	1,120	784	70%	0.70
Metric 2	5.5	5.5	100%	1.00
∞ Metric 3	10.0	8.0	80%	0.80
Metric 4	700.0	350.0	50%	0.50
Metric 5	60	30	50%	0.50
			Composite Point Score:	3.50
			Total Possible Points: ÷	<u>5.00</u>
			Proportion Earned:	70%

In the above example, 70% of performance funds would become recurring in 2018-20 (i.e., $3.50/5.0 = 70\%$).

Special Initiatives

Proposed Requests

On August 3, campus presidents or their representative agreed to an approach that contained five special requests:

	(In Millions)
<ul style="list-style-type: none"> ■ Special Initiatives 	<u>2016-18</u>
<ul style="list-style-type: none"> – Centers of Research Excellence 	\$12.0
<ul style="list-style-type: none"> – Equity Adjustment 	15.8
<ul style="list-style-type: none"> – KSU Student Recruitment & Retention 	TBD
<ul style="list-style-type: none"> – KSU Land Grant Match 	TBD
<ul style="list-style-type: none"> – KCTCS Tuition Stabilization 	<u>3.5</u>
Total	\$31.3

Centers of Research Excellence

Proposed Features

- CPE staff will request \$6.0 million in 2016-17 and an additional \$6.0 million in 2017-18 to establish or expand Centers of Research Excellence at UK and UofL.
- These funds will be allocated 1/3 to UofL and 2/3 to UK based on statutory provisions of the Research Challenge Trust Fund.
- The program is designed to:
 - Establish or expand research centers that benefit Kentucky;
 - Encourage collaborative research between UK and UofL;
 - Increase university partnerships with business and industry; and
 - Create high wage jobs in public and private sectors of economy.
- Funds will be used to make targeted cluster hires in research focus areas that address important state needs.

10

Centers of Research Excellence

Proposed Funding Level

Institution	Fiscal Year 2016-17	Fiscal Year 2017-18
University of Kentucky	\$4.0	\$ 8.0
University of Louisville	<u>2.0</u>	<u>4.0</u>
Program Totals	\$6.0	\$12.0
% Increase on FY16 Base (\$914.9 M)	.65%	1.31%

11

Equity Adjustment Proposed Features

- CPE staff will request \$7.9 million in 2016-17 and an additional \$7.9 million in 2017-18 to address disparities in state support among institutions in the comprehensive sector.
- These funds will be allocated \$10.7 million to NKU and \$5.1 million to WKU, based on the outcome of a funding model developed by CPE and institutional staffs.
- If authorized, these funds would bring net General Fund at NKU and WKU to the sector median percent of formula.
- While all institutions participated and provided input during development of the model, not every institution agreed with the outcome.

12

Equity Adjustment Proposed Funding Level

Institution	Fiscal Year 2016-17	Fiscal Year 2017-18
Northern Kentucky University	\$5.3	\$10.7
Western Kentucky University	<u>2.6</u>	<u>5.1</u>
Program Totals	\$7.9	\$15.8
% Increase on FY16 Base (\$914.9 M)	.86%	1.72%

13

KSU Student Recruitment & Retention

Proposed Features

- KSU officials have asked Council staff to consider a Special Initiatives request to address a structural budget deficit brought on by a precipitous decline in student enrollment.
- If requested and appropriated, funds would be made available subject to:
 - KSU Board of Regents certification that all institutional financial remedies have been exhausted.
 - Confirmation by CPE staff that relief is warranted.
 - The funds would be nonrecurring and would be phased out over several biennia.
 - Any appropriated funds not used during a given fiscal year would revert to the General Fund.

14

KSU Land Grant Match

Proposed Features

- KSU has asked Council staff to request a sufficient amount of recurring state funds to allow the institution to meet federal match requirements for its land grant program.
- Every year, Congress appropriates federal funds for formula grants at 1890 land grant institutions.
- 15 • These funds must be matched dollar-for-dollar by the state, from non-federal sources, to ensure that KSU will continue to receive its full allotment of federal funds.
- Since 2007-08, the level of state funds in KSU's land grant base has not been sufficient to meet the federal match requirement.
- CPE staff has calculated the match deficit to be \$2,247,800 (FY15).
- Tuition and fee revenue cannot be used to meet the match.

KSU Initiatives

Proposed Funding Level

Institution	Fiscal Year 2016-17	Fiscal Year 2017-18
Student Recruitment & Retention	TBD	TBD
Land Grant Match	<u>TBD</u>	<u>TBD</u>
Program Totals	TBD	TBD
% Increase on FY16 Base (\$914.9 M)	%	%

16

KCTCS Tuition Stabilization

Proposed Features

- CPE staff will request \$1.8 million in 2016-17 and an additional \$1.8 million in 2017-18 to support lower tuition increases at KCTCS in the upcoming biennium.
- Other features of the program are yet to be determined.

