

POSTSECONDARY EDUCATION WORKING GROUP PERFORMANCE FUNDING MODEL REVIEW



July 30, 2020 - 2:00 PM, EDT

ZOOM teleconferencing for Working Group members

Livestream video for public: <https://youtu.be/NcBM8T3mqUo>

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Council on Postsecondary Education Funding Strategy Steering Committee

Goal and Guiding Principles

The first meeting of the Funding Strategy Work Group was held on May 28, 2014. At that meeting, campus chief budget officers, chief academic officers, and institutional research directors discussed the broad goals they have for adopting a new funding strategy, as well as, the basic principles that will be used to guide the funding strategy development process. The main outcome of those discussions was a suggestion by work group members that CPE staff draft an initial list of goals and principles for review and discussion by the Funding Strategy Steering Committee.

The purpose of this document is to identify a draft set of goals and guiding principles that when finalized by the Steering Committee will direct development of a new funding distribution mechanism, which will form the basis for the Council's 2016-18 and subsequent institutional operating recommendations. The draft set of goals and principles is provided below.

Goal

Develop a postsecondary education funding distribution mechanism that aligns state General Fund appropriations for higher education operations with public policy goals and objectives of the *Postsecondary Education Improvement Act of 1997* (HB1) and the Council's *Strategic Agenda for Postsecondary and Adult Education*.

Guiding Principles

- **Mission Sensitive** – The distribution mechanism will be based on shared recognition that dissimilar institutional missions require different levels of funding.
- **Outcomes Based** – The distribution mechanism will provide incentives for improved institutional and student performance by establishing an explicit link between the attainment of desired state outcomes (e.g., increased degree production, closing achievement gaps, reduced time to degree, research productivity) and allocation of available resources.

- **Completion Driven** – The impact of differing levels of earned credit hours, variations in program mix, residency status, and dissimilarities in disciplines and course offerings across institutions will be considered in the development of the distribution mechanism.
- **Easily Communicated** – The distribution mechanism will be based on relatively few key metrics and be easy to understand and communicate.
- **Sustainable** – The distribution mechanism will continue to provide incentives for improved institutional and student performance, regardless of whether state appropriations for postsecondary education increase, decrease, or remain stable.
- **Reasonably Stable** – The distribution mechanism will not permit large, annual shifts in funding to occur.
- **Data Driven** – The distribution mechanism will rely on data that are valid and reliable, readily available, and can be verified when necessary.
- **Flexible** – The distribution mechanism will not limit future budget requests. The Council will be free to recommend additions to base funding and supplemental requests, such as appropriations for Strategic Investment and Incentive Trust Fund programs or other unique activities that are not common across institutions, provided such requests do not circumvent or otherwise diminish the integrity of the distribution mechanism.
- **Allow Appropriate Exclusions** – The distribution mechanism will exclude mandated public service, medical, agriculture, and research programs, which are not student credit hour generating, as well as, other programs that the Council may deem as appropriate for exclusion, from the allocable resources that will be distributed by the funding mechanism.
- **Efficient** – The distribution mechanism and overall funding recommendation will provide the postsecondary institutions maximum fiscal and management flexibility to be effective, efficient, and meet the needs of Kentucky, including continuing provision of lump sum appropriations with necessary accountability requirements.



Kentucky Council on Postsecondary Education

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President

December 1, 2016

The Honorable Matt Bevin, Governor, Commonwealth of Kentucky
The Honorable Robert Stivers, President, Kentucky State Senate
The Honorable Greg Stumbo, Speaker, Kentucky House of Representatives
The Honorable Jeff Hoover, Speaker-elect, Kentucky House of Representatives
The Honorable Mike Wilson, Co-Chair, Interim Joint Committee on Education
The Honorable Derrick Graham, Co-Chair, Interim Joint Committee on Education

Gentlemen:

In the enacted 2016-18 budget (HB 303), the General Assembly established a Postsecondary Education Working Group to develop a comprehensive funding model that incorporates elements of campus performance, mission, and enrollment, and to provide a report setting forth its recommendations to the Governor and Interim Joint Committee on Education no later than December 1, 2016. The attached report describes the process and the recommendations from the Working Group.

To achieve such a model, we needed to recognize that each of the public universities, and each of the colleges within KCTCS, have distinct and often significantly different missions that are tied to statutory directives, degree and program offerings, geography and the population of students being served. Despite these differences, each campus leader was willing to agree to certain components in the model that required them to accept compromises from what any of them might find ideal. We sought, and believe we have achieved, consensus among the public institutional leaders.

This proposed model for distributing Kentucky's postsecondary investment will provide clear guidance to our elected officials about how to fairly and strategically invest public dollars, and provide to our campuses incentives designed to stimulate the achievement of state goals. However, this model will not, by itself, meet the growing needs of our state and our students to develop and support the workforce Kentucky needs to be a competitive economy in the 21st century. We believe that over time, additional investment in higher education will be necessary. In this regard, the model also can help define and measure those needs as future budget requests are developed.

We have prepared for consideration by our elected leaders two models; one for the four-year institutions, and a similar (although slightly different) model for KCTCS. Each has three basic components:

Student Success: 35% of the model ties the distribution of allocable funding directly to degree production and progression toward a degree or credential;

Course Completion: 35% of the model ties the distribution of resources to the number of credit hours awarded at each campus;

Operational Support: 30% of the model ties the distribution of resources to campus services and infrastructure that support student learning and success.

The **Student Success** component awards credit both for the production of bachelor's degrees (a volume metric), and the number of degrees awarded per 100 full time equivalent students (an efficiency metric). In addition, premiums are provided for students who earn STEM or healthcare related degrees, and for degrees earned by low-income and underrepresented minority students. The progression element awards increasing credit for each student who reaches critical milestones on the path to a bachelor's degree—specifically at the 30, 60 and 90 credit hour thresholds. KCTCS uses a similar format, appropriate to their institutions, for degree and credential production and student progression. The KCTCS model also awards premiums for transfers to four-year universities and for credentials earned in fields supporting high-wage, high-demand industries.

The **Course Completion** component recognizes enrollment and course completion. It recognizes cost differentials by course level (undergraduate, graduate and professional), and by discipline. The KCTCS model mirrors this component for their array of programs.

The **Operational Support** component recognizes critical expenses related to the maintenance and operation (M&O) of buildings dedicated to student learning (classrooms and teaching labs, libraries, etc.), the cost of instruction and student services (net of M&O), and the operational support of libraries, academic computing, etc. The KCTCS model mirrors this component as well.

The report recommends a phased-in process that includes the distribution of the five percent of base funding identified in HB 303. The pace of the phase-in can be managed through several different mechanisms. As mentioned earlier, the model is designed in such a way that it can be applied to any proportion of base funding, from the five percent in 2017-18 up to and including 100% of allocable funds. A mechanism that can be used in conjunction with the portion of the base being distributed is a “hold harmless” provision. An additional mechanism, which can be used with either or both of the other mechanisms, is a “stop loss” provision. We believe the recommended approach in the report will smooth the phase-in of the model and preclude large, destabilizing shifts in funds between and among campuses.

The report recommends that the models for universities and KCTCS be reviewed periodically to assess their impact on each of the campuses and to consider modifications if circumstances warrant. The models contemplate that individual campuses should eventually receive funding in proportion to the calculations in the formula, a status we describe as “equilibrium.” Once equilibrium is achieved, rates of improvement, rather than sheer volume, drive the flow of funds. This allows the smaller campuses to compete more effectively and fairly with the larger campuses. While “equilibrium” can be reached over a long period of time through the regular operation of the models, the fastest way to achieve this state is through the infusion of new funds that could be directed to campuses pursuant to the models.

Finally, we want to thank each of our campus presidents for their thoughtful advocacy on behalf of their institutions, and their willingness to make helpful compromises. We also need to thank our participating legislators and the Governor's representatives for their insightful comments, patience and support of this complex undertaking.

We believe the proposed model and recommendations presented in this report constitute the fairest method we have been able to develop to achieve the objectives set forth in HB 303, while recognizing, through compromise and collaboration with each of the universities and KCTCS, the differing needs and demands of each of our institutions.

Respectfully submitted,



Gary Ransdell,
Chair, Postsecondary Education Working Group
President, Western Kentucky University



Robert L. King, President
President, Council on Postsecondary Education

cc: Additional Members of the Postsecondary Education Working Group
John Chilton, State Budget Director
Andrew McNeill, Deputy State Budget Director
David Givens, Kentucky State Senate
Arnold Simpson, Kentucky House of Representatives
Michael Benson, President, Eastern Kentucky University
Jay Box, President, Kentucky Community and Technical College System
Aaron Thompson, Interim President, Kentucky State University
Wayne Andrews, President, Morehead State University
Robert Davies, President, Murray State University
Geoffrey Mearns, President, Northern Kentucky University
Eli Capilouto, President, University of Kentucky
Neville Pinto, Interim President, University of Louisville

The Honorable Chris McDaniel, Co-Chair, Interim Joint Committee on Appropriations & Revenue
The Honorable Rick Rand, Co-Chair, Interim Joint Committee on Appropriations & Revenue
Glenn Denton, Chair, Council on Postsecondary Education
David Byerman, Director, Legislative Research Commission

Report of the Postsecondary Education Working Group
To the Governor and Interim Joint Committee on Education

December 1, 2016

Postsecondary Education Working Group
Participant List

GOVERNOR’S OFFICE REPRESENTATIVE(S)

John Chilton, State Budget Director (OSBD)

Andrew McNeill, Deputy State Budget Director (OSBD)

SENATE PRESIDENT REPRESENTATIVE

Senator David Givens (appointed by President Stivers)

SPEAKER OF THE HOUSE REPRESENTATIVE

Representative Arnold Simpson (appointed by Speaker Stumbo)

PUBLIC INSTITUTION PRESIDENTS

Eastern Kentucky University	Michael Benson
KCTCS	Jay Box
Kentucky State University	Aaron Thompson
Morehead State University	Wayne Andrews
Murray State University	Robert Davies
Northern Kentucky University	Geoffrey Mearns
University of Kentucky	Eli Capilouto
University of Louisville	Neville Pinto
Western Kentucky University	Gary Ransdell (PEWG Chair)

COUNCIL ON POSTSECONDARY EDUCATION

Robert King, President

Introduction

In the 2016 legislative session, the General Assembly determined that there was a need for the development of a comprehensive funding model for the nine public postsecondary education institutions that aligned the Commonwealth's investments in postsecondary education with state policy goals and objectives. In the enacted 2016-18 budget (HB 303), the General Assembly established a Postsecondary Education Working Group comprised of the president of the Council on Postsecondary Education, the president of each public postsecondary institution or his or her representative, the Governor or his representative, the Speaker of the House or his representative, and the President of the Senate or his representative.

The purpose of the Working Group was to develop a:

comprehensive funding model for the allocation of state General Fund appropriations for postsecondary institution operations... that incorporated elements of campus performance, mission, and enrollment, as well as, any other components as determined through the process (HB 303, pages 112, lines 14-17).

The bill directed the group to complete its work and provide a report setting forth its recommendations to the Governor and Interim Joint Committee on Education no later than December 1, 2016.

The enacted budget (HB 303) transferred \$42,944,400 from campus operating budgets to a newly created Postsecondary Education Performance Fund in fiscal year 2017-18, representing 5.0% of the fiscal 2017-18 General Fund appropriations for the public four-year universities (excluding Kentucky State University) and KCTCS. The Performance Fund will be distributed to participating institutions based on achievement of performance goals and metrics enacted by the General Assembly, as recommended by the Postsecondary Education Working Group.

Desired State Goals

On June 3, 2016, the Council on Postsecondary Education voted to adopt *Stronger by Degrees: A Plan to Create a More Educated and Prosperous Kentucky, 2016-2021 Strategic Agenda for Postsecondary and Adult Education* (see Appendix A). At the heart of the Strategic Agenda is a goal to raise Kentucky's educational attainment level to 58 percent by the year 2025, up from its current level of 45 percent. Achieving this goal is critical if the Commonwealth hopes to accelerate job creation, grow the economy, and expand its tax base through the contributions of a more highly skilled and productive workforce.

The Strategic Agenda identifies postsecondary education success as one of three urgent priorities for 2016 through 2021. It espouses the belief that Kentucky's future depends on more people advancing through the postsecondary education system and graduating in less time. It highlights a moral and social imperative to close achievement gaps for low-income and underrepresented minority students. These obligations are captured in objectives 6 and 7 of the Strategic Agenda:

Objective 6: Increase persistence and timely completion for all students at all levels, particularly for low-income and underrepresented minority students (Strategic Agenda, Objective 6, p. 13).

Objective 7: Increase the number of KCTCS students who complete career-oriented certificates and associate degree programs and successfully transfer to four-year institutions (Strategic Agenda, Objective 7, p. 13).

One of the key strategies for achieving these objectives is to “[i]mplement a new funding model with an outcomes-based component to reward institutions for increases in completion and other key metrics” (Strategic Agenda, Strategy 6.6, p. 13). The funding models recommended in this report are well aligned with strategies and objectives of the Strategic Agenda and, through the metrics contained therein, clearly identify desired state goals for postsecondary education.

The Commonwealth wants its public four-year universities to:

- Increase retention and progression of students toward timely bachelor’s degree completion;
- Increase the number of bachelor’s degrees earned by all types of students;
- Grow the number of bachelor’s degrees produced in fields that garner higher salaries upon graduation (i.e., STEM+H fields, or science, technology, engineering, and math plus health); and
- Close achievement gaps by increasing the number of bachelor’s degrees earned by low income and underrepresented minority students.

The Commonwealth wants KCTCS institutions to:

- Increase retention and progression of students toward timely certificate, diploma, and associate degree completion;
- Increase the number of certificates, diplomas, and associate degrees earned by all types of students;
- Grow the number of credentials produced in fields that garner higher salaries upon graduation (i.e., STEM+H fields; high-wage, high-demand fields);
- Increase the number of credentials produced in areas of pressing state need or opportunity (i.e., targeted industry fields);
- Close achievement gaps by increasing the number of credentials earned by low income, underprepared, and underrepresented minority students; and
- Facilitate credit hour accumulation and transfer of students to four-year institutions.

Guiding Principles

During a previous iteration of funding model development and in conjunction with preparation of the Council on Postsecondary Education’s 2016-18 biennial budget recommendation, a Funding Strategy Steering Committee comprised of Council members, the president of the

Council on Postsecondary Education, and nine postsecondary institution presidents developed and achieved near consensus on a goal and set of guiding principles that would direct development of a new funding distribution mechanism, which would form the basis for the Council's 2016-18 and subsequent institutional operating requests. That goal and guiding set of principles was shared with the Postsecondary Education Working Group at their July 19, 2016 meeting for review and discussion, along with a request from CPE staff for any suggested changes.

No changes were proposed by Working Group members at either the July 19 meeting or the September 7 meeting, and the goal and guiding principles document served as a framework that guided the funding model development process. Listed below are several principles that influenced model construction.

- **Mission Sensitive** – The distribution mechanism will be based on shared recognition that dissimilar institutional missions require different levels of funding.
- **Outcomes Based** – The distribution mechanism will provide incentives for improved institutional and student performance by establishing an explicit link between the attainment of desired state outcomes (e.g., increased degree production, closing achievement gaps, reduced time to degree, research productivity) and allocation of available resources.
- **Completion Driven** – The impact of differing levels of earned credit hours, variations in program mix, residency status, and dissimilarities in disciplines and course offerings across institutions will be considered in the development of the distribution mechanism.
- **Sustainable** – The distribution mechanism will continue to provide incentives for improved institutional and student performance, regardless of whether state appropriations for postsecondary education increase, decrease, or remain stable.
- **Reasonably Stable** – The distribution mechanism will not permit large, annual shifts in funding to occur.
- **Allow Appropriate Exclusions** – The distribution mechanism will exclude mandated public service, medical, agriculture, and research programs, which are not student credit hour generating, as well as, other programs that the Council may deem as appropriate for exclusion, from the allocable resources that will be distributed by the funding mechanism.

See Appendix B for a complete rendition of the goal and guiding principles document.

Model Development

Members of the Postsecondary Education Working Group met five times between July 19, 2016 and November 28, 2016. A brief synopsis of each of these meetings is provided below. Copies of meeting agendas and meeting minutes can be found in Appendix C and Appendix D of this report, respectively.

First Meeting

The first meeting of the Working Group was held on July 19 at the Council on Postsecondary Education in Frankfort, Kentucky. At that meeting, Western Kentucky University president Gary Ransdell was chosen to serve as Chair of the Working Group. The group discussed funding models that had been developed and recommended by the Council over several biennia, including a model developed for the 2016-18 biennium and a model that had been developed by legislative leaders during the session. Council staff presented information on the 2016-2021 Strategic Agenda for Postsecondary and Adult Education and goals for Kentucky's higher education system were discussed.

CPE staff presented several sample models, including a targets and goals approach, a relative improvement model, and an outcomes-based funding model. Chair Ransdell called for a vote on these models and a majority of Working Group members agreed that an outcomes-based model, which included elements of relative improvement among institutions, would be the best approach. Chair Ransdell recapped meeting discussions, noting the following areas of general agreement:

- Performance funding should be phased in;
- Kentucky State University should be held harmless in early years of implementation;
- Mandated programs should be excluded from allocable funds distributed by the model;
- Once implemented, the model should be reevaluated in the 2018-2020 timeframe;
- The ratio of course completion to student success outcomes in the model should be 50/50; and
- The Working Group should review 50/50 models that group all public institutions together and those that retain three separate sectors.

Next steps included deciding on the percentage of allocable funding that would be distributed using the model, appropriate metrics, and the level of sector differentiation.

Second Meeting

The second meeting of the Working Group was held on September 7 at the Kentucky Chamber of Commerce in Frankfort. At that meeting, University of Kentucky president Eli Capilouto presented a proposal for a model that would distribute performance funds based solely on degree production. The proposal called for a relative improvement approach that included all degree levels (bachelor's, master's, doctoral, first professional) with no differential weighting by degree level in the first year of implementation.

Northern Kentucky University president Geoffrey Mearns presented a plan, calling for a comprehensive funding model that would distribute 100% of allocable funds, which could be phased-in over several years and would make appropriate use of stop-loss provisions. Kentucky State University president Aaron Thompson proposed that a small-school adjustment be included regardless of the approach selected.

Chair Ransdell asked CPE staff to construct a hybrid model that would contain elements of each proposal and run the model using actual numbers from the prior year. The Working Group discussed ways in which a model could be implemented, including distributing the \$42.9 million in the Postsecondary Education Performance Fund in 2017-18 on the basis of degree production only, and increasing the percentage distributed based on performance in subsequent years and adding additional components and metrics as a basis for distribution. Chair Ransdell asked CPE staff to work on a model that would keep the sector shares in place, as well as, a model that would allow funding to move between sectors.

Third Meeting

On November 2, the Working Group met again at the Kentucky Chamber of Commerce in Frankfort, Kentucky. At that meeting, Chair Ransdell explained that since the last meeting, CPE staff had met individually with officials at each campus to review a comprehensive model that combined elements of approaches proposed by several Working Group members at the September 7 meeting and that, from his perspective, the hybrid model addressed many of the concerns raised by some institutions at the last meeting. He reiterated that the shared hope was that the group could achieve consensus, if not full unanimity, on a funding model that ultimately would be incorporated into statute.

