

MEMO OF RECORD
Council on Postsecondary Education

Type: Postsecondary Education Working Group on Performance Funding
Date: July 30, 2020
Time: 2:00 p.m. ET
Location: Virtual Meeting – Working group members by ZOOM, Public viewing hosted on CPE YouTube Page.

CALL TO ORDER

The Postsecondary Education Working Group met Thursday, July 30, 2020, at 2:00 p.m., ET. Pursuant to Executive Order 2020-243 and a memorandum issued by the Finance and Administration Cabinet dated March 16, 2020, and in an effort to prevent the spread of Novel Coronavirus (COVID-19), the Committee met utilizing a video teleconference. Members of the public were invited to view the meeting virtually on the CPE YouTube page: <https://youtu.be/NcBM8T3mqUo>. Chair Aaron Thompson presided.

ATTENDANCE

Working Group Members in attendance:

- CPE President Aaron Thompson, Chair of the Working Group
- State Budget Director John Hicks, representing Governor Beshear
- Senate President Pro Tem David Givens, representing Senate President Robert Stivers
- Representative James Tipton, representing Speaker of the House David Osbourne
- EKU Interim President David McFaddin
- KSU President M. Christopher Brown, II
- KCTCS President Jay Box
- MoSU President Jay Morgan
- MuSU President Robert Jackson
- NKU President Ashish Vaidya
- Angie Martin, representing UK President Eli Capilouto
- UL President Neeli Bendapudi
- WKU President Tim Caboni

CPE staff members in attendance:

- Dr. Bill Payne, Vice President for Finance and Administration
- Shaun McKiernan, Director of Finance and Budget
- Ryan Kaffenberger, Senior Associate of Finance and Budget
- David Mahan, Associate Vice President of Data and Advanced Analytics
- Heather Faesy, Senior Associate of Board Relations and Special Projects, who served as recorder of the memo of record.

INTRODUCTION

CPE President Aaron Thompson provided an overview of the working group, including its roles and responsibilities and proposed timeline of its work and meetings. The group agreed to meet the first Wednesday of each month at 9:00 a.m. ET throughout the end of the year or until the group's work is complete.

Prior to the meeting, the working group members were provided with a copy of the 2016 report submitted to the Governor and the fiscal year 2020-21 distribution of funds per the model established. These were not reviewed during the meeting.

BACKGROUND INFORMATION

CPE President Thompson provided background information regarding the impetus for the new model and how the goals for higher education in Kentucky have complemented the model. The working group was reconvened by legislative mandate to determine if the comprehensive funding model is functioning as expected, identify any unintended consequences of the model, and to recommend any adjustments to the model.

Dr. Bill Payne reviewed the major decisions points the group considered during the development of the model in 2016 and reviewed the components and metrics used to measure progress.

TRENDS IN STUDENT SUCCESS METRIC DATA

Dr. Payne reviewed the data trends toward student success over the last three years. Trends discussed included:

- Change in Bachelor's Degrees Produced by Degree Type
- Change in Student Progression at Targeted Credit Hour Thresholds
- Percent Change in KCTCS Credentials Produced by Type
- Percent Change in KCTCS Progression by Credit Hour Threshold
- STEM+H Bachelor's Degrees Produced (Total, By Sector, Five-Year Change and Cumulative Net Gain)
- Underrepresented Minority Bachelor's Degrees (Total, By Sector, Five-Year Change and Cumulative Net Gain)
- Student Progression @ 30 Credit Hour Threshold (Total, By Sector, Five-Year Change and Cumulative Net Gain)

PERFORMANCE FUNDING SURVEY RESULTS

In June 2020, CPE asked the presidents of the 4-year and 2-year public institutions to complete a survey on the following areas:

- State level assessment of performance funding.
- Alignment of institutions' goals and state goals for higher education.
- Performance funding model calculations, metrics, and weighting.

Dr. David Mahan reviewed the results of that survey with the working group and a copy was provided in their materials.

PRELIMINARY REVIEW & DISCUSSION AMONG WORKING GROUP

Dr. Payne provided a preliminary review of the model, stating that while not all institutions are benefiting from the model, institutions are reacting to it strategically by aligning institutional goals with the statewide goals. He also reminded the working group of the unintended consequences of the model due to no new funding, stop loss contributions that can result in a second budget cut, and the impact of unfunded KERS costs increases.

Following the preliminary review, the working group discussed their initial thoughts to the data and information provided. Topics discussed included:

- The stop loss provision and the implications if that does not continue
- The lack of new funding appropriated by the general assembly to support performance funding
- How degree types are weighted differently in the calculations
- The potential incorporation of efficiency metrics to the model
- Impact the pandemic has placed on campus budgets and how leaders have had to shift necessary funding accordingly
- The positive effect the model has had at driving change at the institutions statewide, and how potential “tweaks” and additional new funding will make it function wholly and more successfully.
- A potential “pause” on the model in light of the pandemic to allow campuses to concentrate their efforts toward student health and safety.

Following the discussion, Dr. Thompson thanked the working group for attending and discussed the next steps.

ADJOURNMENT

The working group adjourned at 4:00 p.m., ET.