17

KCTCS Tuition Stabilization

Proposed Funding Level

Institution	Fiscal Year 2016-17	Fiscal Year 2017-18
KCTCS	<u>\$1.8</u>	<u>\$3.5</u>
Program Totals	\$1.8	\$3.5
% Increase on FY16 Base (\$914.9 M)	.19%	.38%

18

Operating Funds Request Organized by Component

<u>Funding Component</u>	<u>2016-17 Requested Increase</u>	<u>2017-18 Requested Increase</u>	<u>Total Biennial Increase</u>
Strategic Investments			
Performance Funding	\$43,368,500	\$43,368,500	\$86,737,000 ^(a)
Special Initiatives			
Centers of Research Excellence	6,000,000	6,000,000	12,000,000 ^(b)
Equity Adjustment	7,922,200	7,922,200	15,844,400 ^(c)
KSU Enrollment Stabilization	TBD	TBD	TBD
KSU Land Grant Match	TBD	TBD	TBD
KCTCS Tuition Stabilization	<u>1,750,000</u>	<u>1,750,000</u>	<u>3,500,000</u> ^(d)
	\$59,040,700	\$59,040,700	\$118,081,400

(a) Between 2007-08 and 2014-15, General Fund appropriations for the public postsecondary institutions decreased by \$173.5 million or 19.1 percent. CPE staff and campus officials are proposing that the Governor and General Assembly appropriate half that amount (i.e., \$86.7 million) to institutions in 2016-18, with the opportunity for those funds to become recurring in the next biennium if earned through future performance (i.e., 100% of new performance funds would be placed at risk).

(b) Includes \$8.0 million in recurring funds for UK and \$4.0 million in recurring funds for UofL to establish or expand Centers of Research Excellence.

(c) Includes \$10.7 million in recurring funds for NKU and \$5.2 million in recurring funds for WKU to address disparities in state support among institutions in the comprehensive sector.

(d) Recurring funds that support lower tuition and fee increases at KCTCS during the upcoming biennium.

TBD - To Be Determined.

Operating Funds Request

Organized by Component and Institution

Institution	A	B	(B / A) C	D	(D / A) E	B + D F	(F / A) G
	2015-16 Net General Fund	Performance Funding ^(a)	Biennial Change	Special Initiatives	Biennial Change	Total Request	Biennial Change
University of Kentucky	\$279,611,300	\$28,367,800	10.1%	\$8,000,000 ^(b)	2.9%	\$36,367,800	13.0%
University of Louisville	139,076,900	14,110,000	10.1%	4,000,000 ^(b)	2.9%	18,110,000	13.0%
Eastern Kentucky University	68,033,800	5,694,600	8.4%	0	0.0%	5,694,600	8.4%
Kentucky State University	23,429,600	1,532,200	6.5%	0 ^(c)	0.0%	1,532,200	6.5%
Morehead State University	43,339,500	3,383,600	7.8%	0	0.0%	3,383,600	7.8%
Murray State University	48,025,100	3,957,800	8.2%	0	0.0%	3,957,800	8.2%
Northern Kentucky University	48,537,600	4,197,800	8.6%	10,668,400 ^(d)	22.0%	14,866,200	30.6%
Western Kentucky University	74,649,400	6,221,800	8.3%	5,176,000 ^(d)	6.9%	11,397,800	15.3%
KC Between 2007-08 and 2014-15,	<u>190,162,300</u>	<u>19,271,400</u>	10.1%	<u>3,500,000 ^(e)</u>	1.8%	<u>22,771,400</u>	12.0%
	\$914,865,500	\$86,737,000	9.5%	\$31,344,400	3.4%	\$118,081,400	12.9%

(a) Funds that represent 50% restoration of General Fund cuts sustained since 2007-08, with the opportunity for those funds to become recurring in the next biennium (i.e., 2018-20), if earned through future performance (i.e., 100% of new funds would be placed at risk).

(b) Recurring funds for UK and UofL to establish or expand Centers of Research Excellence.

(c) Does not include funding to meet the federal match requirement for KSU's Land Grant program or to address KSU's structural budget deficit. These funding amounts are yet to be determined.

(d) Recurring funds for NKU and WKU to address disparities in state support among institutions in the comprehensive sector.

(e) Recurring funds that support lower tuition and fee increases at KCTCS during the upcoming biennium.

Trust Funds Request Proposed Component

(In Millions)

B. Trust Funds

2016-18

- Bucks for Brains

\$125.0

Bucks for Brains Proposed Request

Endowment Match Program Distribution

<u>Institution</u>	<u>Statutory RCTF Allocations</u>	<u>Allocation Percentages</u>	<u>Bucks for Brains Distribution</u>
University of Kentucky	2/3	66.7%	\$66,667,000
University of Louisville	1/3	33.3%	33,333,000
			<u>\$100,000,000</u>

<u>Institution</u>	<u>Final 2014-15 Net General Fund Revenue</u>	<u>Allocation Percentages</u>	<u>Bucks for Brains Distribution</u>
Eastern Kentucky University	\$68,033,800	22.5%	\$4,509,800
Kentucky State University	23,429,600	7.8%	1,553,100
Morehead State University	41,039,500	13.6%	2,720,400
Murray State University	48,025,100	15.9%	3,183,500
Northern Kentucky University	48,537,600	16.1%	3,217,400
Western Kentucky University	<u>72,649,400</u>	24.1%	<u>4,815,800</u>
	\$301,715,000	100.0%	\$20,000,000