CPE staff presented its proposed approach and a discussion ensued. The proposed model distributes 100% of allocable resources based on rational criteria, with 70% of those resources distributed based on performance. Half of the 70% would be distributed based on student success outcomes (i.e., bachelor's degree production and student progression) and the other half distributed based on earned credit hours. The remaining 30 percent of allocable resources would be distributed in support of vital campus operations, such as maintenance and operation of facilities, institutional support, and academic support, or what has been called in the past "open the doors" money.

This proposal would put all four-year institutions in a common sector. Weightings for each metric are used to ensure that neither the research sector institutions, nor the comprehensive sector institutions are either advantaged or disadvantaged by being in the same performance pool in the first full year of implementation. Funding would shift, however, in future years from institutions having less growth than the system average to institutions recording more growth, regardless of sector. The model contains a small school adjustment and can be used in conjunction with hold harmless and stop-loss provisions. Finally, the model could be used to generate a funding request and to distribute any new funding.

KCTCS president, Dr. Jay Box, presented a model for distributing funds among its sixteen community and technical colleges. CPE and KCTCS staffs collaborated on developing a model for the two-year sector and the features of the resulting model are very similar to the four-year sector version.

An additional meeting was requested and agreed to for November 15 at the Council on Postsecondary Education in Frankfort. CPE staff was charged with looking at the effects of

several changes (i.e., looking at unrestricted funds, removing depreciation and interest expenses, changing three-year averages used in the model to four-year averages, etc.) President King also asked for staff to find ways to address the challenges faced by institutions serving low income students.

Fourth Meeting

The fourth meeting of the Postsecondary Education Working Group was held on November 15 at the Council on Postsecondary Education in Frankfort. At that meeting, the Working Group reviewed the details of the KCTCS model, which would be shared with community and technical college presidents the following day. There was some discussion about the size of a potential funding request generated by the KCTCS model. President Ransdell suggested that any requests for new funding derived from either the four-year sector model or the two-year sector model be proportionate to the current shares of funding in each sector.

President King indicated that the spreadsheets shared by CPE and KCTCS staffs showing how the sample models could be used to formulate budget requests were for illustrative purposes and that the Working Group should focus its efforts on achieving consensus regarding the conceptual framework of the model, not on producing budget requests. He did acknowledge that at an appropriate time the proposed models can provide a rational basis for generating future budget requests. Chair Ransdell and others noted that it made sense to have separate models for the universities and community colleges, given their distinctly different missions.

The Working Group discussed an email that had been circulated by Morehead State University president Wayne Andrews. The email recommended that the model be phased in, maintain differentiation between the research and comprehensive sectors, better address access and affordability, include a larger small school adjustment, better define metrics and weights, and not include a funding request.

Chair Ransdell asked president King and CPE staff to prepare a consensus document for the November 28 meeting, based on the model before the Working Group. He expressed hope that most, if not all, university presidents and president King would sign the document.

Fifth Meeting

The fifth meeting of the Working Group was held on November 28 at the Council on Postsecondary Education. Chair Ransdell reminded the group that this would be the final meeting and that the main objectives for the meeting would be to reach consensus on the model and the report. He stated that distribution of \$42.9 million appropriated to the Postsecondary Education Performance Fund in 2017-18 would be contingent on reaching agreement on the model and that legislators would use the report to draft bill language for the 2017 session, thus codifying the funding model's framework in statute.

President King advised the group that final data for some metrics would not be available until early February 2017 and that Council staff was still evaluating mandated program requests received from two campuses (i.e., ECU and UofL). CPE staff presented an updated version of the

model, which distributes 35% of allocable resources based on student success outcomes, 35% based on earned credit hours, and 30% in support of vital campus operations. The updated model included new degree, FTE student, and square feet data, and placed slightly higher weightings on degrees earned by underrepresented minority and low income students.

The Working Group discussed and reached consensus on a number of aspects of the four-year university model, including weightings of metrics in the Student Success component (i.e., bachelor's degrees 9.0%; STEM+H degrees 5.0%; URM degrees 3.0%; low income degrees 3.0%; 30 credit hour progression 3.0%; 60 credit hour progression 5.0%; 90 credit hour progression 7.0%) and weightings for Course Completion and Operational Support components (i.e., earned credit hours 35.0%; maintenance and operation of facilities 10.0%; institutional support 10.0%; academic support 10.0%). CPE staff proposed hiring a consulting firm in the spring to conduct a postsecondary institution facilities audit to establish a firm baseline of facilities square feet at each campus for distributing M&O funds.

CPE staff presented a spreadsheet showing how the \$42.9 million appropriated to the Postsecondary Education Performance Fund in 2017-18 could be distributed using the funding model. To retain appropriate balance between the research and comprehensive sectors in this iteration of the model, KSU was excluded from the calculations. The proposed approach also included an adjustment for mandated programs. Because the size of the performance pool in 2017-18 represented only 5.0% of each institution's state appropriation (excluding KSU), CPE staff proposed that the model be applied without stop loss or hold harmless provisions. The Working Group reached consensus to endorse the model as presented for fiscal 2017-18.

Morehead State University president Wayne Andrews distributed a two page document to the Working Group detailing his concern that out-of-state students, who were not reciprocity students, were weighted too heavily in the model, especially given the Council's policy, which requires that the net tuition and fee revenue paid by nonresident students cover the direct costs of their instruction and student services at each campus. CPE staff reminded the group that the 50% weighting for out-of-state students represented a compromise position from an earlier iteration of funding model development. Furthermore, educating out-of-state students can help Kentucky reach its postsecondary education attainment goal, since many are still living in Kentucky and are employed and paying taxes five years after graduation.

There was robust discussion among the four-year university presidents regarding the issue of sector differentiation. Several presidents (i.e., those at ECU, MoSU, and MuSU) expressed reservations about combining all four-year universities into one performance funding pool, but were willing to defer to the majority opinion in order to achieve consensus. The group agreed to evaluate the model every three years to ensure that there are no unintended consequences. The group also agreed to meet the third week of January 2017 to review draft bill language.

KCTCS president Jay Box provided an update regarding the two-year sector model and his discussions with community and technical college presidents. He reported that all the presidents support the model, but that some stressed the importance of including stop loss

provisions to minimize the impact at colleges that have experienced enrollment declines, particularly in eastern and western Kentucky.

The two-year college model closely mirrors the four-year university model, but contains different metrics and weightings within the Student Success component. Dr. Box indicated that the model had been modified to place a higher weighting on associate degrees, than on certificates taking more than one year to complete, and that a higher weighting had been placed on certificates taking more than one year to complete, than on certificates taking less than one year to complete. These changes were in response to a request made by Representative Arnold Simpson at a previous meeting.

The Working Group reviewed and discussed a draft report prepared by CPE staff and made suggestions for changes based on agreements reached and concerns expressed during the meeting. Chair Ransdell asked CPE staff to modify the report to reflect agreed upon changes and send a revised version to the Working Group. He stated that once group members were given an opportunity to review changes, CPE staff would affix their signatures to a consensus document to be included in the report.

Recommendations

Based on meetings and discussions to date, members of the Postsecondary Education Working Group recommend that the Governor and General Assembly enact legislation during the 2017 session, establishing comprehensive funding models for the allocation of state appropriations for college and university operations and directing the Council on Postsecondary Education and the public postsecondary institutions to implement those models, beginning with distribution of the \$42.9 million appropriated to the Postsecondary Education Performance Fund in fiscal 2017-18 and increasing the proportion distributed using comprehensive models in subsequent years.

This report contains three sets of recommendations, one for the public four-year universities, another for the Kentucky Community and Technical College System (KCTCS), and a third set containing a suggested timeframe for implementing the models.

Four-Year Universities

It is recommended that the funding model for the public four-year universities adhere to the following criteria:

- The funding model should include all public research and comprehensive universities in a four-year sector performance pool, but contain safeguards to ensure that neither the research, nor comprehensive sector is advantaged or disadvantaged during the first full year of implementation.
- It should be capable of distributing any level of state appropriations, up to and including 100% of allocable resources, among the public universities based on rational criteria, including student success, course completion, and operational support components.

- Allocable resources are defined as state General Fund appropriations net of mandated programs and a small school adjustment.
- At least 35% of allocable resources should be distributed among universities based on each institution's share of sector total student success outcomes produced.
- In the public four-year sector, student success outcomes should include bachelor's degree production, degrees per 100 undergraduate full-time equivalent (FTE) students, numbers of students progressing beyond 30, 60, and 90 credit hour thresholds, STEM+H degree production, and degrees earned by low income and underrepresented minority students.
- Another 35% of allocable resources should be distributed among universities based on each institution's share of sector total student credit hours earned, weighted to account for cost differences by degree level (i.e., lower division and upper division baccalaureate, master's, doctoral research, and doctoral professional) and academic discipline.
- The remaining 30% of allocable resources should be distributed among the universities in support of vital campus operations, such as maintenance and operation of facilities, institutional support, and academic support. Specifically:
 - To support maintenance and operation (M&O) of campus facilities, 10% of allocable resources should be distributed among universities based on each institution's share of Category I and Category II square feet, net of research, non-class laboratory, and open laboratory space.
 - To support campus administrative functions, 10% of allocable resources should be distributed based on share of sector total instruction and student services spending, net of M&O.
 - To support academic support services such as libraries and academic computing, 10% of allocable resources should be distributed based on each institution's share of sector total FTE student enrollment.
- The funding model for the public four-year sector should include a small school adjustment to minimize impact on smaller campuses.
- Implementation of the funding model should make use of hold harmless and stop loss provisions in early years of implementation in a manner that continues to provide incentives to produce desired state outcomes.
- Hold harmless is a term used to indicate that existing base funding for a given institution or for an entire sector of institutions will not be subject to transfer to other institutions for a specified period of time, even though formula totals in the funding model would call for such transfers.

- A stop loss provision would allow for the transfer of existing base funding from one institution to another, but the amount eligible for transfer would be limited to some predetermined ceiling, typically expressed as a percent of an institution's state General Fund appropriation. For example, a 1.0% stop loss provision would limit the amount that could be transferred from one institution to another to 1.0% of the contributing institution's General Fund base.
- It is recommended that every effort be made to achieve equilibrium in the four-year university model as soon as possible, which can best be accomplished through a combination of new funding for postsecondary education and application of a hold harmless provision in the first full year of implementation.
- Equilibrium is defined as a condition in which every institution has an appropriately proportionate level of resources given its level of productivity in achieving student success and course completion outcomes. Once equilibrium is achieved, the funding model rewards rates of improvement above the sector average rate, which allows smaller campuses to compete more effectively and fairly with larger ones.
- Going forward, it is recommended that the Council on Postsecondary Education conduct annual assessments of four-year university net General Fund appropriations and tuition and fee revenue per full-time equivalent student by residency status and the proportion of educational costs paid by out-of-state students and share results of those analyses with the postsecondary institution presidents.
- The Postsecondary Education Working Group should be reconvened every three years to determine if the elements (e.g., the structure of the four-year sector; weighting for nonresident students; etc.) and overall model for the four-year universities are functioning as expected and to identify any potential unintended consequences. It is anticipated that the group, upon reaching consensus to do so, will be able to recommend changes to the model either through the regulatory process by CPE, or through statutory amendment.

KCTCS

It is recommended that the funding model for the Kentucky Community and Technical College System adhere to the following criteria:

- The funding model should include all sixteen KCTCS institutions in the two-year sector performance pool.
- It should be capable of distributing any level of state appropriations, up to and including 100% of allocable resources, among the community and technical colleges based on rational criteria, including student success, course completion, and operational support components.

- In the two-year sector, allocable resources are defined as state General Fund appropriations net of mandated programs and an equity adjustment.
- At least 35% of allocable resources should be distributed among the community and technical colleges based on each institution's share of sector total student success outcomes produced.
- In the two-year sector, student success outcomes should include:
 - certificate, diploma, and associate degree production;
 - numbers of students progressing beyond 15, 30, and 45 credit hour thresholds;
 - STEM+H, targeted industry, and high-wage, high-demand credentials;
 - credentials earned by low income, underprepared, and underrepresented minority students; and
 - transfers to four-year institutions.
- Another 35% of allocable resources should be distributed among community and technical colleges based on each institution's share of sector total student credit hours earned, weighted to account for cost differences by academic discipline.
- The remaining 30% of allocable resources should be distributed among KCTCS institutions in support of vital campus operations, such as maintenance and operation of facilities, institutional support, and academic support.
- The funding model for the community and technical colleges should include an equity adjustment to account for declining enrollment in some regions of the Commonwealth and use hold harmless and stop loss provisions in early years of implementation.
- It is recommended that every effort be made to achieve equilibrium in the two-year sector model as soon as possible, which can best be accomplished through a combination of new funding for postsecondary education and application of a hold harmless provision in the first full year of implementation.
- The Postsecondary Education Working Group should be reconvened every three years to determine if the two-year college model is functioning as expected and identify any potential unintended consequences. It is anticipated that the group, upon reaching consensus to do so, will be able recommend changes to the model either through the regulatory process by CPE, or through statutory amendment.

Phase In

It is recommended that the comprehensive funding models for both the four-year and two-year college sectors be implemented according to the following schedule:

- In fiscal 2017-18, each sector should use its respective funding model to distribute its share of \$42.9 million appropriated to the Postsecondary Education Performance Fund.

- Given that the dollar amounts transferred to the Performance Fund represent only 5.0% of each participating institution's state appropriation, it is recommended that these funds be distributed among institutions without using hold harmless or stop loss provisions.
- That same year, the funding models could be used to inform the Council's 2018-20 biennial budget recommendation, which is submitted to the Governor and General Assembly in November.
- In fiscal 2018-19, the funding models should be fully implemented within each sector, but hold harmless provisions should be applied to prevent reduction of any institution's General Fund base in the first full year of implementation.
- In fiscal 2019-20, the funding models should continue to be fully implemented, but transition from using hold harmless provisions to 1.0% stop loss provisions.
- In fiscal 2020-21, each sector should transition from using 1.0% stop loss provisions to 2.0% stop loss provisions and the Postsecondary Education Working Group should reconvene to evaluate the model and discuss potential changes.

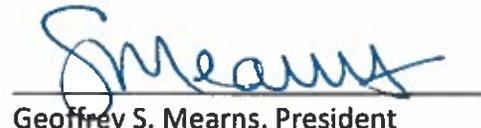
Postsecondary Education Working Group
December 1, 2016

The Postsecondary Education Working Group established pursuant to HB 303 of the 2016 General Assembly, working in collaboration with Council on Postsecondary Education staff, reached consensus on comprehensive funding models for the allocation of state General Fund appropriations described in this report. The signatories to this report endorse the recommendations set forth and will support their full implementation.

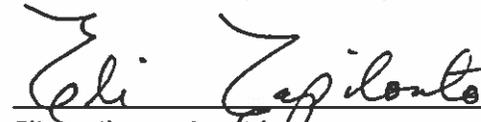

Robert L. King, President
KY Council on Postsecondary Education

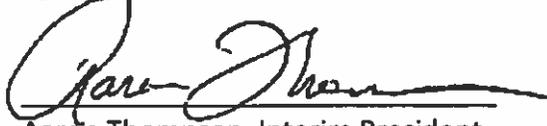

Robert O. Davies, President
Murray State University

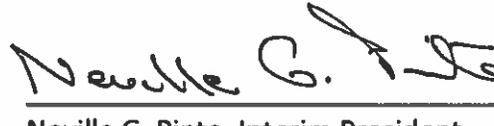

Michael T. Benson, President
Eastern Kentucky University


Geoffrey S. Mearns, President
Northern Kentucky University


Jay K. Box, President
Kentucky Community and Technical College
System


Eli Capilouto, President
University of Kentucky


Aaron Thompson, Interim President
Kentucky State University


Neville G. Pinto, Interim President
University of Louisville


Wayne D. Andrews, President
Morehead State University


Gary A. Ransdell, President
Western Kentucky University

Appendix A

Strategic Agenda for Postsecondary and Adult Education

- For a copy of the Councils' 2016-2021 Strategic Agenda for Postsecondary and Adult Education visit: <http://cpe.ky.gov/NR/rdonlyres/6A6E8841-3F48-4751-B4D7-4A021AC99D18/0/FINAL201621StrategicAgenda.pdf>

Appendix B

Goal and Guiding Principles

Council on Postsecondary Education Funding Strategy Steering Committee

Goal and Guiding Principles

The first meeting of the Funding Strategy Work Group was held on May 28, 2014. At that meeting, campus chief budget officers, chief academic officers, and institutional research directors discussed the broad goals they have for adopting a new funding strategy, as well as, the basic principles that will be used to guide the funding strategy development process. The main outcome of those discussions was a suggestion by work group members that CPE staff draft an initial list of goals and principles for review and discussion by the Funding Strategy Steering Committee.

The purpose of this document is to identify a draft set of goals and guiding principles that when finalized by the Steering Committee will direct development of a new funding distribution mechanism, which will form the basis for the Council's 2016-18 and subsequent institutional operating recommendations. The draft set of goals and principles is provided below.

Goal

Develop a postsecondary education funding distribution mechanism that aligns state General Fund appropriations for higher education operations with public policy goals and objectives of the *Postsecondary Education Improvement Act of 1997 (HB1)* and the Council's *Strategic Agenda for Postsecondary and Adult Education*.

Guiding Principles

- **Mission Sensitive** – The distribution mechanism will be based on shared recognition that dissimilar institutional missions require different levels of funding.
- **Outcomes Based** – The distribution mechanism will provide incentives for improved institutional and student performance by establishing an explicit link between the attainment of desired state outcomes (e.g., increased degree production, closing achievement gaps, reduced time to degree, research productivity) and allocation of available resources.
- **Completion Driven** – The impact of differing levels of earned credit hours, variations in program mix, residency status, and dissimilarities in disciplines and course offerings across institutions will be considered in the development of the distribution mechanism.

- **Easily Communicated** – The distribution mechanism will be based on relatively few key metrics and be easy to understand and communicate.
- **Sustainable** – The distribution mechanism will continue to provide incentives for improved institutional and student performance, regardless of whether state appropriations for postsecondary education increase, decrease, or remain stable.
- **Reasonably Stable** – The distribution mechanism will not permit large, annual shifts in funding to occur.
- **Data Driven** – The distribution mechanism will rely on data that are valid and reliable, readily available, and can be verified when necessary.
- **Flexible** – The distribution mechanism will not limit future budget requests. The Council will be free to recommend additions to base funding and supplemental requests, such as appropriations for Strategic Investment and Incentive Trust Fund programs or other unique activities that are not common across institutions, provided such requests do not circumvent or otherwise diminish the integrity of the distribution mechanism.
- **Allow Appropriate Exclusions** – The distribution mechanism will exclude mandated public service, medical, agriculture, and research programs, which are not student credit hour generating, as well as, other programs that the Council may deem as appropriate for exclusion, from the allocable resources that will be distributed by the funding mechanism.
- **Efficient** – The distribution mechanism and overall funding recommendation will provide the postsecondary institutions maximum fiscal and management flexibility to be effective, efficient, and meet the needs of Kentucky, including continuing provision of lump sum appropriations with necessary accountability requirements.

Appendix C

Meeting Agendas

- For a copy of Postsecondary Education Working Group meeting agendas visit: <http://cpe.ky.gov/committees/2016+Performance+Funding+Work+Group.htm>

Appendix D

Meeting Notes

- For a copy of Postsecondary Education Working Group meeting notes visit:
<http://cpe.ky.gov/committees/2016+Performance+Funding+Work+Group.htm>

164.092 Comprehensive funding model for the public postsecondary education system -- Legislative findings and declarations -- Separate funding formulas for public university sector and KCTCS sector -- Distribution of funds -- Annual certification of funding distribution amounts -- Postsecondary education working group -- Administrative regulations -- Postsecondary education performance fund.

- (1) For purposes of this section:
- (a) "Category I and Category II square feet" means square footage that falls under space categories as defined by the Postsecondary Education Facilities Inventory and Classification Manual published by the United States Department of Education;
 - (b) "Comprehensive university" has the same meaning as in KRS 164.001;
 - (c) "Council" means the Council on Postsecondary Education;
 - (d) "Equilibrium" means a condition in which every institution has an appropriately proportionate level of resources as determined by the performance funding model established in this section given each institution's level of productivity in achieving student success outcomes, course completion outcomes, and other components included in the model;
 - (e) "Formula base amount" means an institution's general fund appropriation amount from the previous fiscal year net of debt service on bonds, appropriations for mandated programs as determined by the council, and any adjustments reflecting the previous fiscal year's performance distribution;
 - (f) "Hold-harmless provision" means a provision included in the funding formulas as described in subsection (9) of this section that prevents a reduction of a designated portion of funding for an institution through operation of the funding formula;
 - (g) "Institution" means a college in the Kentucky Community and Technical College System or a public university;
 - (h) "KCTCS" means the Kentucky Community and Technical College System;
 - (i) "KCTCS institution allocable resources" means the formula base amount net of any equity adjustment as described in subsection (7)(b) of this section, any amount protected by a hold-harmless provision, and any applicable increase or decrease in general fund appropriations;
 - (j) "Research universities" means the University of Kentucky and the University of Louisville;
 - (k) "Stop-loss provision" means a provision included in the funding formulas as described in subsection (9) of this section to limit reduction of an institution's funding amount to a predetermined percentage, notwithstanding the amounts calculated by operation of the formula; and
 - (l) "University allocable resources" means the formula base amount net of any small school adjustment as described in subsection (5)(c) of this section, any amount protected by a hold-harmless provision, and any

applicable increase or decrease in general fund appropriations.

- (2) The General Assembly hereby finds that improving opportunity for the Commonwealth's citizens and building a stronger economy can be achieved by its public college and university system focusing its efforts and resources on the goals of:
 - (a) Increasing the retention and progression of students toward timely credential or degree completion;
 - (b) Increasing the number and types of credentials and degrees earned by all types of students;
 - (c) Increasing the number of credentials and degrees that garner higher salaries upon graduation, such as science, technology, engineering, math, and health, and in areas of industry demand;
 - (d) Closing achievement gaps by increasing the number of credentials and degrees earned by low-income students, underprepared students, and underrepresented minority students; and
 - (e) Facilitating credit hour accumulation and transfer of students from KCTCS to four (4) year postsecondary institutions.
- (3) The General Assembly hereby declares these goals can best be accomplished by implementing a comprehensive funding model for the allocation of state general fund appropriations for postsecondary institution operations that aligns the Commonwealth's investments in postsecondary education with the Commonwealth's postsecondary education policy goals and objectives.
- (4) This section establishes a comprehensive funding model for the public postsecondary education system to be implemented by the Council on Postsecondary Education. The funding model shall include a public university sector formula and a KCTCS sector formula.
- (5) The funding formula for the public university sector shall:
 - (a) Recognize differences in missions and cost structures between research universities and comprehensive universities to ensure that neither are advantaged or disadvantaged during the first full year of implementation;
 - (b) Distribute one hundred percent (100%) of the university allocable resources for all universities in the sector, based on rational criteria, including student success, course completion, and operational support components, regardless of whether state funding for postsecondary institution operations increases, decreases, or remains stable;
 - (c) Include an adjustment to minimize impact on smaller campuses as determined by the council; and
 - (d) Be constructed to achieve equilibrium, at which point the funding formula rewards rates of improvement above the sector average rate.
- (6) Funding for the public university sector shall be distributed as follows:
 - (a) Thirty-five percent (35%) of total university allocable resources shall be distributed based on each university's share of total student success outcomes produced, including but not limited to:
 1. Bachelor's degree production;
 2. Bachelor's degrees awarded per one hundred (100) undergraduate

- full-time equivalent students;
3. Numbers of students progressing beyond thirty (30), sixty (60), and ninety (90) credit hour thresholds;
 4. Science, technology, engineering, math, and health bachelor's degree production; and
 5. Bachelor's degrees earned by low-income students and underrepresented minority students;
- (b) Thirty-five percent (35%) of total university allocable resources shall be distributed based on each university's share of sector total student credit hours earned, excluding dual credit enrollment, weighted to account for cost differences by academic discipline and course level, such as lower and upper division baccalaureate, master's, doctoral research, and doctoral professional; and
- (c) Thirty percent (30%) of total university allocable resources shall be distributed in support of vital campus operations as follows:
1. Ten percent (10%) shall be distributed based on each university's share of Category I and Category II square feet, net of research, nonclass laboratory, and open laboratory space, to support maintenance and operation of campus facilities and may include a space utilization factor as determined by the council in collaboration with the working group established in subsection (11) of this section;
 2. Ten percent (10%) shall be distributed based on each university's share of total instruction and student services spending, net of maintenance and operation, to support campus administrative functions; and
 3. Ten percent (10%) shall be distributed based on each university's share of total full-time equivalent student enrollment to support academic support services such as libraries and academic computing.
- (7) The funding formula for the KCTCS sector:
- (a) Shall distribute one hundred percent (100%) of KCTCS institution allocable resources for all KCTCS colleges based on rational criteria, including student success, course completion, and operational support components, regardless of whether state funding for postsecondary institution operations increases, decreases, or remains stable;
 - (b) May include an adjustment to account for declining enrollment in some regions of the Commonwealth as determined by the council; and
 - (c) Shall be constructed to achieve equilibrium, at which point the funding formula rewards rates of improvement above the sector average rate.
- (8) Funding for the KCTCS sector shall be distributed as follows:
- (a) Thirty-five percent (35%) of total KCTCS institution allocable resources shall be distributed based on each college's share of total student success outcomes produced, including but not limited to:
 1. Certificate, diploma, and associate degree production;
 2. Numbers of students progressing beyond fifteen (15), thirty (30),

- and forty-five (45) credit hour thresholds;
3. Science, technology, engineering, math, and health credentials production;
 4. Production of high-wage, high-demand, industry credentials as determined using occupational outlook data and employment statistics wage data provided by the Kentucky Office of Employment and Training;
 5. Production of industry credentials designated as targeted industries by the Education and Workforce Development Cabinet;
 6. Credentials earned by low-income students, underprepared students, and underrepresented minority students; and
 7. Transfers to four (4) year institutions;
- (b) Thirty-five percent (35%) of total KCTCS institution allocable resources shall be distributed based on each college's share of total student credit hours earned, weighted to account for cost differences by academic discipline; and
- (c) Thirty percent (30%) of total KCTCS institution allocable resources shall be distributed in support of vital campus operations as follows:
1. Ten percent (10%) shall be distributed based on each college's share of Category I and Category II square feet, net of research, nonclass laboratory, and open laboratory space, to support maintenance and operation of campus facilities and may include a space utilization factor as determined by the council in collaboration with the postsecondary education working group established in subsection (11) of this section;
 2. Ten percent (10%) shall be distributed based on each college's share of total instruction and student services spending, net of maintenance and operation, to support campus administrative functions; and
 3. Ten percent (10%) shall be distributed based on each college's share of total full-time equivalent student enrollment to support academic support services such as libraries and academic computing.
- (9) (a) The funding formula for both sectors shall include:
1. A hold-harmless provision for fiscal year 2018-2019 preventing a reduction in an institution's funding amount based solely on the formula calculation, and allowing a hold-harmless amount determined by the formula in fiscal year 2018-2019 to be deducted from an institution's formula base amount in whole or in part in fiscal years 2019-2020 and 2020-2021, as determined by the council;
 2. A stop-loss provision for fiscal year 2019-2020 limiting the reduction in funding to any institution to one percent (1%) of that institution's formula base amount; and
 3. A stop-loss provision for fiscal year 2020-2021 limiting the reduction in funding to any institution to two percent (2%) of that institution's

formula base amount.

- (b) For fiscal year 2021-2022 and thereafter, hold-harmless and stop-loss provisions shall not be included in the funding formulas except by enactment of the General Assembly.
 - (c) Paragraph (a) of this subsection shall not be construed to limit the level of a budget reduction that may be enacted by the General Assembly or implemented by the Governor.
- (10) (a) By April 1, 2017, and each April 1 thereafter, the council shall certify to the Office of the State Budget Director the amount to be distributed to each of the public universities and KCTCS as determined by the comprehensive funding model created in this section, not to exceed the available balance in the postsecondary education performance fund created in subsection (13) of this section.
- (b) The Office of the State Budget Director shall distribute the appropriations in the postsecondary education performance fund for that fiscal year to the institutions in the amounts the council has certified. The adjusted appropriations to each institution shall be allotted as provided in KRS 48.600, 48.605, 48.610, 48.620, and 48.630.
 - (c) For fiscal year 2017-2018, the Office of the State Budget Director shall distribute to the public postsecondary education institutions, except for Kentucky State University, those funds appropriated to the postsecondary education performance fund by the General Assembly in 2016 Ky. Acts ch. 149, Part I, K., 12., in accordance with the comprehensive funding model created in this section.
- (11) (a) The Council on Postsecondary Education is hereby directed to establish a postsecondary education working group composed of the following:
1. The president of the council;
 2. The president or designee of each public postsecondary institution, including the president of KCTCS;
 3. The Governor or designee;
 4. The Speaker of the House or designee; and
 5. The President of the Senate or designee.
- (b) Beginning in fiscal year 2020-2021 and every three (3) fiscal years thereafter, the postsecondary education working group shall convene to determine if the comprehensive funding model is functioning as expected, identify any unintended consequences of the model, and recommend any adjustments to the model.
 - (c) The results of the review and recommendations of the working group shall be reported by the council to the Governor, the Interim Joint Committee on Appropriations and Revenue, and the Interim Joint Committee on Education.
- (12) The council shall promulgate administrative regulations under KRS Chapter 13A to implement the provisions of this section.
- (13) (a) The postsecondary education performance fund is hereby established as an appropriation unit to support improvement in the operations of the

public postsecondary institutions and achievement of the Commonwealth's education policy goals and workforce development priorities. General fund moneys may be appropriated by the General Assembly to this fund for distribution to the public postsecondary institutions in amounts determined through the comprehensive funding model created in this section.

- (b) Any balance in the postsecondary education performance fund at the close of any fiscal year shall not lapse but shall be carried forward to the next fiscal year and be continuously appropriated for the purposes specified in this section. A general statement that all continuing appropriations are repealed, discontinued, or suspended shall not operate to repeal, discontinue, or suspend this fund or to repeal this action.

Effective: March 21, 2017

History: Created 2017 Ky. Acts ch. 52, sec. 1, effective March 21, 2017.

TITLE: Fiscal 2020-21 Performance Fund Distribution

SUMMARY: On May 28, staff sent a letter informing the state budget director that performance funding models for the public universities and KCTCS institutions had been executed per KRS 164.092 and sharing the distribution among institutions of \$14.9 million that the General Assembly appropriated to the Postsecondary Education Performance Fund in fiscal year 2020-21.

PRESENTERS: Bill Payne, Vice President for Finance and Administration, CPE
Shaun McKiernan, Director of Finance and Budget, CPE

BACKGROUND INFORMATION

On March 21, 2017, Senate Bill 153, also known as Kentucky's Postsecondary Education Performance Funding Bill, was signed into law by the Governor (KRS 164.092). That bill, which passed the House and Senate with no changes, represented the culmination of eight month's work by a Postsecondary Education Working Group, comprised of elected leaders, a state budget director, eight public university presidents, a KCTCS president, and the president of the Council on Postsecondary Education, who reached consensus on comprehensive funding models for the allocation of state General Fund appropriations among the public universities and KCTCS institutions.

Not counting a model development year in which Kentucky State University was excluded from participating in a 5.0% carve out and subsequent distribution of public university and KCTCS base funding (i.e., \$42.9 million in total) in fiscal year 2017-18, KRS 164.092 calls for a three-year phase in of public university and KCTCS funding models in fiscal years 2018-19, 2019-20, and 2020-21. As Council members know, the General Assembly appropriated \$31.0 million in 2018-19 and \$38.7 million in 2019-20 to a Postsecondary Education Performance Fund and those funds were distributed among institutions prior to the start of each of those fiscal years using the funding models.

For the upcoming fiscal year (i.e., 2020-21), the enacted budget (HB 352) includes an appropriation of \$14,994,800 for the Postsecondary Education Performance Fund (PEPF). Using an allocation method defined in statute, CPE staff determined that the distribution of these funds between sectors should be an \$11,679,600 allocation to the

public universities and a \$3,315,200 allocation to KCTCS institutions, based on sector share of system total adjusted net General Fund appropriations as shown below.

<u>Sector</u>	<u>2020-21 Adjusted Net General Fund</u>	<u>Percent of Total</u>	<u>Sector Allocations</u>
Public Universities	\$572,299,700	77.9%	\$11,679,600
KCTCS Institutions	<u>162,446,400</u>	22.1%	<u>3,315,200</u>
System	\$734,746,100	100.0%	\$14,994,800

Furthermore, using the funding models defined in statute for each sector, CPE and KCTCS staffs determined that the distribution of 2020-21 PEPF appropriations among institutions should be as shown below.

Public Universities and KCTCS:

<u>Institution</u>	<u>2020-21 PEPF Distribution</u>
University of Kentucky	\$6,621,600
University of Louisville	2,938,900
Eastern Kentucky University	394,200
Kentucky State University	0
Morehead State University	0
Murray State University	0
Northern Kentucky University	967,000
Western Kentucky University	757,900
KCTCS	<u>3,315,200</u>
Total	\$14,994,800

KCTCS Institutions:

<u>Institution</u>	<u>2020-21 KCTCS Distribution</u>
Ashland	\$0
Big Sandy	0
Bluegrass	611,500
Elizabethtown	314,200
Gateway	285,200
Hazard	0
Henderson	0
Hopkinsville	201,800
Jefferson	468,400
Madisonville	0
Maysville	266,800
Owensboro	284,400
Somerset	327,400
Southcentral	291,900
Southeast	0
West Kentucky	<u>263,600</u>
KCTCS Total	\$3,315,200

Detailed tables showing adjusted net General Fund (Table 1) and allocable resource (Table 2) calculations and initial and subsequent performance fund distributions by institution (Tables 3 through 6) are attached, along with a copy of the May 28 letter from President Thompson to State Budget Director Hicks, providing official notification of the fiscal 2020-21 performance fund distributions. Finally, also attached are two tables that

show both detailed (Table 7) and summary level (Table 8) analyses of the change in three-year rolling averages of student success outcomes produced and operational support activity for each metric included in the university funding model between fiscal year 2019-20 and 2020-21 iterations of the model.

As can be seen in tables 7 and 8, between 2019-20 and 2020-21, Kentucky's research universities exhibited growth above the sector average in a majority of student success and operational support activity metrics, with UK exceeding the sector average in 10 out of 11 total metrics and UofL exceeding the sector average in 7 out of 11. Among the comprehensive universities, NKU and WKU showed growth above the sector average in 5 out of 11 and 4 out of 11 metrics, respectively.

If Council members have questions or require further explanation of the attached materials, please feel free to contact Bill Payne or Shaun McKiernan.

Council on Postsecondary Education
 Performance Funding Model for the Public Universities
 Table 1 - Calculated Adjusted Net General Fund by Sector and Institution
 Fiscal Year 2020-21

Final Verified Calculation
 May 22, 2020

Institution	A	B	C	(A - B - C) D	Percent of Total	Sector Allocations
	Enacted 2020-21 General Fund	Adjustments to General Fund	2020-21 Mandated Program Funding	2020-21 Adjusted Net General Fund		
University of Kentucky	\$258,609,200	\$0	(\$80,568,800)	\$178,040,400		
University of Louisville	124,117,900	0	(845,200)	123,272,700		
Eastern Kentucky University	65,337,000	(317,000)	(4,571,900)	60,448,100		
Kentucky State University	25,384,300	0	(7,148,800)	18,235,500		
Morehead State University	38,332,900	0	(3,401,400)	34,931,500		
Murray State University	43,753,800	0	(3,200,000)	40,553,800		
Northern Kentucky University	51,280,500	0	(1,323,900)	49,956,600		
Western Kentucky University	72,596,200	0	(5,735,100)	66,861,100		
Subtotal	\$679,411,800	(\$317,000)	(\$106,795,100)	\$572,299,700	77.89%	\$11,679,600
KCTCS	171,265,800		(8,819,400)	162,446,400	22.11%	3,315,200
Total	\$850,677,600		(\$115,614,500)	\$734,746,100	100.00%	\$14,994,800
				Math Check {	100.00%	\$14,994,800

Council on Postsecondary Education
 Performance Funding Model for the Public Universities
 Table 2 - Calculated Allocable Resources by Institution
 Fiscal Year 2020-21

Final Verified Calculation
 May 22, 2020

(A - B)

Institution	A 2020-21 Adjusted Net General Fund	B Small School Adjustment	C Allocable Resources
University of Kentucky	\$178,040,400	(\$16,999,300)	\$161,041,100
University of Louisville	123,272,700	(12,391,500)	110,881,200
Eastern Kentucky University	60,448,100	(4,451,200)	55,996,900
Kentucky State University	18,235,500	(4,451,200)	13,784,300
Morehead State University	34,931,500	(4,451,200)	30,480,300
Murray State University	40,553,800	(4,451,200)	36,102,600
Northern Kentucky University	49,956,600	(4,451,200)	45,505,400
Western Kentucky University	66,861,100	(4,451,200)	62,409,900
Total	\$572,299,700	(\$56,098,000)	\$516,201,700

↑
 These are the same
 amounts as used in fiscal
 year 2019-20

Council on Postsecondary Education
 Performance Funding Model for the Public Universities
 Table 3 - Initial Distribution of Allocable Resources by Institution
 Fiscal Year 2020-21

Final Verified Distribution
 May 22, 2020

Institution	(A - B)			Outcomes Based Components (@ 70%)				Operational Support Components (@ 30%)					D	E	F	
	A	B	C	Success Share ²	Student Success	Credit Hour Share ³	Course Completion	Square Feet Share ⁴	Maintenance & Operations	Direct Cost Share ⁵	Institutional Support	FTE Student Share ⁶				Academic Support
UK	\$178,040,400	(\$16,999,300)	\$161,041,100	33.4%	\$60,336,900	31.3%	\$56,487,400	36.2%	\$18,679,300	28.7%	\$14,811,900	32.8%	\$16,928,900	\$167,244,400	\$6,203,300	3.5%
UofL	123,272,700	(12,391,500)	110,881,200	21.1%	38,105,900	23.1%	41,736,500	18.7%	9,636,400	25.5%	13,139,000	21.2%	10,918,300	113,536,100	2,654,900	2.2%
EKU	60,448,100	(4,451,200)	55,996,900	10.9%	19,688,500	11.4%	20,564,100	10.3%	5,338,400	9.8%	5,077,200	10.8%	5,582,200	56,250,400	253,500	0.4%
KSU	18,235,500	(4,451,200)	13,784,300	1.4%	2,545,500	0.9%	1,541,000	2.8%	1,465,400	1.5%	756,500	1.1%	573,300	6,881,700	(6,902,600)	-37.9%
MoSU	34,931,500	(4,451,200)	30,480,300	5.2%	9,410,600	5.3%	9,548,800	5.7%	2,939,900	5.5%	2,854,800	5.5%	2,830,300	27,584,400	(2,895,900)	-8.3%
MuSU	40,553,800	(4,451,200)	36,102,600	7.0%	12,580,000	6.3%	11,320,000	8.4%	4,353,500	7.1%	3,679,800	6.6%	3,405,100	35,338,400	(764,200)	-1.9%
NKU	49,956,600	(4,451,200)	45,505,400	8.9%	16,103,900	9.2%	16,614,600	7.7%	3,951,200	9.2%	4,771,700	9.5%	4,915,100	46,356,500	851,100	1.7%
WKU	66,861,100	(4,451,200)	62,409,900	12.1%	21,899,400	12.7%	22,858,100	10.2%	5,256,200	12.6%	6,529,500	12.5%	6,467,000	63,010,200	600,300	0.9%
Sector	\$572,299,700	(\$56,098,000)	\$516,201,700	100.0%	\$180,670,700	100.0%	\$180,670,500	100.0%	\$51,620,300	100.0%	\$51,620,400	100.0%	\$51,620,200	\$516,202,100	\$400	0.0%
Allocated Dollars:					\$180,670,600		\$180,670,600		\$51,620,200		\$51,620,200		\$51,620,200	\$516,201,800	} Math Check	
Percent of Total:					35.0%		35.0%		10.0%		10.0%		10.0%	100.0%		

¹ Small School Adjustment defined as fixed base amount that remains constant when sector total appropriation increases or stays the same, but may be reduced if there is a budget cut.