Workforce Deveopment Match Program Distribution

<u>Institution</u>	<u>Bucks for Brains Distribution</u>
KCTCS	\$5,000,000

22

Capital Projects Request Proposed Components

(In Millions)

C. Capital Projects	<u>2016-18</u>
▪ Asset Preservation/New Construction	\$600.0
▪ Information Technology/Equipment	60.0
▪ Institutionally Funded Projects	<u>TBD</u>
Total	\$660.0

Asset Preservation/New Construction

Proposed Features

- CPE staff will request debt service to support a \$600.0 million bond issue for asset preservation and new construction.
- Second installment of a three-biennia \$1.8 billion approach.
- Based on VFA findings, allocates 48% of proposed new funding to asset preservation and 52% to new and expanded space.
- Places greater emphasis on asset preservation by establishing a specified spending level for such projects at each institution.
- Provides increased flexibility by requesting a pool of funding for each campus, as opposed to line-itemed projects.
- Each pool is supported by a list of projects in institutional priority order.

24

Asset Preservation/New Construction

Proposed Features (Cont'd)

- Uses an agreed upon formula for allocating capital funding among institutions.
- Each institution would receive a fixed \$15.0 million base allocation (i.e., \$135 M total), with the remaining \$465.0 million distributed based on each institution's share of:

– VFA Study Assessed Need	55%	(or \$256 M)
– FTE Students	26%	(or \$121 M)
– Total Public Funds	12%	(or \$56 M)
– Extramural Research Expenditures	7%	(or \$32 M)
- This is the same approach proposed in 2012-14 and 2014-16.
- Debt is typically issued in the 2nd year of the biennium.

25

Capital Projects Request

Advantages of Proposed Approach

- Supported by campus presidents, CPAB members, and elected leadership in 2014-16.
- Promotes balance between asset preservation and new construction, as recommended by VFA study.
- Pooled approach is scalable to any funding level.
- Allows institution option to implement highest cost project, or multiple smaller but critical projects.
- Multiple biennia approach enhances planning capability and increases flexibility.
- Protects state investment in infrastructure and facilities.
- Data driven process for assessing needs and allocating funds.

26

Information Technology/Equipment Proposed Features

- CPE staff will request debt service to support a \$60.0 million bond issue for technology and equipment, including:
 - \$10.0 M for statewide initiatives; and
 - \$50.0 M for campus-based initiatives.
- Each institution would receive a fixed \$1.0 million base allocation, with the remaining \$41.0 million distributed based on each institution's share of total spending on instruction.
- If authorized by the General Assembly, funding for this request would be appropriated to the Technology Initiatives Trust Fund.

27

Institutionally Funded Projects

Project Categories

- Agency bond funded projects.
- Federal, restricted, and privately funded projects.
- Guaranteed energy savings projects.
- Leases.

Capital Projects Request

Proposed Funding Level (In Millions)

Category	2016-18
Asset Preservation and Renovation	\$288.0
New and Expanded Space	312.0
Information Technology	60.0
Agency Bond Authority	TBD
Institutionally Funded Investments	<u>TBD</u>
Total Request	\$660.0

29

Agency Budget Request Proposed Components

(In Millions)

D. Agency Budget

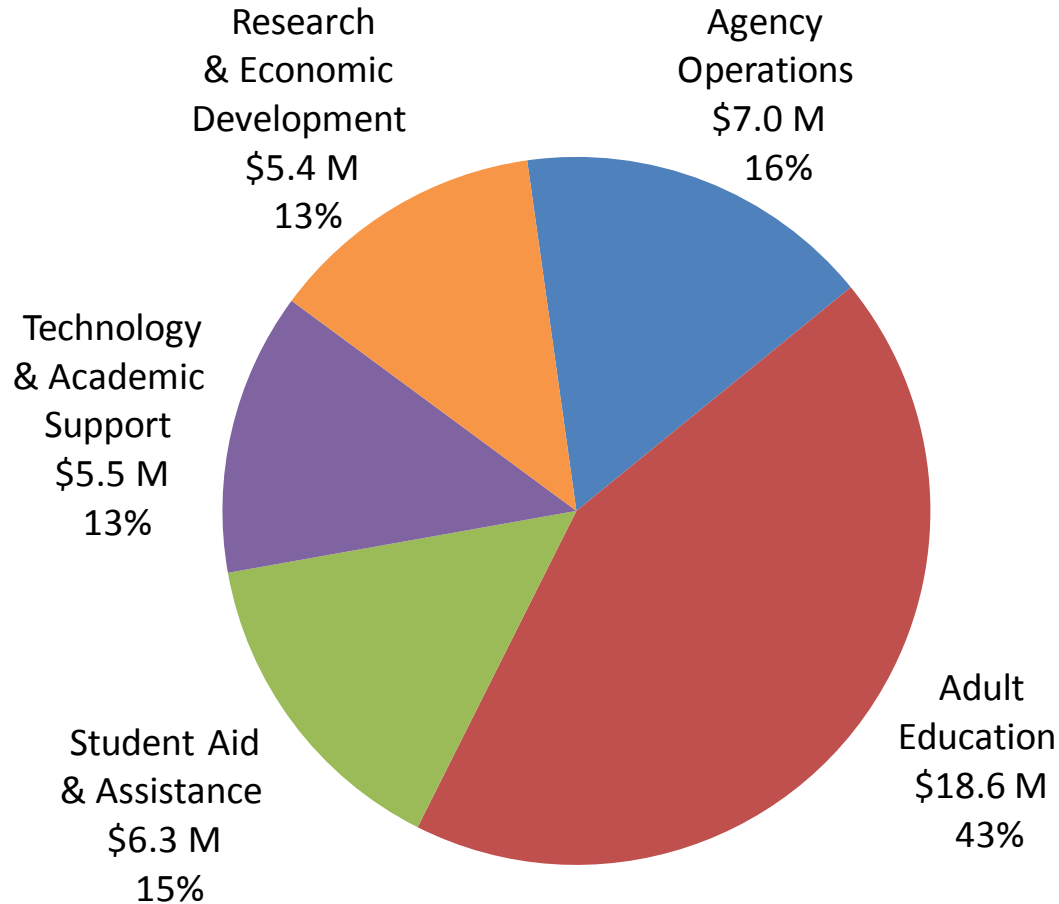
2016-18

	▪ Agency Operations	\$1.0
	▪ Adult Education (Local Program Providers)	2.4
	▪ Student Aid and Assistance	0.6
	▪ Technology and Academic Support	0.3
	▪ Research & Economic Development	0.3
	▪ Commonwealth College (Operating Funds)	<u>2.4</u>
	Total	\$7.0

Agency Budget Components

2015-16 General Fund Base ¹

Total = \$42.9 Million



¹ Excludes debt service.

Agency Budget Components

2015-16 General Fund Base ¹

<u>Funding Category</u>	<u>Fiscal 2015-16 General Fund</u>	<u>Percent of Total</u>
Agency Operations (Staff and Operating Expense)	\$7,012,000	16%
Adult Education (Local Program Providers)	\$18,575,500	43%
Student Aid and Assistance		
Contract Spaces (164 Veterinary; 44 Optometry)	\$5,680,100	
Professional Education Preparation Program	251,900	
Minority Student College Preparation Program	176,000	
State Autism Training Center	125,800	
SREB Doctoral Scholars Program	67,900	
Washington Intern Program	48,000	
Subtotal	<u>\$6,349,700</u>	15%
Technology and Academic Support		
College Readiness/Senate Bill 1	\$1,467,700	
Technology Trust Fund (KYVC; KYVL; KPEN; KyRON)	4,075,300	
Subtotal	<u>\$5,543,000</u>	13%
Research and Economic Development		
Science & Technology Funding Program (KSTC; PLTW)	\$5,433,300	13%
Agency Budget Total	<u><u>\$42,913,500</u></u>	100%

¹ Excludes debt service.

Agency Budget Request Required Structure

Dictated by Branch Budget Guidelines:

- Beginning base (i.e., fiscal 2015-16 net General Fund)
- Defined calculations (i.e., mandated personnel increases)
- Additional budget requests, including:
 - Inflationary increases
 - Expansion requests
 - New projects, etc.

Agency Budget Request

Proposed Features

Basis for developing draft 2016-18 agency budget:

- Followed base and defined calculation instructions.
- Requested inflationary increases for most programs, based on estimated General Fund growth (i.e., 2.75% per year).
- Included larger requested increases for:
 - Contract Spaces (to maintain number of slots).
 - SREB Doctoral Scholars (to fund an additional scholar).
 - Kentucky Adult Education (requested same % increase as the institutions).
- Requested funding for three additional staff members.
- Included operating funds request for Commonwealth College.

34

Agency Budget Request

Organized by Major Expense Category

DRAFT - For Discussion Purposes

Funding Category / Programs	2015-16 General Fund Base	2016-17 Requested Increase	2017-18 Requested Increase	Total Biennial Increase	Percent Increase over base
CPE Staff and Operating Costs ¹					
State Mandated Increases (Salary and Retirement)	\$5,954,400	\$386,890	\$227,805	\$614,695	
Other Personnel and Operating Increases	1,057,600	335,100	50,900	386,000	
CPE Staff and Operating Costs Subtotal	\$7,012,000	\$721,990	\$278,705	\$1,000,695	14.3%
Kentucky Adult Education Local Program Providers ²	\$18,575,500	\$1,198,100	\$1,198,100	\$2,396,200	12.9%
Student Assistance (Pass Through Funds)					
Contract Spaces (Tuition Increase - same # students)	\$5,680,100	\$203,500	\$285,600	\$489,100	8.6%
SREB Doctoral Scholars Program (1 add'l scholar)	67,900	57,100	3,400	60,500	89.1%
Other Pass-Through Programs ³	601,700	16,500	17,000	33,600	5.6%
Student Assistance Subtotal	\$6,349,700	\$277,100	\$306,000	\$583,200	9.2%
Technology and Academic Support					
Technology (KYVC/VL and KPEN) ³	\$4,075,300	\$112,100	\$115,200	\$227,300	5.6%
Teacher Quality Initiatives (SB1) ³	\$1,467,700	40,400	41,500	81,900	5.6%
Technology and Academic Support Subtotal	\$5,543,000	\$152,500	\$156,700	\$309,200	5.6%
Research and Economic Development ³	\$5,433,300	\$149,400	\$153,500	\$302,900	5.6%
CPE General Fund Subtotal	\$42,913,500	\$2,499,090	\$2,093,005	\$4,592,195	10.7%
Commonwealth College	N/A	\$2,420,000	\$0	\$2,420,000	N/A