² Student Success component distributed based on each institution's share of weighted student success outcomes produced (i.e., bachelor's degrees; STEM+H, URM, and low-income bachelor's degrees; and student progression at 30, 60, and 90 credit hour thresholds).

³ Course Completion distributed based on each institution's share of weighted student credit hours earned. Weights reflect differences in costs by course level and discipline, as well as, differences in cost structures and mission between sectors. Credit hours earned by out-of-state students are counted at 50% of similar credit hours earned by in-state students.

⁴ Funding for maintenance and operation (M&O) of facilities distributed based on each institution's share of Category I and Category II square feet, net of research, non-class laboratory, and open laboratory space.

⁵ Institutional Support component distributed based on each institution's share of sector total instruction and student services spending (i.e., share of direct instructional costs).

⁶ Academic Support distributed based on each institution's share of total FTE student enrollment, weighted for differences in cost structures and mission between sectors.

Council on Postsecondary Education
Performance Funding Model for the Public Universities
Table 4 - Distribution of Student Success Component
Fiscal Year 2020-21

Final Verified Distribution
May 22, 2020

Campus	(A x B)			Bachelor's Degrees (Normalized) ¹			STEM+H Bachelor's Degrees			URM Bachelor's Degrees			Low Income Bachelor's Degrees		
	A	B	C	Weighted Bachelor's Degrees	Percent Share	Formula Amount	Weighted STEM+H Degrees	Percent Share	Formula Amount	Weighted URM Degrees	Percent Share	Formula Amount	Weighted Low Income Degrees	Percent Share	Formula Amount
	Allocable Resources	Contribution Percentage	Contribution Totals												
UK	\$161,041,100	35.0%	\$56,364,400	8,191.2	33.7%	\$15,647,400	2,950.1	36.5%	\$9,412,700	813.4	29.6%	\$4,579,100	3,489.2	30.0%	\$4,650,300
UofL	110,881,200	35.0%	38,808,400	5,167.3	21.2%	9,870,900	1,566.2	19.4%	4,997,300	687.9	25.0%	3,872,200	2,811.3	24.2%	3,746,800
EKU	55,996,900	35.0%	19,598,900	2,706.2	11.1%	5,169,500	871.0	10.8%	2,779,100	244.3	8.9%	1,375,400	1,357.0	11.7%	1,808,600
KSU	13,784,300	35.0%	4,824,500	237.5	1.0%	453,600	51.3	0.6%	163,800	158.3	5.8%	891,300	186.3	1.6%	248,300
MoSU	30,480,300	35.0%	10,668,100	1,214.3	5.0%	2,319,600	375.3	4.6%	1,197,600	95.0	3.5%	534,800	738.7	6.4%	984,500
MuSU	36,102,600	35.0%	12,635,900	1,732.5	7.1%	3,309,600	719.7	8.9%	2,296,200	159.0	5.8%	895,100	726.7	6.3%	968,500
NKU	45,505,400	35.0%	15,926,900	2,161.3	8.9%	4,128,600	698.3	8.6%	2,228,100	246.3	9.0%	1,386,700	999.7	8.6%	1,332,300
WKU	62,409,900	35.0%	21,843,500	2,910.0	12.0%	5,558,800	857.3	10.6%	2,735,400	346.7	12.6%	1,951,500	1,310.7	11.3%	1,746,800
Sector	\$516,201,700		\$180,670,600	24,320.3	100.0%	\$46,458,000	8,089.3	100.0%	\$25,810,200	2,751.0	100.0%	\$15,486,100	11,619.4	100.0%	\$15,486,100
			Allocated Dollars:			\$46,458,200			\$25,810,100			\$15,486,100			\$15,486,100
			Percent of Total:			9.0%			5.0%			3.0%			3.0%

¹ Bachelor's degree figures have been normalized using degrees per 100 full-time equivalent students for each institution indexed to the public university average.

Council on Postsecondary Education
Performance Funding Model for the Public Universities
Table 4 - Distribution of Student Success Component
Fiscal Year 2020-21

Final Verified Distribution
May 22, 2020

Campus	Student Progression (@ 30, 60, & 90 Credit Hours)									D	(D - C)	(E ÷ C)	(D ÷ ΣD)
	Weighted Progression @ 30 Hours	Percent Share	Formula Amount	Weighted Progression @ 60 Hours	Percent Share	Formula Amount	Weighted Progression @ 90 Hours	Percent Share	Formula Amount		E	F	G
UK	5,380.9	34.1%	\$5,287,800	5,726.6	33.4%	\$8,628,400	7,316.8	33.6%	\$12,131,200	\$60,336,900	\$3,972,500	7.0%	33.4%
UofL	2,974.3	18.9%	2,922,800	3,461.0	20.2%	5,214,800	4,512.2	20.7%	7,481,100	38,105,900	(702,500)	-1.8%	21.1%
EKU	1,748.7	11.1%	1,718,400	1,925.3	11.2%	2,900,900	2,374.3	10.9%	3,936,600	19,688,500	89,600	0.5%	10.9%
KSU	174.3	1.1%	171,300	180.0	1.1%	271,200	208.7	1.0%	346,000	2,545,500	(2,279,000)	-47.2%	1.4%
MoSU	960.7	6.1%	944,000	959.7	5.6%	1,446,000	1,196.7	5.5%	1,984,100	9,410,600	(1,257,500)	-11.8%	5.2%
MuSU	1,006.7	6.4%	989,200	1,090.7	6.4%	1,643,300	1,494.7	6.9%	2,478,100	12,580,000	(55,900)	-0.4%	7.0%
NKU	1,484.0	9.4%	1,458,300	1,588.3	9.3%	2,393,200	1,916.0	8.8%	3,176,700	16,103,900	177,000	1.1%	8.9%
WKU	2,029.3	12.9%	1,994,200	2,198.3	12.8%	3,312,300	2,774.7	12.7%	4,600,400	21,899,400	55,900	0.3%	12.1%
Sector	15,758.8	100.0%	\$15,486,000	17,129.9	100.0%	\$25,810,100	21,794.0	100.0%	\$36,134,200	ΣD = \$180,670,700	\$100	0.0%	100.0%
			\$15,486,100 3.0%			\$25,810,100 5.0%			\$36,134,100 7.0%	\$180,670,800 35.0%	} Math Check		

Council on Postsecondary Education
 Performance Funding Model for the Public Universities
 Table 5 - Calculated Additional Appropriations and Hold Harmless Allocations
 Fiscal Year 2020-21

Final Verified Calculation
 May 22, 2020

	A	(A ÷ ΣA)	(B x AABA)	D	Σ(C+D), IF > 0, 0	Σ(C+D), IF < 0, 0	G	= (Col. E)	(G + H)
Institution	Fiscal 2020-21 Formula Totals	Percent of Total	AA Before Adjustment	Minus \$ in Difference Column	Funding in Excess of Minus \$	Fiscal 2020-21 Hold Harmless Allocation	Plus \$ in Difference Column	Funding in Excess of Minus \$	Fiscal 2020-21 Performance Distribution
University of Kentucky	\$167,244,400	32.4%	\$418,300	\$0	\$418,300	\$0	\$6,203,300	\$418,300	\$6,621,600
University of Louisville	113,536,100	22.0%	284,000	0	284,000	0	2,654,900	284,000	2,938,900
Eastern Kentucky University	56,250,400	10.9%	140,700	0	140,700	0	253,500	140,700	394,200
Kentucky State University	6,881,700	1.3%	17,200	(6,902,600)	0	(6,885,400)	0	0	0
Morehead State University	27,584,400	5.3%	69,000	(2,895,900)	0	(2,826,900)	0	0	0
Murray State University	35,338,400	6.8%	88,400	(764,200)	0	(675,800)	0	0	0
Northern Kentucky University	46,356,500	9.0%	115,900	0	115,900	0	851,100	115,900	967,000
Western Kentucky University	63,010,200	12.2%	157,600	0	157,600	0	600,300	157,600	757,900
University Sector	ΣA = \$516,202,100	100.0%	\$1,291,100	(\$10,562,700)	\$1,116,500	(\$10,388,100)	\$10,563,100	\$1,116,500	\$11,679,600

Allocation Amount: 11,679,600

Additional Appropriation Before Adjustment (AABA): \$1,291,100

Council on Postsecondary Education
 Performance Funding Model for the Public Universities
 Table 6 - Subsequent Distribution of Allocable Resources by Institution
 Fiscal Year 2020-21

Final Verified Distribution
 May 22, 2020

Institution	(A + B)		C	D	E	(C - D - E)				Operational Support Components (@ 30%)						G	H	
	A	B				F	Outcomes Based Components (@ 70%)											
	2020-21 Adjusted Net General Fund	Performance Distribution	2020-21 Revised Net General Fund	Small School Adjustment ¹	Hold Harmless Allocation	Allocable Resources	Success Share ²	Student Success	Credit Hour Share ³	Course Completion	Square Feet Share ⁴	Maintenance & Operations	Direct Cost Share ⁵	Institutional Support	FTE Student Share ⁶	Academic Support	Formula Totals	Dollar Difference
UK	\$178,040,400	\$6,621,600	\$184,662,000	(\$16,999,300)	\$0	\$167,662,700	33.4%	\$60,487,800	31.3%	\$56,628,700	36.2%	\$18,726,000	28.7%	\$14,848,900	32.8%	\$16,971,300	\$167,662,700	\$0
UofL	123,272,700	2,938,900	126,211,600	(12,391,500)	0	113,820,100	21.1%	38,201,200	23.1%	41,840,900	18.7%	9,660,500	25.5%	13,171,800	21.2%	10,945,600	113,820,000	(100)
EKU	60,448,100	394,200	60,842,300	(4,451,200)	0	56,391,100	10.9%	19,737,700	11.4%	20,615,600	10.3%	5,351,800	9.8%	5,089,800	10.8%	5,596,200	56,391,100	0
KSU	18,235,500	0	18,235,500	(4,451,200)	(6,885,400)	6,898,900	1.4%	2,551,900	0.9%	1,544,900	2.8%	1,469,000	1.5%	758,400	1.1%	574,700	6,898,900	0
MoSU	34,931,500	0	34,931,500	(4,451,200)	(2,826,900)	27,653,400	5.2%	9,434,100	5.3%	9,572,700	5.7%	2,947,300	5.5%	2,861,900	5.5%	2,837,400	27,653,400	0
MuSU	40,553,800	0	40,553,800	(4,451,200)	(675,800)	35,426,800	7.0%	12,611,500	6.3%	11,348,300	8.4%	4,364,300	7.1%	3,689,000	6.6%	3,413,600	35,426,700	(100)
NKU	49,956,600	967,000	50,923,600	(4,451,200)	0	46,472,400	8.9%	16,144,200	9.2%	16,656,200	7.7%	3,961,100	9.2%	4,783,600	9.5%	4,927,400	46,472,500	100
WKU	66,861,100	757,900	67,619,000	(4,451,200)	0	63,167,800	12.1%	21,954,200	12.7%	22,915,300	10.2%	5,269,300	12.6%	6,545,800	12.5%	6,483,100	63,167,700	(100)
Sector	\$572,299,700	\$11,679,600	\$583,979,300	(\$56,098,000)	(\$10,388,100)	\$517,493,200	100.0%	\$181,122,600	100.0%	\$181,122,600	100.0%	\$51,749,300	100.0%	\$51,749,200	100.0%	\$51,749,300	\$517,493,000	(\$200)
						Allocated Dollars:		\$181,122,600		\$181,122,600		\$51,749,300		\$51,749,300		\$51,749,300	\$517,493,100	} Math Check
						Percent of Total:		35.0%		35.0%		10.0%		10.0%		10.0%	100.0%	

¹ Small School Adjustment defined as fixed base amount that remains constant when sector total appropriation increases or stays the same, but may be reduced if there is a budget cut.

² Student Success component distributed based on each institution's share of weighted student success outcomes produced (i.e., bachelor's degrees; STEM+H, URM, and low-income bachelor's degrees; and student progression at 30, 60, and 90 credit hour thresholds).

³ Course Completion distributed based on each institution's share of weighted student credit hours earned. Weights reflect differences in costs by course level and discipline, as well as, differences in cost structures and mission between sectors. Credit hours earned by out-of-state students are counted at 50% of similar credit hours earned by in-state students.

⁴ Funding for maintenance and operation (M&O) of facilities distributed based on each institution's share of Category I and Category II square feet, net of research, non-class laboratory, and open laboratory space.

⁵ Institutional Support component distributed based on each institution's share of total instruction and student services spending (i.e., share of direct instructional costs).

⁶ Academic Support distributed based on each institution's share of total FTE student enrollment, weighted for differences in cost structures and mission between sectors.

Table 7 - Change in Funding Model Metric Three-Year Rolling Averages (**Weighted Activity Volume**)
Between 2019-20 and 2020-21 Iterations

Student Success Component

Bachelor's Degrees (Normalized) Pool Size = \$46.6 M in 2020-21	2019-20 Iteration	2020-21 Iteration	Volume Change	Percent Change	Status	Institution	2019-20 Share	2020-21 Share
UK	7,754	8,191	437	5.6%	Above	UK	32.7%	33.7%
UofL	4,920	5,167	247	5.0%	Above	UofL	20.7%	21.2%
EKU	2,642	2,706	64	2.4%	Below	EKU	11.1%	11.1%
KSU	284	237	(47)	-16.5%	Below	KSU	1.2%	1.0%
MoSU	1,256	1,214	(42)	-3.4%	Below	MoSU	5.3%	5.0%
MuSU	1,799	1,733	(66)	-3.7%	Below	MuSU	7.6%	7.1%
NKU	2,228	2,161	(66)	-3.0%	Below	NKU	9.4%	8.9%
WKU	2,849	2,910	61	2.1%	Below	WKU	12.0%	12.0%
Sector	23,734	24,320	586	2.5% =	Average		100.0%	100.0%
STEM+H Bachelor's Degrees Pool Size = \$25.9 M in 2020-21	2019-20 Iteration	2020-21 Iteration	Volume Change	Percent Change	Status	Institution	2019-20 Share	2020-21 Share
UK	2,728	2,950	222	8.2%	Above	UK	35.3%	36.5%
UofL	1,453	1,566	114	7.8%	Above	UofL	18.8%	19.4%
EKU	836	871	35	4.1%	Below	EKU	10.8%	10.8%
KSU	60	51	(9)	-14.9%	Below	KSU	0.8%	0.6%
MoSU	361	375	14	3.9%	Below	MoSU	4.7%	4.6%
MuSU	723	720	(4)	-0.5%	Below	MuSU	9.4%	8.9%
NKU	691	698	7	1.1%	Below	NKU	9.0%	8.6%
WKU	864	857	(7)	-0.8%	Below	WKU	11.2%	10.6%
Sector	7,717	8,089	372	4.8% =	Average		100.0%	100.0%
URM Bachelor's Degrees Pool Size = \$15.5 M in 2020-21	2019-20 Iteration	2020-21 Iteration	Volume Change	Percent Change	Status	Institution	2019-20 Share	2020-21 Share
UK	730	813	83	11.4%	Above	UK	28.3%	29.6%
UofL	660	688	28	4.3%	Below	UofL	25.6%	25.0%
EKU	230	244	14	6.1%	Below	EKU	8.9%	8.9%
KSU	159	158	(1)	-0.6%	Below	KSU	6.2%	5.8%
MoSU	84	95	11	12.6%	Above	MoSU	3.3%	3.5%
MuSU	161	159	(2)	-1.4%	Below	MuSU	6.3%	5.8%
NKU	231	246	16	6.8%	Above	NKU	8.9%	9.0%
WKU	324	347	23	7.0%	Above	WKU	12.6%	12.6%
Sector	2,580	2,751	171	6.6% =	Average		100.0%	100.0%

Table 7 - Change in Funding Model Metric Three-Year Rolling Averages (**Weighted Activity Volume**)
Between 2019-20 and 2020-21 Iterations

Student Success Component (Cont'd)