¹ CPE is required by statute to request a 5% salary increase for state employees each year of the biennium and KERS rates of 45.5% in FY17, 45.8% in FY18.

² Assumes same percentage increase for Kentucky Adult Education as proposed for the postsecondary institutions.

³ Assumes 2.75% inflationary increase based on estimated General Fund revenue growth.

Agency Budget Request

Other Funding Sources

In addition to the 2016-18 General Fund request, CPE will include a spending plan for:

- Restricted funds receipts
 - Federal indirect cost recovery
 - Licensure fees
 - GED receipts
 - Tobacco tax proceeds (Cancer Research Match)
- Federal funds
 - Kentucky GEAR UP grant
 - Adult Education grant
 - Improving Educator Quality (IEQ) grant
- Tobacco funds (Master Settlement Agreement)
 - Lung cancer research and ovarian cancer screenings

Agency Budget Request

Draft Funding Level (In Millions)

Category	2016-18
Agency Operations	\$1.0
Adult Education	2.4
Student Aid and Assistance	0.6
Technology and Academic Support	0.3
Research and Economic Development	0.3
Commonwealth College (Operating Funds) ¹	<u>2.4</u>
Total Request	\$7.0

¹ If authorized and funded, Commonwealth College will be added as a major expenditure category for 2016-18.

University of Kentucky

Proposed Metric	2016-18 Biennium Point Values	2018-20 Biennium Point Values
1) Baccalaureate Degreesⁱ		
Total Degrees Conferred	1.000	1.000
URM ⁱⁱ Degrees Conferred	0.330	0.250
Low-Income ⁱⁱⁱ Degrees Conferred	0.330	0.250
2) Retention Rate (1st to 2nd Year)^{iv}		
Total Cohort	1.000	1.000
URM Cohort	0.330	0.250
Low-Income Cohort	0.330	0.250
3) Progression^v		
Number of Students (60 - 89 hours)		
Total Students	0.500	0.500
URM Students	0.170	0.125
Low-Income Students	0.170	0.125
Number of Students (90+ hours)		
Total Students	0.500	0.500
URM Students	0.170	0.125
Low-Income Students	0.170	0.125
-- OR --		
3) Progression^{vi}		
Percent of Second Year and Above Students Who Earn 30+ Credit Hours in One Year		
Percent of Total Students (2nd Year+)	1.000	1.000
Percent of URM Students (2nd Year+)	0.330	0.250
Percent of Low-Income Students (2nd Year+)	0.330	0.250
4) Graduation Rate (6-Year)^{vii}		
Total Cohort	-	1.000
URM Cohort	-	0.250
Low-Income Cohort	-	0.250
5) Sector Specific Metric - Extramural Research Dollars Generated^{viii}	1.000	1.000
6) Institution Specific Metric^{ix}	1.000	1.000
Total Points	7.000	8.000
URM Points	1.000	1.000
Low-Income Points	1.000	1.000

ⁱ **Definition:** Total number of diplomas, certificates, and degrees awarded at all levels during an academic year (1 July through 30 June). **Operationalization:** Counts are generated from student-level degree records. Multiple awards received by the same student during the period are all included, such as students receiving more than one short-term certificate, or students graduating with two Bachelor's degrees as with some double majors.

ⁱⁱ Underrepresented minority students include students who categorized themselves within the following racial/ethnic categories from CPE's pre-2010 race/ethnicity categories: 1) Black, non-Hispanic, 2) American Indian or Alaskan Native, 3) Hispanic and 4 (two or more races. Non-resident aliens (international students) and students not reporting a race/ethnicity are not included in the denominator. Asians are not included in the underrepresented minority category because they enter college and succeed at higher rates than any other racial-ethnic group, and are consequently an overrepresented racial-ethnic minority.

ⁱⁱⁱ Low income category for degrees and credentials awarded includes undergraduate students who received a federal Pell grant during the year of completion. Low income category for retention and graduation rates (cohort based) includes undergraduate students who received a Pell grant at time of entry.

^{iv} **Definition:** The percentage of first-time, full-time degree-seeking students who return to the institution to continue their studies the following fall. **Operationalization:** A measure of the rate at which students persist in their educational program at an institution, expressed as a percentage. The percentage of first-time, full-time degree/certificate-seeking students from the previous fall who either re-enrolled or successfully completed their program by the current fall.

^v **Definition:** The number of full and part-time students who complete 60 and 90 + earned credit hours (attain sophomore or junior status) in a given year. **Operationalization:** Full- and part-time students are not counted in subsequent year after crossing threshold. Transfer hours are counted with institution of matriculation. The ability to disaggregate by income status is under review by the CPE Data and Information Unit.

^{vi} **TBD – Currently under consideration by UK and UofL as an option to the first progression metric.**

^{vii} **Definition:** Bachelor's degree graduation rate: First-time, full-time, Bachelor's-seeking students entering in the fall semester (or entering in the summer and returning in the fall), who graduate with a Bachelor's degree within four, five or six years from their institution of entry. **Operationalization:** Students included in the IPEDS GRS cohort are identified in data submitted to CPE at their time of entry. At the end of the six years, members of the cohort are matched against degree completions to determine which students graduated within 4, 5, and 6 years. At the end of the period, students meeting federal standards for exclusion from the entering cohort are removed from the cohort in consultation with institutional staff.

^{viii} Amount of research and development expenditures from federal, state, local, corporate, and foundation funding, but excluding institutionally-funded research. **TBD – method of “normalizing” data based on comparisons with benchmark institutions or other methodology.**

^{ix} **TBD – Healthcare impact-related metric. Currently under consideration by UK.**

University of Louisville

Proposed Metric	2016-18 Biennium Point Values	2018-20 Biennium Point Values
1) Baccalaureate Degreesⁱ		
Total Degrees Conferred	1.000	1.000
URM ⁱⁱ Degrees Conferred	0.330	0.250
Low-Income ⁱⁱⁱ Degrees Conferred	0.330	0.250
2) Retention Rate (1st to 2nd Year)^{iv}		
Total Cohort	1.000	1.000
URM Cohort	0.330	0.250
Low-Income Cohort	0.330	0.250
3) Progression^v		
Number of Students (60 - 89 hours)		
Total Students	0.500	0.500
URM Students	0.170	0.125
Low-Income Students	0.170	0.125
Number of Students (90+ hours)		
Total Students	0.500	0.500
URM Students	0.170	0.125
Low-Income Students	0.170	0.125
-- OR --		
3) Progression^{vi}		
Percent of Second Year and Above Students Who Earn 30+ Credit Hours in One Year		
Percent of Total Students (2nd Year+)	1.000	1.000
Percent of URM Students (2nd Year+)	0.330	0.250
Percent of Low-Income Students (2nd Year+)	0.330	0.250
4) Graduation Rate (6-Year)^{vii}		
Total Cohort	-	1.000
URM Cohort	-	0.250
Low-Income Cohort	-	0.250
5) Sector Specific Metric - Extramural Research Dollars Generated^{viii}	1.000	1.000
6) Institution Specific Metric^{ix}	1.000	1.000
Total Points	7.000	8.000
URM Points	1.000	1.000
Low-Income Points	1.000	1.000

ⁱ **Definition:** Total number of diplomas, certificates, and degrees awarded at all levels during an academic year (1 July through 30 June). **Operationalization:** Counts are generated from student-level degree records. Multiple awards received by the same student during the period are all included, such as students receiving more than one short-term certificate, or students graduating with two Bachelor's degrees as with some double majors.

ⁱⁱ Underrepresented minority students include students who categorized themselves within the following racial/ethnic categories from CPE's pre-2010 race/ethnicity categories: 1) Black, non-Hispanic, 2) American Indian or Alaskan Native, 3) Hispanic and 4 (two or more races. Non-resident aliens (international students) and students not reporting a race/ethnicity are not included in the denominator. Asians are not included in the underrepresented minority category because they enter college and succeed at higher rates than any other racial-ethnic group, and are consequently an overrepresented racial-ethnic minority.

ⁱⁱⁱ Low income category for degrees and credentials awarded includes undergraduate students who received a federal Pell grant during the year of completion. Low income category for retention and graduation rates (cohort based) includes undergraduate students who received a Pell grant at time of entry.

^{iv} **Definition:** The percentage of first-time, full-time degree-seeking students who return to the institution to continue their studies the following fall. **Operationalization:** A measure of the rate at which students persist in their educational program at an institution, expressed as a percentage. The percentage of first-time, full-time degree/certificate-seeking students from the previous fall who either re-enrolled or successfully completed their program by the current fall.

^v **Definition:** The number of full and part-time students who complete 60 and 90 + earned credit hours (attain sophomore or junior status) in a given year. **Operationalization:** Full- and part-time students are not counted in subsequent year after crossing threshold. Transfer hours are counted with institution of matriculation. The ability to disaggregate by income status is under review by the CPE Data and Information Unit.

^{vi} **TBD – Currently under consideration by UK and UofL as an option to the first progression metric.**

^{vii} **Definition:** Bachelor's degree graduation rate: First-time, full-time, Bachelor's-seeking students entering in the fall semester (or entering in the summer and returning in the fall), who graduate with a Bachelor's degree within four, five or six years from their institution of entry. **Operationalization:** Students included in the IPEDS GRS cohort are identified in data submitted to CPE at their time of entry. At the end of the six years, members of the cohort are matched against degree completions to determine which students graduated within 4, 5, and 6 years. At the end of the period, students meeting federal standards for exclusion from the entering cohort are removed from the cohort in consultation with institutional staff.