Low Income Bachelor's Degrees Pool Size = \$15.5 M in 2020-21	2019-20 Iteration	2020-21 Iteration	Volume Change	Percent Change	Status	Institution	2019-20 Share	2020-21 Share
UK	3,428	3,489	61	1.8%	Above	UK	29.5%	30.0%
UofL	2,762	2,811	49	1.8%	Above	UofL	23.7%	24.2%
EKU	1,374	1,357	(17)	-1.2%	Below	EKU	11.8%	11.7%
KSU	204	186	(18)	-8.7%	Below	KSU	1.8%	1.6%
MoSU	762	739	(24)	-3.1%	Below	MoSU	6.6%	6.4%
MuSU	749	727	(22)	-3.0%	Below	MuSU	6.4%	6.3%
NKU	1,027	1,000	(28)	-2.7%	Below	NKU	8.8%	8.6%
WKU	1,329	1,311	(18)	-1.4%	Below	WKU	11.4%	11.3%
Sector	11,636	11,619	(16)	-0.1%	Average		100.0%	100.0%
Student Progression @ 30 Hours Pool Size = \$15.5 M in 2020-21	2019-20 Iteration	2020-21 Iteration	Volume Change	Percent Change	Status	Institution	2019-20 Share	2020-21 Share
UK	5,495	5,381	(114)	-2.1%	Above	UK	34.1%	34.1%
UofL	3,027	2,974	(53)	-1.7%	Above	UofL	18.8%	18.9%
EKU	1,862	1,749	(114)	-6.1%	Below	EKU	11.5%	11.1%
KSU	160	174	15	9.2%	Above	KSU	1.0%	1.1%
MoSU	959	961	2	0.2%	Above	MoSU	5.9%	6.1%
MuSU	1,010	1,007	(3)	-0.3%	Above	MuSU	6.3%	6.4%
NKU	1,532	1,484	(48)	-3.1%	Below	NKU	9.5%	9.4%
WKU	2,092	2,029	(62)	-3.0%	Below	WKU	13.0%	12.9%
Sector	16,136	15,759	(377)	-2.3%	Average		100.0%	100.0%
Student Progression @ 60 Hours Pool Size = \$25.9 M in 2020-21	2019-20 Iteration	2020-21 Iteration	Volume Change	Percent Change	Status	Institution	2019-20 Share	2020-21 Share
UK	5,873	5,727	(147)	-2.5%	Below	UK	33.6%	33.4%
UofL	3,532	3,461	(71)	-2.0%	Below	UofL	20.2%	20.2%
EKU	1,924	1,925	2	0.1%	Above	EKU	11.0%	11.2%
KSU	184	180	(4)	-2.0%	Below	KSU	1.1%	1.1%
MoSU	988	960	(29)	-2.9%	Below	MoSU	5.7%	5.6%
MuSU	1,115	1,091	(24)	-2.2%	Below	MuSU	6.4%	6.4%
NKU	1,612	1,588	(24)	-1.5%	Above	NKU	9.2%	9.3%
WKU	2,233	2,198	(34)	-1.5%	Above	WKU	12.8%	12.8%
Sector	17,461	17,130	(331)	-1.9%	Average		100.0%	100.0%

Table 7 - Change in Funding Model Metric Three-Year Rolling Averages (**Weighted Activity Volume**)
Between 2019-20 and 2020-21 Iterations

Student Success Component (Cont'd)

Student Progression @ 90 Hours Pool Size = \$36.2 M in 2020-21	2019-20 Iteration	2020-21 Iteration	Volume Change	Percent Change	Status	Institution	2019-20 Share	2020-21 Share
UK	7,250	7,317	67	0.9%	Above	UK	33.3%	33.6%
UofL	4,526	4,512	(14)	-0.3%	Below	UofL	20.8%	20.7%
EKU	2,311	2,374	63	2.7%	Above	EKU	10.6%	10.9%
KSU	241	209	(32)	-13.4%	Below	KSU	1.1%	1.0%
MoSU	1,237	1,197	(41)	-3.3%	Below	MoSU	5.7%	5.5%
MuSU	1,518	1,495	(23)	-1.5%	Below	MuSU	7.0%	6.9%
NKU	1,948	1,916	(32)	-1.7%	Below	NKU	8.9%	8.8%
WKU	2,748	2,775	27	1.0%	Above	WKU	12.6%	12.7%
Sector	21,780	21,794	14	0.1%	= Average		100.0%	100.0%

Course Completion Component

Student Credit Hours Earned Pool Size = \$181.1 M in 2020-21	2019-20 Iteration	2020-21 Iteration	Volume Change	Percent Change	Status	Institution	2019-20 Share	2020-21 Share
UK	1,348,256	1,391,065	42,809	3.2%	Above	UK	30.6%	31.3%
UofL	1,017,022	1,027,807	10,785	1.1%	Above	UofL	23.1%	23.1%
EKU	514,109	506,415	(7,694)	-1.5%	Below	EKU	11.7%	11.4%
KSU	40,074	37,950	(2,124)	-5.3%	Below	KSU	0.9%	0.9%
MoSU	241,295	235,150	(6,145)	-2.5%	Below	MoSU	5.5%	5.3%
MuSU	289,065	278,768	(10,297)	-3.6%	Below	MuSU	6.6%	6.3%
NKU	396,255	409,154	12,899	3.3%	Above	NKU	9.0%	9.2%
WKU	565,626	562,907	(2,719)	-0.5%	Below	WKU	12.8%	12.7%
Sector	4,411,703	4,449,217	37,513	0.9%	= Average		100.0%	100.0%

Maintenance and Operations

Square Feet Data Pool Size = \$51.7 M in 2020-21	2019-20 Iteration	2020-21 Iteration	Volume Change	Percent Change	Status	Institution	2019-20 Share	2020-21 Share
UK	8,010,620	8,585,557	574,937	7.2%	Above	UK	35.3%	36.2%
UofL	4,287,640	4,429,983	142,343	3.3%	Below	UofL	18.9%	18.7%
EKU	2,382,140	2,454,151	72,011	3.0%	Below	EKU	10.5%	10.3%
KSU	673,601	673,658	57	0.0%	Below	KSU	3.0%	2.8%
MoSU	1,312,087	1,351,527	39,440	3.0%	Below	MoSU	5.8%	5.7%
MuSU	1,955,585	2,001,344	45,760	2.3%	Below	MuSU	8.6%	8.4%
NKU	1,769,929	1,816,413	46,484	2.6%	Below	NKU	7.8%	7.7%
WKU	2,273,068	2,416,347	143,279	6.3%	Above	WKU	10.0%	10.0%
Sector	22,664,670	23,728,980	1,064,310	4.7%	= Average		100.0%	100.0%

Table 7 - Change in Funding Model Metric Three-Year Rolling Averages (**Weighted Activity Volume**)
Between 2019-20 and 2020-21 Iterations

Institutional Support

Instruction and Student Services Pool Size = \$51.7 M in 2020-21	2019-20 Iteration	2020-21 Iteration	Volume Change	Percent Change	Status	Institution	2019-20 Share	2020-21 Share
UK	3,181	3,231	50	1.6%	Above	UK	28.2%	28.7%
UofL	2,874	2,866	(8)	-0.3%	Above	UofL	25.4%	25.5%
EKU	1,147	1,108	(39)	-3.4%	Below	EKU	10.1%	9.8%
KSU	154	165	11	7.4%	Above	KSU	1.4%	1.5%
MoSU	635	623	(12)	-1.9%	Below	MoSU	5.6%	5.5%
MuSU	832	803	(29)	-3.5%	Below	MuSU	7.4%	7.1%
NKU	1,026	1,041	14	1.4%	Above	NKU	9.1%	9.2%
WKU	1,450	1,424	(26)	-1.8%	Below	WKU	12.8%	12.6%
Sector	11,300	11,260	(40)	-0.4%	= Average		100.0%	100.0%

Academic Support

FTE Students Pool Size = \$51.7 M in 2020-21	2019-20 Iteration	2020-21 Iteration	Volume Change	Percent Change	Status	Institution	2019-20 Share	2020-21 Share
UK	38,739	38,338	(402)	-1.0%	Above	UK	32.6%	32.8%
UofL	24,886	24,726	(160)	-0.6%	Above	UofL	20.9%	21.2%
EKU	13,005	12,642	(363)	-2.8%	Below	EKU	10.9%	10.8%
KSU	1,318	1,298	(20)	-1.5%	Above	KSU	1.1%	1.1%
MoSU	6,622	6,410	(212)	-3.2%	Below	MoSU	5.6%	5.5%
MuSU	8,148	7,711	(436)	-5.4%	Below	MuSU	6.8%	6.6%
NKU	11,263	11,131	(132)	-1.2%	Above	NKU	9.5%	9.5%
WKU	15,005	14,645	(360)	-2.4%	Below	WKU	12.6%	12.5%
Sector	118,986	116,900	(2,085)	-1.8%	= Average		100.0%	100.0%

Funding Model Totals

Metrics = 11

Allocable Resources = **\$517.5 M** in 2020-21

Council on Postsecondary Education
 Performance Funding Model for the Public Universities

May 22, 2020

Table 8 - Metrics Where Rates of Growth Exceeded Sector Average
 Between Fiscal Years 2019-20 and 2020-21

<u>Performance Metric</u>	<u>UK</u>	<u>UofL</u>	<u>EKU</u>	<u>KSU</u>	<u>MoSU</u>	<u>MuSU</u>	<u>NKU</u>	<u>WKU</u>	<u>Pool Size (in Millions)</u>
Student Success Outcomes									
Bachelor's Degrees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$46.6
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 type="checkbox"/>	<input type="checkbox"/>	25.9
URM Bachelor's Degrees	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	15.5
Low Income Bachelor's Degrees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15.5
Student Progression @ 30 Hours	<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"/>	<input type="checkbox"/>	15.5
Student Progression @ 60 Hours	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	25.9
Student Progression @ 90 Hours	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	36.2
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"/>	181.1
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"/>	51.7
Direct Cost of Instruction	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	51.7
FTE Students	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	51.7
Metrics Above Sector Average	10	7	2	3	2	1	5	4	<u>\$517.5</u>



Kentucky Council on Postsecondary Education

Andy Beshear
Governor

100 Airport Road, 2nd Floor
Frankfort, Kentucky 40601
Phone: 502-573-1555
<http://www.cpe.ky.gov>

Aaron Thompson, Ph.D.
President

May 28, 2020

Mr. John Hicks, State Budget Director
Capitol Annex, Room 284
702 Capital Avenue
Frankfort, KY 40601

RE: Distribution of 2020-21 Postsecondary Education Performance Fund

Dear Mr. Hicks:

As you know, the enacted budget for 2020-21 (HB 352) appropriated \$14,994,800 to the Postsecondary Education Performance Fund. These funds are to be distributed according to the provisions of KRS 164.092, which directs the Council on Postsecondary Education to run the Performance Funding Model and submit to your office a distribution of funds for the public universities and KCTCS institutions as indicated below.

Public Universities and KCTCS:

University of Kentucky	\$6,621,600
University of Louisville	2,938,900
Eastern Kentucky University	394,200
Kentucky State University	0
Morehead State University	0
Murray State University	0
Northern Kentucky University	967,000
Western Kentucky University	757,900
KCTCS	<u>3,315,200</u>
Total	\$14,994,800

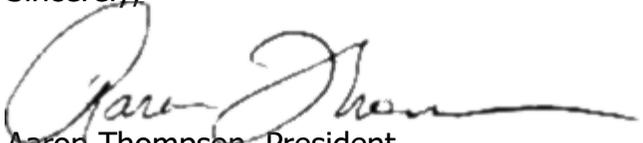
(Continued on following page)

KCTCS Institutions (Detail):

Ashland	\$0
Big Sandy	0
Bluegrass	611,500
Elizabethtown	314,200
Gateway	285,200
Hazard	0
Henderson	0
Hopkinsville	201,800
Jefferson	468,400
Madisonville	0
Maysville	266,800
Owensboro	284,400
Somerset	327,400
Southcentral	291,900
Southeast	0
West Kentucky	<u>263,600</u>
KCTCS Subtotal	\$3,315,200

Spreadsheets showing calculations used to determine the distribution of funds for the public universities and KCTCS institutions are available upon request. If you have questions or require additional information, please contact me at (502) 892-3001 or Bill Payne at (502) 892-3052.

Sincerely,



Aaron Thompson, President
Kentucky Council on Postsecondary Education

C: Senator Christian McDaniel
Senator David Givens
Representative Steven Rudy
Representative James Tipton
Janice Tomes, OSBD
Carla Wright, OSBD
Postsecondary Institution Presidents

Performance Funding Model for the Public Universities
 Total Bachelor's Degrees Produced by Institution and Sector
 Academic Years 2013-14 through 2018-19

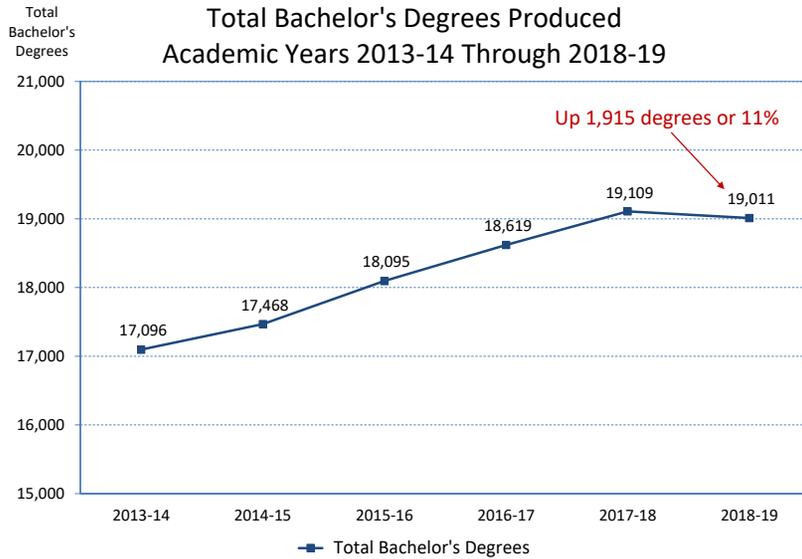
July 30, 2020

Institution	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Five-Year		
							Number Change	Percent Change	AAGR
University of Kentucky	3,988	4,238	4,540	4,642	4,956	5,105	1,117	28.0%	5.1%
University of Louisville	2,821	2,832	2,705	3,010	3,041	3,049	228	8.1%	1.6%
Eastern Kentucky University	2,508	2,532	2,559	2,573	2,648	2,690	182	7.3%	1.4%
Kentucky State University	272	270	276	315	222	212	(60)	-22.1%	-4.9%
Morehead State University	1,144	1,166	1,306	1,291	1,308	1,260	116	10.1%	2.0%
Murray State University	1,469	1,512	1,696	1,699	1,678	1,577	108	7.4%	1.4%
Northern Kentucky University	2,143	2,214	2,196	2,238	2,218	2,134	(9)	-0.4%	-0.1%
Western Kentucky University	2,751	2,704	2,817	2,851	3,038	2,984	233	8.5%	1.6%
Total Bachelor's Degrees	17,096	17,468	18,095	18,619	19,109	19,011	1,915	11.2%	2.1%

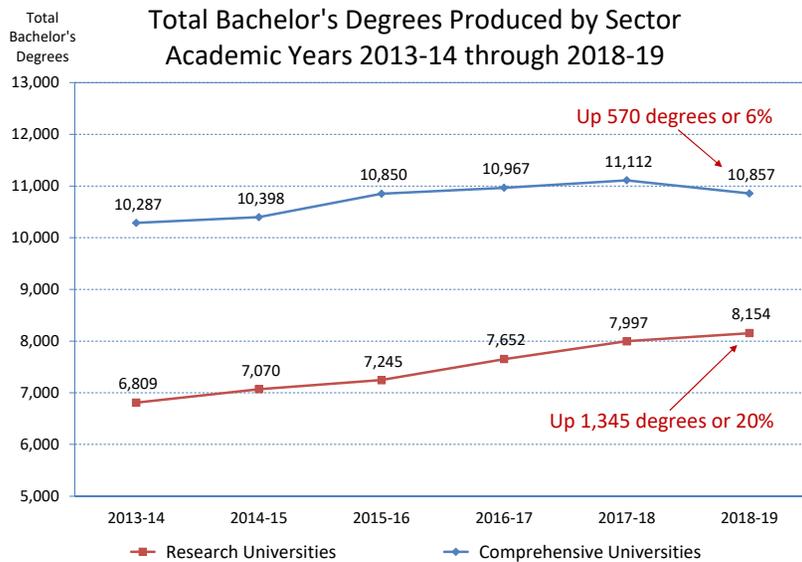
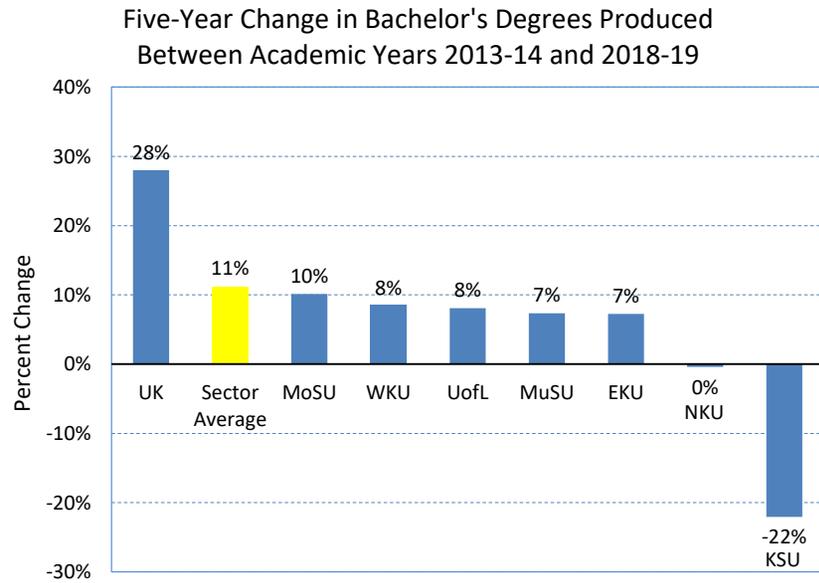
Sector	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Five-Year		
							Number Change	Percent Change	AAGR
Research Universities	6,809	7,070	7,245	7,652	7,997	8,154	1,345	19.8%	3.7%
Comprehensive Universities	10,287	10,398	10,850	10,967	11,112	10,857	570	5.5%	1.1%
Total Bachelor's Degrees	17,096	17,468	18,095	18,619	19,109	19,011	1,915	11.2%	2.1%

AAGR = Average Annual Growth Rate

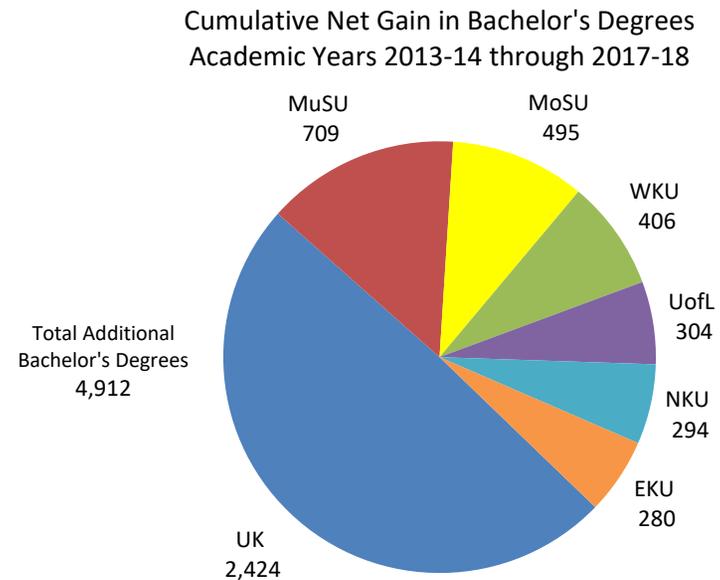
Source: Council on Postsecondary Education, Data and Advanced Analytics Unit, Performance Funding Database.



Source: Council on Postsecondary Education, Data and Advanced Analytics Performance Funding Database.



Source: Council on Postsecondary Education, Data and Advanced Analytics Performance Funding Database.



Performance Funding Model for the Public Universities
STEM+H Bachelor's Degrees Produced by Institution and Sector
Academic Years 2013-14 through 2018-19

July 30, 2020

Institution	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Five-Year		
							Number Change	Percent Change	AAGR
University of Kentucky	1,345	1,439	1,609	1,793	1,908	2,042	697	51.8%	8.7%
University of Louisville	798	782	835	955	1,038	1,056	258	32.3%	5.8%
Eastern Kentucky University	657	682	769	840	900	873	216	32.9%	5.8%
Kentucky State University	48	59	65	70	46	38	(10)	-20.8%	-4.6%
Morehead State University	286	306	343	357	384	385	99	34.6%	6.1%
Murray State University	564	643	741	710	719	730	166	29.4%	5.3%
Northern Kentucky University	587	648	672	722	679	694	107	18.2%	3.4%
Western Kentucky University	808	743	888	825	880	867	59	7.3%	1.4%
Total STEM+H Bachelor's Degrees	5,093	5,302	5,922	6,272	6,554	6,685	1,592	31.3%	5.6%

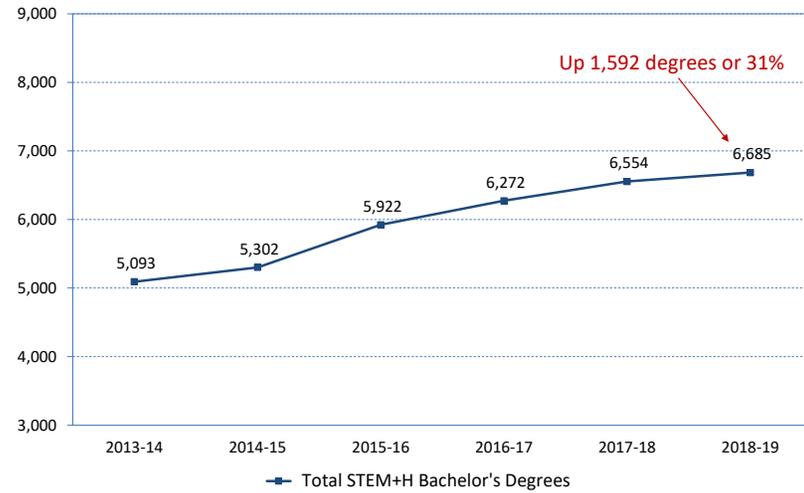
Sector	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Five-Year		
							Number Change	Percent Change	AAGR
Research Universities	2,143	2,221	2,444	2,748	2,946	3,098	955	44.6%	7.6%
Comprehensive Universities	2,950	3,081	3,478	3,524	3,608	3,587	637	21.6%	4.0%
Total STEM+H Bachelor's Degrees	5,093	5,302	5,922	6,272	6,554	6,685	1,592	31.3%	5.6%

AAGR = Average Annual Growth Rate

Source: Council on Postsecondary Education, Data and Advanced Analytics Unit, Performance Funding Database.

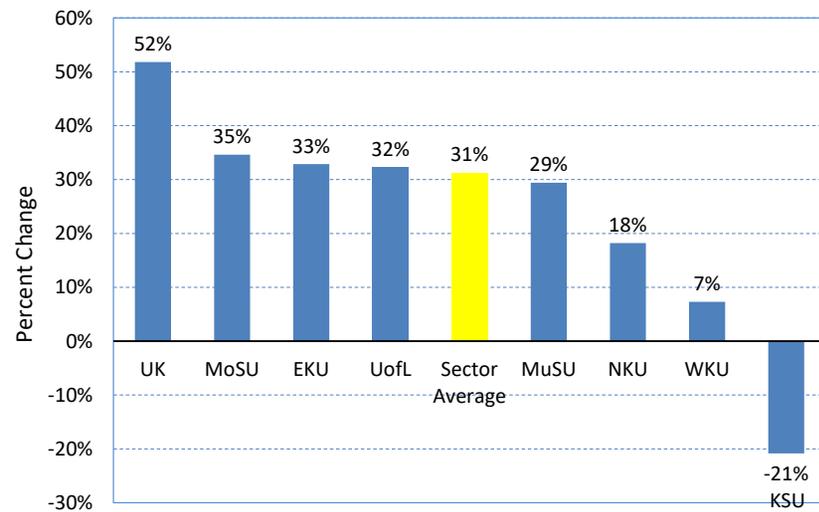
STEM+H Bachelor's Degrees

Total STEM+H Bachelor's Degrees Produced Academic Years 2013-14 through 2018-19



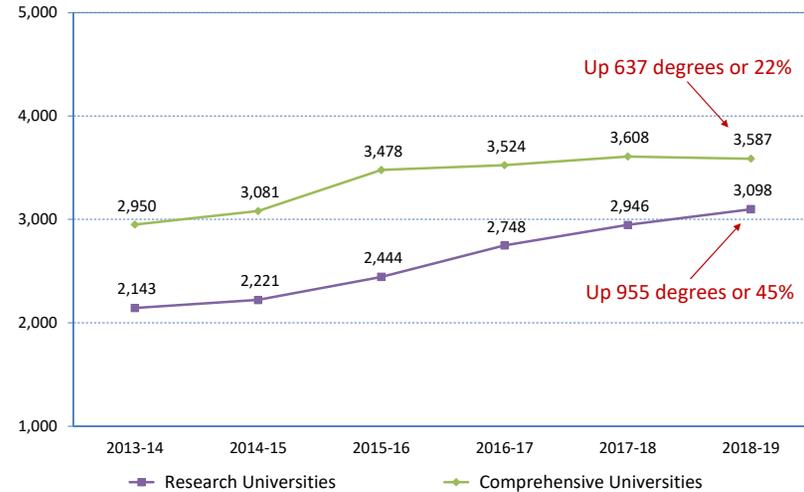
Source: Council on Postsecondary Education, Data and Advanced Analytics Performance Funding Database.

Five-Year Change in STEM+H Bachelor's Degrees Produced Between Academic Years 2013-14 and 2018-19



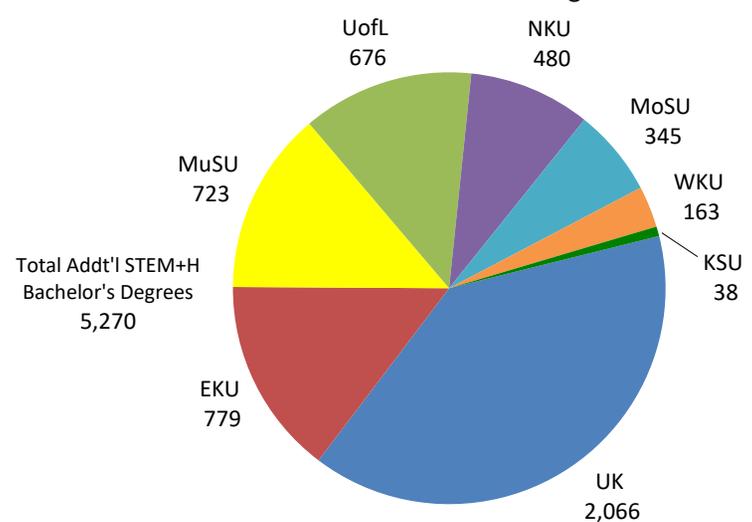
STEM+H Bachelor's Degrees

STEM+H Bachelor's Degrees Produced by Sector Academic Years 2013-14 through 2018-19



Source: Council on Postsecondary Education, Data and Advanced Analytics Performance Funding Database.

Cumulative Net Gain in STEM+H Bachelor's Degrees Academic Years 2013-14 through 2018-19



Performance Funding Model for the Public Universities
 Underrepresented Minority (URM) Bachelor's Degrees Produced by Institution and Sector
 Academic Years 2013-14 through 2018-19

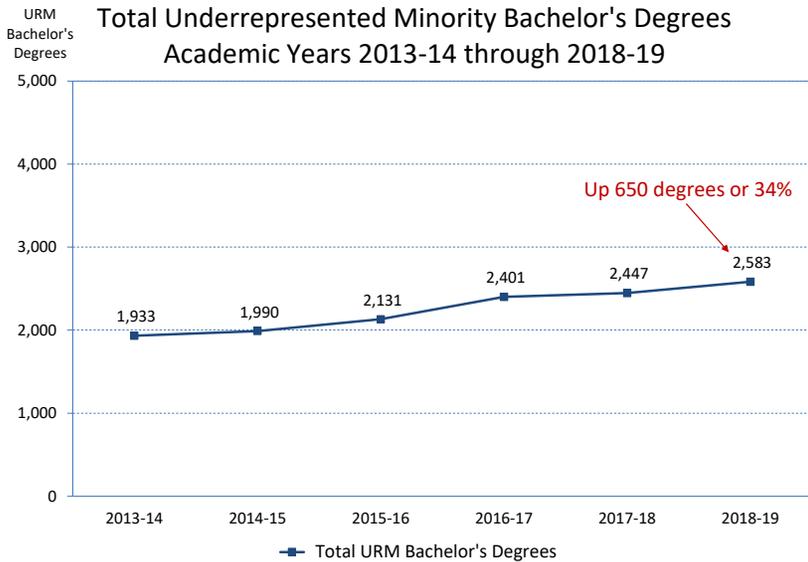
July 30, 2020

Institution	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Five-Year		
							Number Change	Percent Change	AAGR
University of Kentucky	412	460	536	594	661	740	328	79.6%	12.4%
University of Louisville	465	514	484	577	557	553	88	18.9%	3.5%
Eastern Kentucky University	236	213	207	213	271	249	13	5.5%	1.1%
Kentucky State University	170	141	160	182	136	157	(13)	-7.6%	-1.6%
Morehead State University	51	63	69	105	79	101	50	98.0%	14.6%
Murray State University	131	127	151	174	159	144	13	9.9%	1.9%
Northern Kentucky University	183	185	209	246	237	256	73	39.9%	6.9%
Western Kentucky University	285	287	315	310	347	383	98	34.4%	6.1%
Total URM Bachelor's Degrees	1,933	1,990	2,131	2,401	2,447	2,583	650	33.6%	6.0%

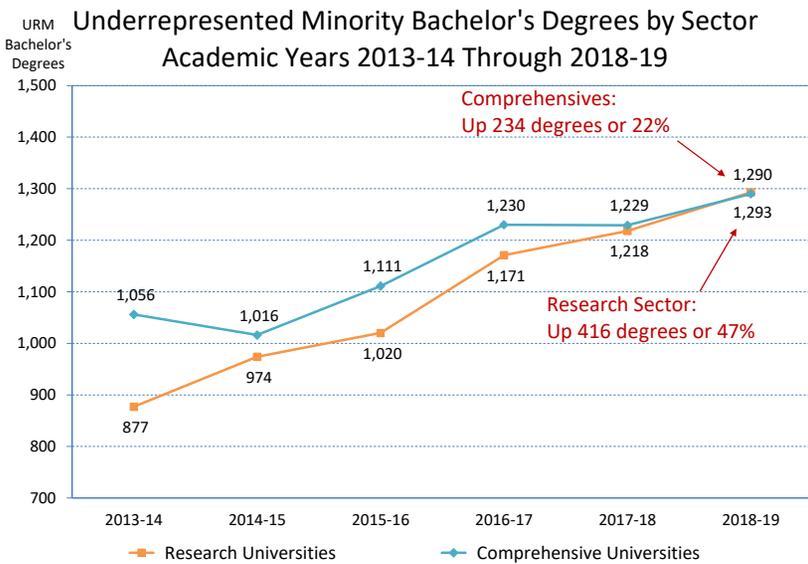
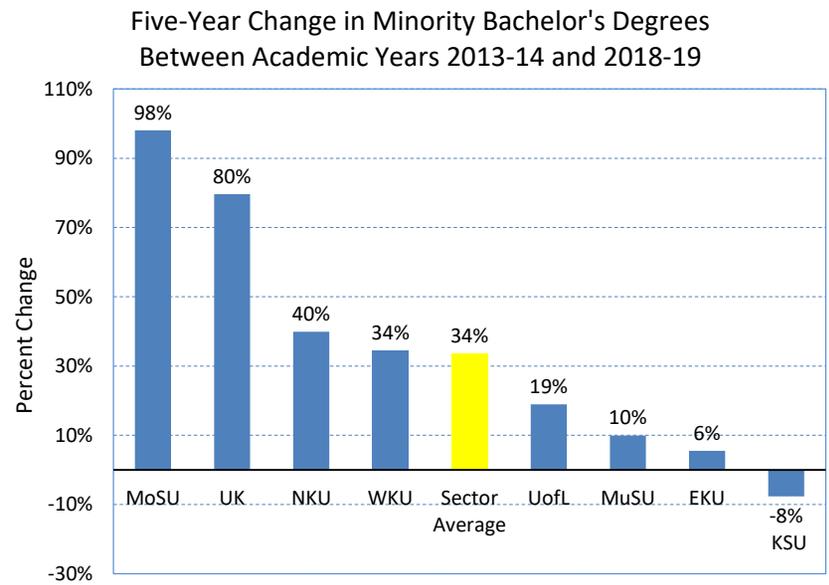
Sector	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Five-Year		
							Number Change	Percent Change	AAGR
Research Universities	877	974	1,020	1,171	1,218	1,293	416	47.4%	8.1%
Comprehensive Universities	1,056	1,016	1,111	1,230	1,229	1,290	234	22.2%	4.1%
Total URM Bachelor's Degrees	1,933	1,990	2,131	2,401	2,447	2,583	650	33.6%	6.0%

AAGR = Average Annual Growth Rate

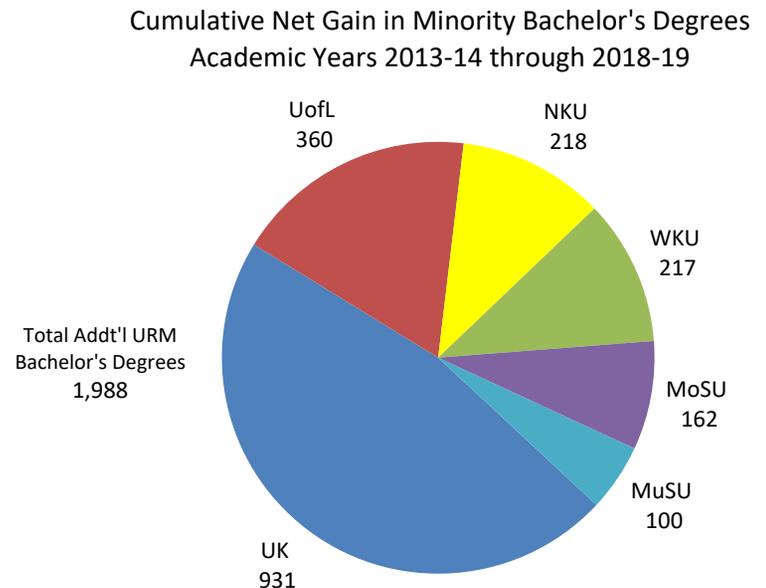
Source: Council on Postsecondary Education, Data and Advanced Analytics Unit, Performance Funding Database.



Source: Council on Postsecondary Education, Data and Advanced Analytics Performance Funding Database.



Source: Council on Postsecondary Education, Data and Advanced Analytics Performance Funding Database.



Performance Funding Model for the Public Universities
 Low Income Bachelor's Degrees Produced by Institution and Sector
 Academic Years 2013-14 through 2018-19

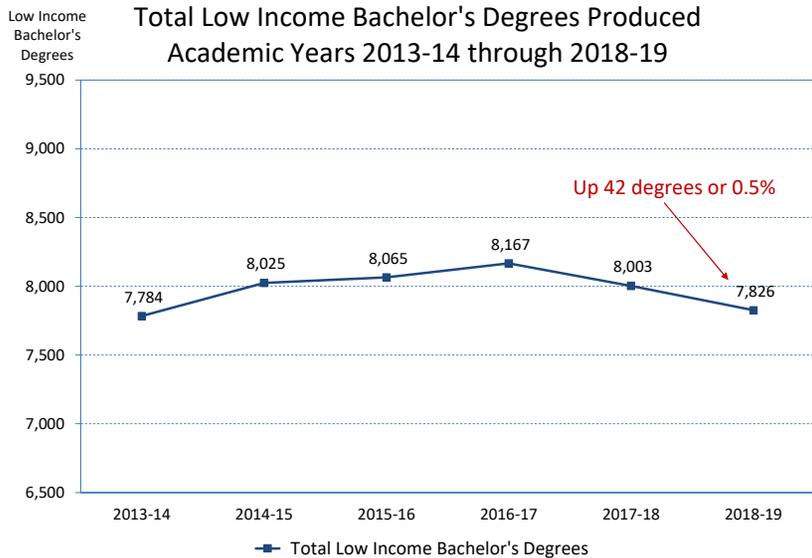
July 30, 2020

Institution	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Five-Year		
							Number Change	Percent Change	AAGR
University of Kentucky	1,287	1,350	1,423	1,494	1,457	1,501	214	16.6%	3.1%
University of Louisville	1,218	1,210	1,137	1,203	1,184	1,200	(18)	-1.5%	-0.3%
Eastern Kentucky University	1,343	1,372	1,378	1,399	1,345	1,327	(16)	-1.2%	-0.2%
Kentucky State University	203	196	211	237	164	158	(45)	-22.2%	-4.9%
Morehead State University	703	703	779	743	765	708	5	0.7%	0.1%
Murray State University	687	733	747	775	725	680	(7)	-1.0%	-0.2%
Northern Kentucky University	962	1,071	1,037	1,040	1,005	954	(8)	-0.8%	-0.2%
Western Kentucky University	1,381	1,390	1,353	1,276	1,358	1,298	(83)	-6.0%	-1.2%
Total Low Income Bachelor's Degrees	7,784	8,025	8,065	8,167	8,003	7,826	42	0.5%	0.1%