^{viii} Amount of research and development expenditures from federal, state, local, corporate, and foundation funding, but excluding institutionally-funded research. **TBD – method of “normalizing” data based on comparisons with benchmark institutions or other methodology.**

^{ix} **TBD – Clinical Trial Revenue Metric. Currently under consideration by UofL.**

Comprehensive Universities

Proposed Metric	2016-18 Biennium Point Values	2018-20 Biennium Point Values
1) Baccalaureate Degrees ⁱ		
Total Degrees Conferred	1.000	1.000
URM ⁱⁱ Degrees Conferred	0.330	0.250
Low-Income ⁱⁱⁱ Degrees Conferred	0.330	0.250
2) Retention Rate (1 st to 2 nd Year) ^{iv}		
Total Cohort	1.000	1.000
URM Cohort	0.330	0.250
Low-Income Cohort	0.330	0.250
3) Progression ^v		
Number of Students (60 - 89 hours)		
Total Students	0.500	0.500
URM Students	0.170	0.125
Low-Income Students	0.170	0.125
Number of Students (90+ hours)		
Total Students	0.500	0.500
URM Students	0.170	0.125
Low-Income Students	0.170	0.125
4) Graduation Rate (6-Year) ^{vi}		
Total Cohort	-	1.000
URM Cohort	-	0.250
Low-Income Cohort	-	0.250
5) Sector Specific Metric ^{vii}	1.000	1.000
6) Institution Specific Metric ^{viii}	1.000	1.000
Total Points	7.000	8.000
URM Points	1.000	1.000
Low-Income Points	1.000	1.000

ⁱ **Definition:** Total number of diplomas, certificates, and degrees awarded at all levels during an academic year (1 July through 30 June). **Operationalization:** Counts are generated from student-level degree records. Multiple awards received by the same student during the period are all included, such as students receiving more than one short-term certificate, or students graduating with two Bachelor's degrees as with some double majors.

ⁱⁱ Underrepresented minority students include students who categorized themselves within the following racial/ethnic categories from CPE's pre-2010 race/ethnicity categories: 1) Black, non-Hispanic, 2) American Indian or Alaskan Native, 3) Hispanic and 4) (two or more races). Non-resident aliens (international students) and students not reporting a race/ethnicity are not included in the denominator. Asians are not included in the underrepresented minority category because they enter college and succeed at higher rates than any other racial-ethnic group, and are consequently an overrepresented racial-ethnic minority.

iii *Low income category for degrees and credentials awarded includes undergraduate students who received a federal Pell grant during the year of completion. Low income category for retention and graduation rates (cohort based) includes undergraduate students who received a Pell grant at time of entry.*

iv *Definition: The percentage of first-time, full-time degree-seeking students who return to the institution to continue their studies the following fall. Operationalization: A measure of the rate at which students persist in their educational program at an institution, expressed as a percentage. The percentage of first-time, full-time degree/certificate-seeking students from the previous fall who either re-enrolled or successfully completed their program by the current fall.*

v *Definition: The number of full and part-time students who complete 60 and 90+ earned credit hours (attain sophomore or junior status) in a given year. Operationalization: Full- and part-time students are not counted in subsequent year after crossing threshold. Transfer hours are counted with institution of matriculation. The ability to disaggregate by income status is under review by the CPE Data and Information Unit.*

vi *Definition: Bachelor's degree graduation rate: First-time, full-time, Bachelor's-seeking students entering in the fall semester (or entering in the summer and returning in the fall), who graduate with a Bachelor's degree within four, five or six years from their institution of entry. Operationalization: Students included in the IPEDS GRS cohort are identified in data submitted to CPE at their time of entry. At the end of the six years, members of the cohort are matched against degree completions to determine which students graduated within 4, 5, and 6 years. At the end of the period, students meeting federal standards for exclusion from the entering cohort are removed from the cohort in consultation with institutional staff.*

vii *The Comprehensive University Sector Specific Metric will be determined by the comprehensive university presidents in consultation with CPE staff, and will be approved by the Council on Postsecondary Education. The sector specific metric should be one that is currently under consideration for the 2016-2020 Strategic Agenda for Postsecondary Education, and will drive excellence in the sector.*

viii *The Institution Specific Metric will be determined by the university president in consultation with CPE staff, and will be approved by the Council on Postsecondary Education. The institution specific metric should be one that is currently under consideration for the 2016-2020 Strategic Agenda for Postsecondary Education, and will advance the broader goals and mission of the institution.*

Council on Postsecondary Education
 2016-18 Biennial Budget Recommendation
 Proposed Performance Funding Metrics
 Public Two-Year Colleges