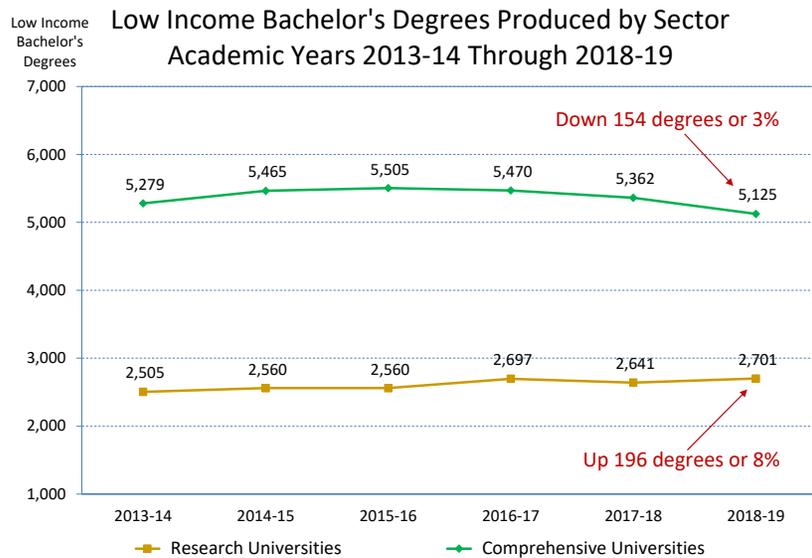
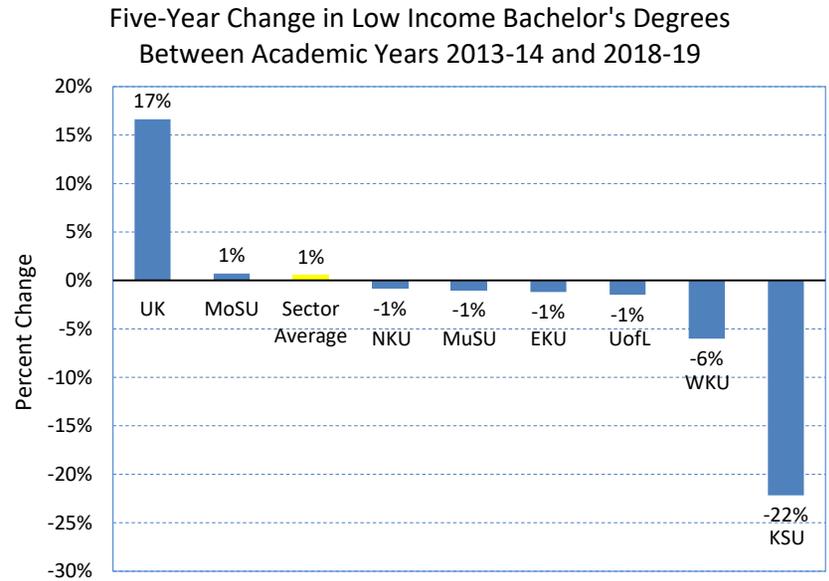
Sector	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Five-Year		
							Number Change	Percent Change	AAGR
Research Universities	2,505	2,560	2,560	2,697	2,641	2,701	196	7.8%	1.5%
Comprehensive Universities	5,279	5,465	5,505	5,470	5,362	5,125	(154)	-2.9%	-0.6%
Total Low Income Bachelor's Degrees	7,784	8,025	8,065	8,167	8,003	7,826	42	0.5%	0.1%

AAGR = Average Annual Growth Rate

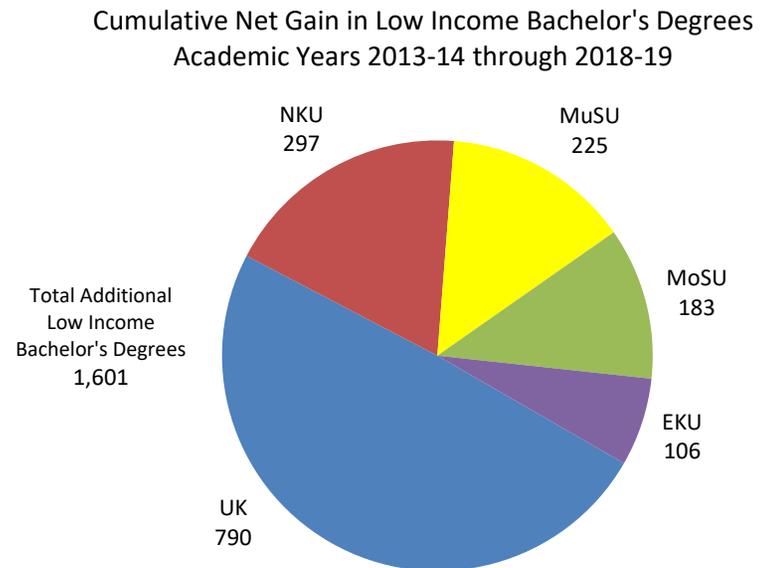
Source: Council on Postsecondary Education, Data and Advanced Analytics Unit, Performance Funding Database.



Source: Council on Postsecondary Education, Data and Advanced Analytics Performance Funding Database.



Source: Council on Postsecondary Education, Data and Advanced Analytics Performance Funding Database.



Performance Funding Model for the Public Universities
 Student Progression @30 Credit Hour Threshold by Institution and Sector
 Academic Years 2013-14 through 2018-19

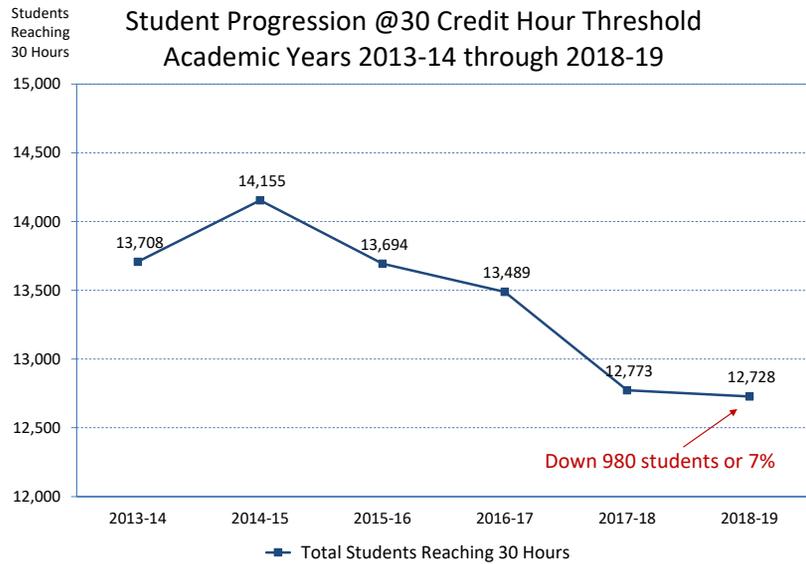
July 30, 2020

Institution	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Five-Year		
							Number Change	Percent Change	AAGR
University of Kentucky	3,471	3,839	3,868	3,720	3,447	3,639	168	4.8%	0.9%
University of Louisville	2,265	2,165	2,046	2,064	1,969	1,940	(325)	-14.3%	-3.1%
Eastern Kentucky University	1,353	1,821	1,955	1,881	1,751	1,614	261	19.3%	3.6%
Kentucky State University	211	221	144	163	172	188	(23)	-10.9%	-2.3%
Morehead State University	1,237	1,048	975	957	945	980	(257)	-20.8%	-4.6%
Murray State University	1,146	1,080	968	1,077	984	959	(187)	-16.3%	-3.5%
Northern Kentucky University	1,681	1,623	1,569	1,576	1,450	1,426	(255)	-15.2%	-3.2%
Western Kentucky University	2,344	2,358	2,169	2,051	2,055	1,982	(362)	-15.4%	-3.3%
Total Students Reaching 30 Hours	13,708	14,155	13,694	13,489	12,773	12,728	(980)	-7.1%	-1.5%

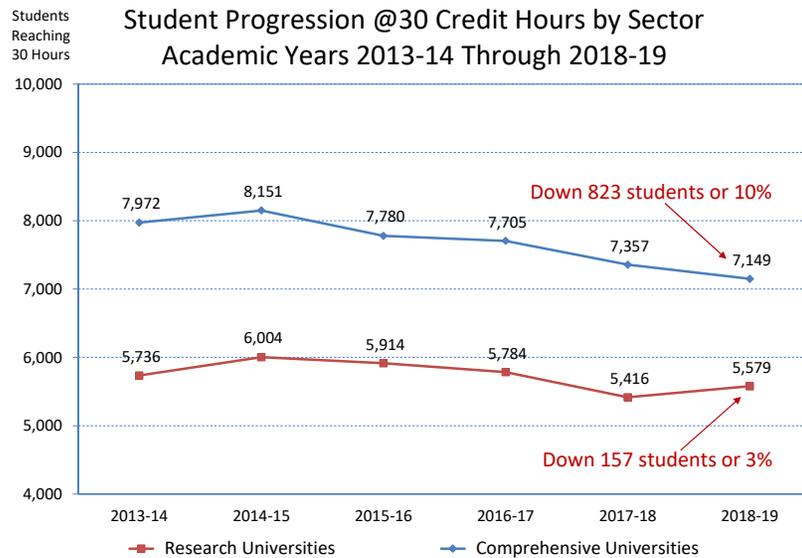
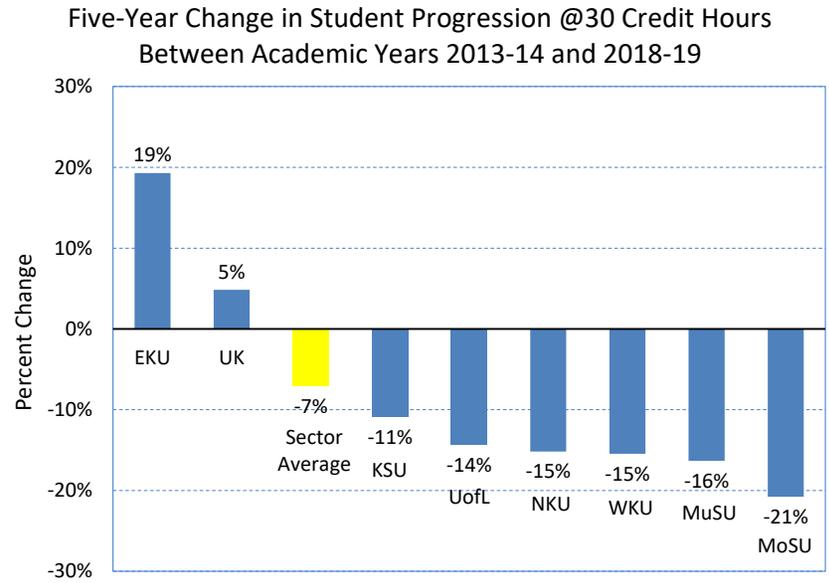
Sector	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Five-Year		
							Number Change	Percent Change	AAGR
Research Universities	5,736	6,004	5,914	5,784	5,416	5,579	(157)	-2.7%	-0.6%
Comprehensive Universities	7,972	8,151	7,780	7,705	7,357	7,149	(823)	-10.3%	-2.2%
Total Students Reaching 30 Hours	13,708	14,155	13,694	13,489	12,773	12,728	(980)	-7.1%	-1.5%

AAGR = Average Annual Growth Rate

Source: Council on Postsecondary Education, Data and Advanced Analytics Unit, Performance Funding Database.

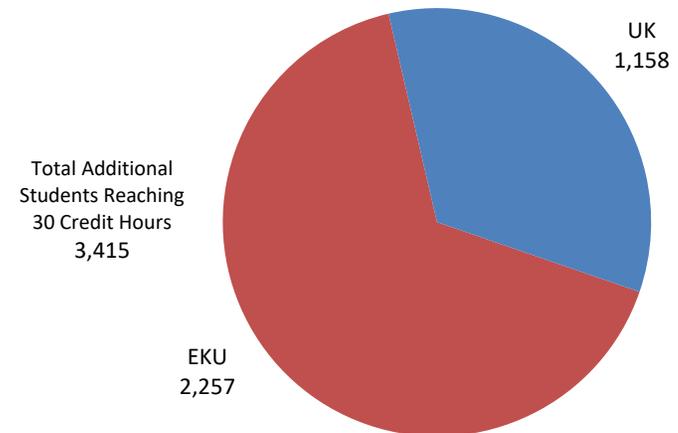


Source: Council on Postsecondary Education, Data and Advanced Analytics Performance Funding Database.



Source: Council on Postsecondary Education, Data and Advanced Analytics Performance Funding Database.

Cumulative Net Gain in Progression @ 30 Credit Hours Academic Years 2013-14 through 2018-19



Performance Funding Model for the Public Universities
 Student Progression @60 Credit Hour Threshold by Institution and Sector
 Academic Years 2013-14 through 2018-19

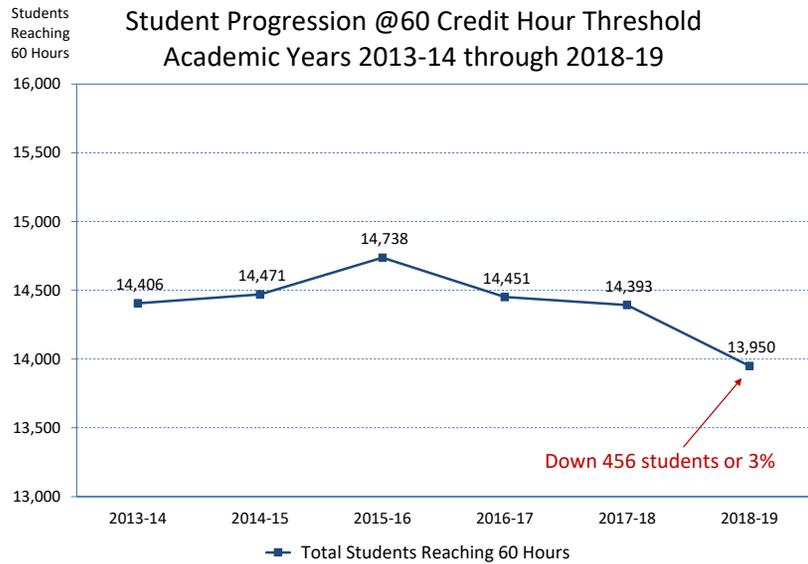
July 30, 2020

Institution	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Five-Year		
							Number Change	Percent Change	AAGR
University of Kentucky	3,761	3,694	4,083	4,112	3,930	3,780	19	0.5%	0.1%
University of Louisville	2,366	2,449	2,470	2,399	2,423	2,323	(43)	-1.8%	-0.4%
Eastern Kentucky University	1,932	1,822	1,846	1,947	1,978	1,851	(81)	-4.2%	-0.9%
Kentucky State University	228	212	190	196	165	179	(49)	-21.5%	-4.7%
Morehead State University	1,039	1,115	1,052	951	962	966	(73)	-7.0%	-1.4%
Murray State University	1,193	1,225	1,141	1,041	1,162	1,069	(124)	-10.4%	-2.2%
Northern Kentucky University	1,649	1,699	1,659	1,598	1,579	1,588	(61)	-3.7%	-0.8%
Western Kentucky University	2,238	2,255	2,297	2,207	2,194	2,194	(44)	-2.0%	-0.4%
Total Students Reaching 60 Hours	14,406	14,471	14,738	14,451	14,393	13,950	(456)	-3.2%	-0.6%

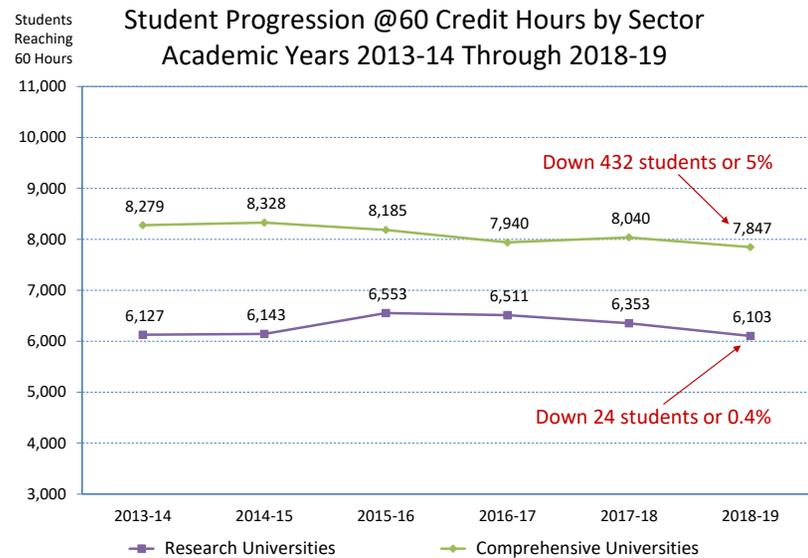
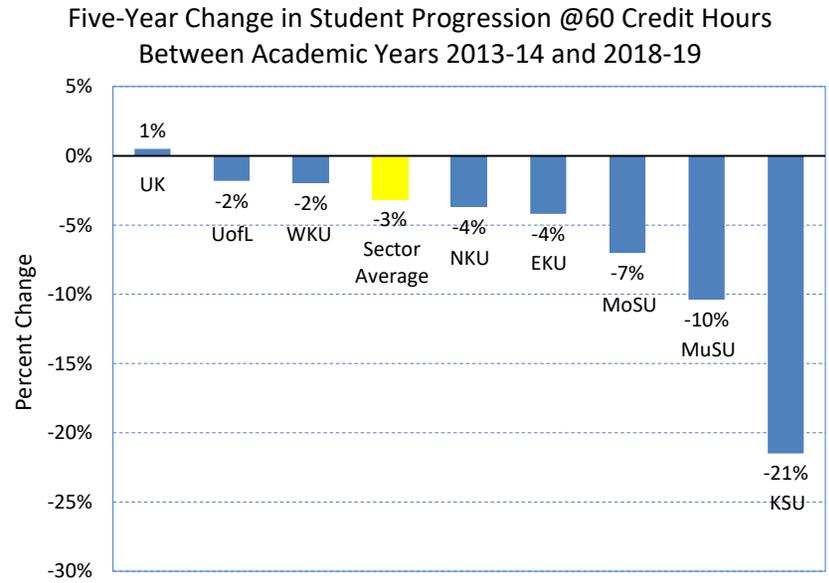
Sector	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Five-Year		
							Number Change	Percent Change	AAGR
Research Universities	6,127	6,143	6,553	6,511	6,353	6,103	(24)	-0.4%	-0.1%
Comprehensive Universities	8,279	8,328	8,185	7,940	8,040	7,847	(432)	-5.2%	-1.1%
Total Students Reaching 60 Hours	14,406	14,471	14,738	14,451	14,393	13,950	(456)	-3.2%	-0.6%

AAGR = Average Annual Growth Rate

Source: Council on Postsecondary Education, Data and Advanced Analytics Unit, Performance Funding Database.

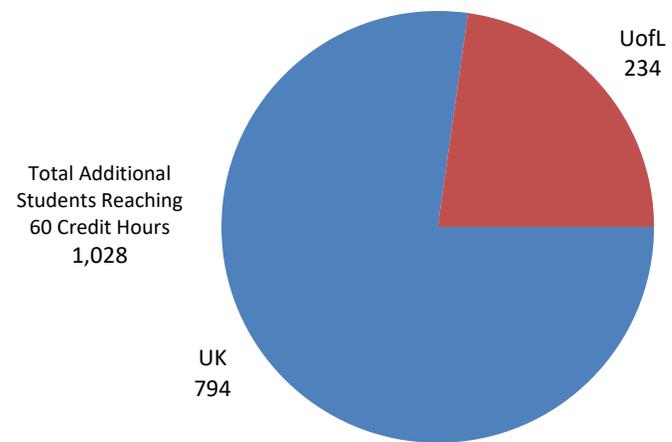


Source: Council on Postsecondary Education, Data and Advanced Analytics Performance Funding Database.