Draft - For Discussion Only
 September 10, 2015

	2016-18 Biennium	2018-20 Biennium	Baseline
Proposed Metric	Point Values	Point Values	
1) Certificates and Diplomasⁱ			
a) Certificates			
• Total Certificates Conferred	0.500	0.500	
• URM ⁱⁱ Certificates Conferred	0.170	0.125	
• Low-Income ⁱⁱⁱ Certificates	0.170	0.125	
b) Diplomas			
• Total Diplomas Conferred	0.500	0.500	
• URM Diplomas Conferred	0.170	0.125	
• Low-Income Diplomas Conferred	0.170	0.125	
2) Associate Degrees			
• Total Associate Degrees Conferred	1.000	1.000	
• URM Associate Degrees Conferred	0.330	0.250	
• Low-Income Associate Degrees Conferred	0.330	0.250	
3) Retention Rate (1st to 2nd Year), Full and Part-time^{iv}			
• Total Cohort	1.000	1.000	
• URM Cohort	0.330	0.250	
• Low-Income Cohort	0.330	0.250	
4) Graduation Rate (3 - Year)^v			
• Total Cohort	-	1.000	
• URM Cohort	-	0.250	
• Low-Income Cohort	-	0.250	
5) College Readiness Success of Underprepared Students			
• Credit-Bearing English Course Completion ^{vi}	0.500	0.500	
• Credit-Bearing Math Course Completion ^{vii}	0.500	0.500	
6) Sector Specific Metric			
• Workforce Non-Credit Training by Credit Hour Conversion ^{viii}	0.500	0.500	
• Transfers with Associate's degrees ^{ix}	0.500	0.500	
Total Points	7.000	8.000	
URM Points	1.000	1.000	
Low-Income Points	1.000	1.000	

ⁱ **Definition:** Total number of diplomas, certificates, and degrees awarded at all levels during an academic year (1 July through 30 June). **Operationalization:** Counts are generated from student-level degree records. Multiple awards received by the same student during the period are all included, such as students receiving more than one short-term certificate, or students graduating with two Bachelor's degrees as with some double majors.

ⁱⁱ *Underrepresented minority students include students who categorized themselves within the following racial/ethnic categories from CPE's pre-2010 race/ethnicity categories: 1) Black, non-Hispanic, 2) American Indian or Alaskan Native, 3) Hispanic and 4) (two or more races. Non-resident aliens (international students) and students not reporting a race/ethnicity are not included in the denominator. Asians are not included in the underrepresented minority category because they enter college and succeed at higher rates than any other racial-ethnic group, and are consequently an overrepresented racial-ethnic minority.*

ⁱⁱⁱ *Low income category for degrees and credentials awarded includes undergraduate students who received a federal Pell grant during the year of completion. Low income category for retention and graduation rates (cohort based) includes undergraduate students who received a Pell grant at time of entry.*

^{iv} *Definition: The percentage of first-time, full and part-time degree-seeking students who return to the institution to continue their studies the following fall. Operationalization: A measure of the rate at which students persist in their educational program at an institution, expressed as a percentage. The percentage of first-time degree/certificate-seeking students from the previous fall who either re-enrolled or successfully completed their program by the current fall.*

^v *Definition: First-time, full-time, Associate-seeking students entering in the fall semester (or entering in the summer and returning in the fall), who graduate with an Associate degree within two or three years from their institution of entry. Operationalization: Students included in the IPEDS GRS cohort are identified in data submitted to CPE at their time of entry. At the end of the three years, members of the cohort are matched against degree completions to determine which students graduated within three years. At the end of the period, students meeting federal standards for exclusion from the entering cohort are removed from the cohort in consultation with institutional staff.*

^{vi} *Denominator: First-time, full-time undergraduate degree and credential-seeking students starting in the fall underprepared in English (score less than 18 in English on the ACT). Numerator: the number who successfully completed at least one non-developmental course during the fall, spring, or following fall semester in English (CIP = 23). Successful course completion is defined as having a CPE standardized grade of A, B, C, D or P*

^{vii} *Denominator: First-time, full-time undergraduate degree and credential-seeking students starting in the fall underprepared in Mathematics (score less than 19 in this subject area on the ACT). Numerator: the number who successfully completed at least one non-developmental course during the fall, spring, or following fall semester in mathematics (CIP = 27). Successful course completion is defined as having a CPE standardized grade of A, B, C, D or P*

^{viii} *KCTCS to provide metric definition and calculation methodology.*

^{ix} *Operationalization: KCEWS will use CPE and National Student Clearinghouse data to calculate the number of KCTCS students who have earned an associate's degree and who to transfer to an in-state or out-of-state four year institution.*

Council on Postsecondary Education
 2016-18 Biennial Budget Recommendation
 Proposed Performance Assessment Method

Draft - For Discussion Only
 September 18, 2015

<u>Metric</u>	<u>Two-Year Change Goal</u>	<u>Actual Two-Year Change</u>	<u>Percent of Goal Attained</u>	<u>Point Value</u>
Metric 1	1,120	784	70.0%	0.70
Metric 2	5.5	5.5	100.0%	1.00
Metric 3	10.0	8.0	80.0%	0.80
Metric 4	700.0	350.0	50.0%	0.50
Metric 5	60	30	50.0%	0.50
Composite Point Score:				3.50
Composite Point Score:				3.50
Total Possible Points:				5.00
Proportion Earned:				70.0%

In the above example, 70% of performance funds would become recurring in 2018-20 (i.e., $3.50/5.0 = 70\%$).