Source: Council on Postsecondary Education, Data and Advanced Analytics Performance Funding Database.

Cumulative Net Gain in Progression @60 Credit Hours Academic Years 2013-14 through 2018-19



Performance Funding Model for the Public Universities
 Student Progression @90 Credit Hour Threshold by Institution and Sector
 Academic Years 2013-14 through 2018-19

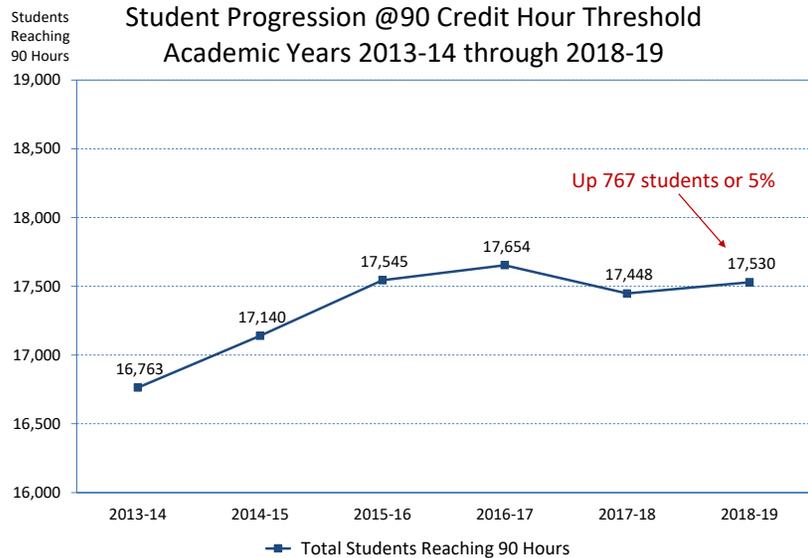
July 30, 2020

Institution	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Five-Year		
							Number Change	Percent Change	AAGR
University of Kentucky	4,150	4,259	4,500	4,654	4,781	4,629	479	11.5%	2.2%
University of Louisville	2,694	2,771	2,933	2,929	2,838	2,906	212	7.9%	1.5%
Eastern Kentucky University	2,534	2,374	2,231	2,347	2,356	2,420	(114)	-4.5%	-0.9%
Kentucky State University	255	253	256	254	213	159	(96)	-37.6%	-9.0%
Morehead State University	1,097	1,231	1,313	1,202	1,197	1,191	94	8.6%	1.7%
Murray State University	1,462	1,615	1,588	1,546	1,420	1,518	56	3.8%	0.8%
Northern Kentucky University	1,969	2,011	2,009	1,920	1,916	1,912	(57)	-2.9%	-0.6%
Western Kentucky University	2,602	2,626	2,715	2,802	2,727	2,795	193	7.4%	1.4%
Total Students Reaching 90 Hours	16,763	17,140	17,545	17,654	17,448	17,530	767	4.6%	0.9%

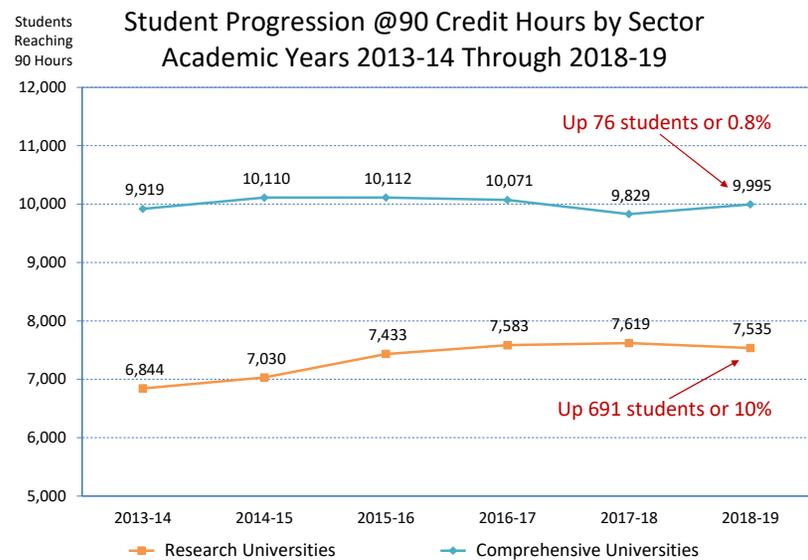
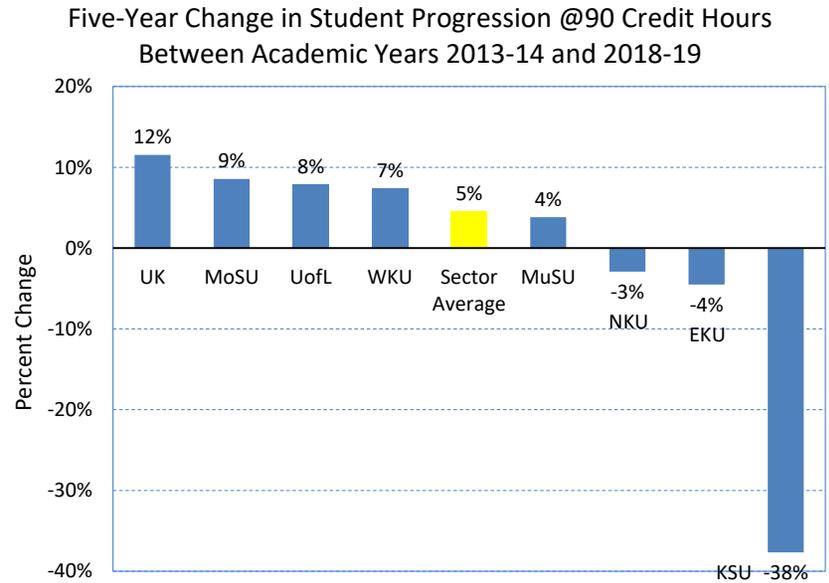
Sector	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Five-Year		
							Number Change	Percent Change	AAGR
Research Universities	6,844	7,030	7,433	7,583	7,619	7,535	691	10.1%	1.9%
Comprehensive Universities	9,919	10,110	10,112	10,071	9,829	9,995	76	0.8%	0.2%
Total Students Reaching 90 Hours	16,763	17,140	17,545	17,654	17,448	17,530	767	4.6%	0.9%

AAGR = Average Annual Growth Rate

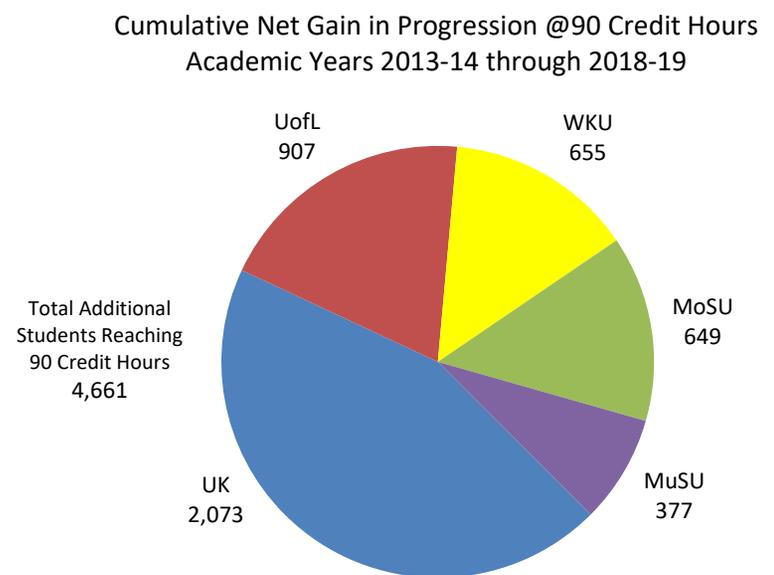
Source: Council on Postsecondary Education, Data and Advanced Analytics Unit, Performance Funding Database.



Source: Council on Postsecondary Education, Data and Advanced Analytics Performance Funding Database.



Source: Council on Postsecondary Education, Data and Advanced Analytics Performance Funding Database.



Performance Funding Model for the Public Universities
 Unweighted Credit Hours Earned by Institution and Sector
 Academic Years 2013-14 through 2018-19

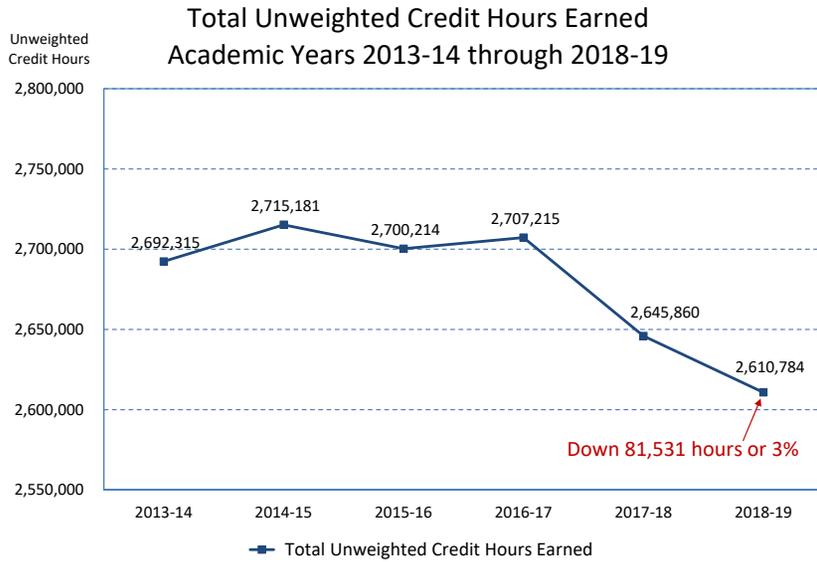
July 30, 2020

Institution	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Five-Year		
							Number Change	Percent Change	AAGR
University of Kentucky	691,534	717,945	716,694	748,430	737,439	736,838	45,304	6.6%	1.3%
University of Louisville	478,198	479,970	480,591	490,174	480,356	473,949	(4,250)	-0.9%	-0.2%
Eastern Kentucky University	351,892	357,130	361,218	355,129	347,262	337,239	(14,654)	-4.2%	-0.8%
Kentucky State University	41,644	39,192	33,042	33,577	30,841	29,361	(12,284)	-29.5%	-6.8%
Morehead State University	183,397	179,323	178,430	171,160	167,534	163,612	(19,785)	-10.8%	-2.3%
Murray State University	223,532	228,433	224,245	213,743	202,210	194,335	(29,197)	-13.1%	-2.8%
Northern Kentucky University	308,817	304,450	299,168	292,299	285,437	292,095	(16,722)	-5.4%	-1.1%
Western Kentucky University	413,301	408,738	406,826	402,703	394,781	383,357	(29,945)	-7.2%	-1.5%
Total Unweighted Credit Hours Earned	2,692,315	2,715,181	2,700,214	2,707,215	2,645,860	2,610,784	(81,531)	-3.0%	-0.6%

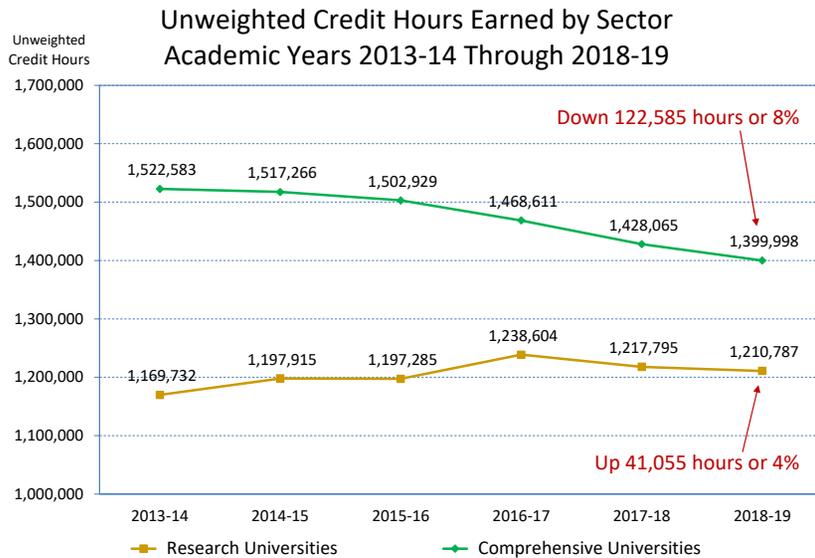
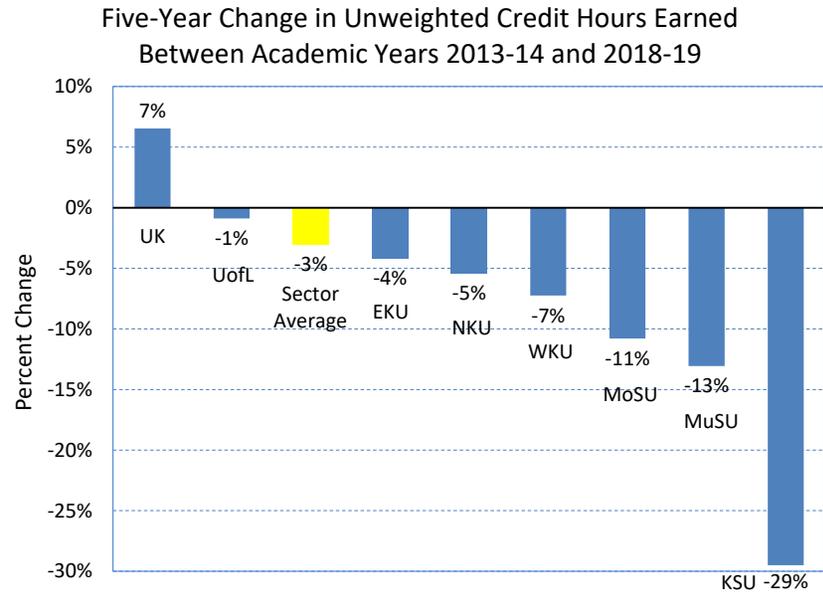
Sector	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Five-Year		
							Number Change	Percent Change	AAGR
Research Universities	1,169,732	1,197,915	1,197,285	1,238,604	1,217,795	1,210,787	41,055	3.5%	0.7%
Comprehensive Universities	1,522,583	1,517,266	1,502,929	1,468,611	1,428,065	1,399,998	(122,585)	-8.1%	-1.7%
Total Unweighted Credit Hours Earned	2,692,315	2,715,181	2,700,214	2,707,215	2,645,860	2,610,784	(81,531)	-3.0%	-0.6%

AAGR = Average Annual Growth Rate

Source: Council on Postsecondary Education, Data and Advanced Analytics Unit, Performance Funding Database.

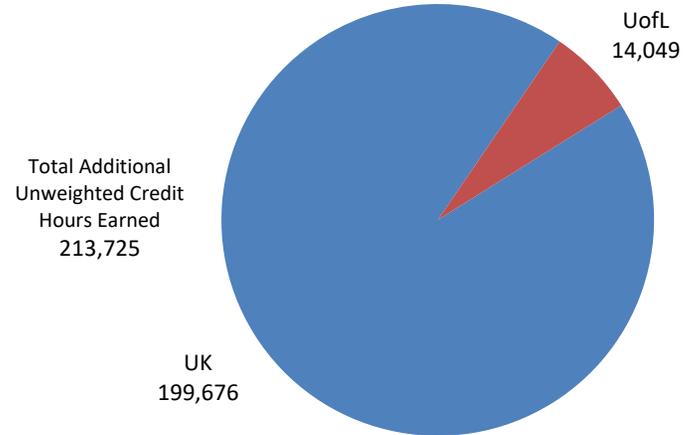


Source: Council on Postsecondary Education, Data and Advanced Analytics Performance Funding Database.



Source: Council on Postsecondary Education, Data and Advanced Analytics Performance Funding Database.

Cumulative Net Gain in Unweighted Credit Hours Earned Academic Years 2013-14 through 2018-19



Q1 Which of the following describes your institution/employer?

Answered: 8

ANSWER CHOICES	RESPONSES
KCTCS College	0.00% 0
KCTCS System Office	0.00% 0
Kentucky Public University	100.00% 8
TOTAL	8

Q2 To what extent do you agree or disagree that the following state goals for KY higher education are in alignment with your institution's goals.

Answered: 8

	STRONGLY AGREE	AGREE	DISAGREE	STRONGLY DISAGREE	DO NOT KNOW	TOTAL	WEIGHTED AVERAGE
Increase retention and progression of students.	75.00% 6	25.00% 2	0.00% 0	0.00% 0	0.00% 0	8	3.75
Increase the number of degrees and credentials earned by all types of students.	75.00% 6	25.00% 2	0.00% 0	0.00% 0	0.00% 0	8	3.75
Grow the number of degrees and credentials that garner higher salaries upon graduation: STEM+H fields, high-wage, high-demand fields.	62.50% 5	37.50% 3	0.00% 0	0.00% 0	0.00% 0	8	3.63
Close achievement gaps by increasing the number of degrees and credentials earned by low-income, minority and underprepared students.	87.50% 7	12.50% 1	0.00% 0	0.00% 0	0.00% 0	8	3.88

#	COMMENTS (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 3:06 PM
2	Our institutional goals align with the performance funding recruitment, retention and graduation for underrepresented minorities, low-income students and our general population. The challenge presents itself with university attainment of goals with limited correlation to performance funding dollars.	7/16/2020 5:18 PM

Q3 To what extent do you agree or disagree with the following statements regarding effectiveness of the performance funding-model as it relates to your campus:

Answered: 8

	STRONGLY AGREE	AGREE	DISAGREE	STRONGLY DISAGREE	DO NOT KNOW	TOTAL	WEIGHTED AVERAGE
Funding received at my campus through Kentucky's performance-funding model is a fair measure of my institution's overall performance.	0.00% 0	25.00% 2	37.50% 3	25.00% 2	12.50% 1	8	1.75
Performance-funding distributions to my institution have been consistent with campus' expectations.	12.50% 1	12.50% 1	50.00% 4	12.50% 1	12.50% 1	8	2.00
Performance-funding has helped my institution advocate for additional state funding.	0.00% 0	37.50% 3	25.00% 2	25.00% 2	12.50% 1	8	1.88
Faculty members and other leaders on my campus are aware of the Kentucky performance-funding model.	37.50% 3	50.00% 4	0.00% 0	0.00% 0	12.50% 1	8	3.00
Faculty members and other leaders on my campus understand the performance-funding model's basic design.	12.50% 1	37.50% 3	0.00% 0	25.00% 2	25.00% 2	8	1.88
Students on my campus are aware of the Kentucky performance-funding model.	0.00% 0	25.00% 2	50.00% 4	12.50% 1	12.50% 1	8	1.88
Students on my campus understand the performance-funding model's basic design.	0.00% 0	12.50% 1	37.50% 3	37.50% 3	12.50% 1	8	1.50
The COVID19 pandemic has increased my institution's concerns related to Kentucky's performance-funding model.	50.00% 4	0.00% 0	25.00% 2	12.50% 1	12.50% 1	8	2.63

#	COMMENTS (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 3:06 PM
2	The university has advocated strongly for additional funding for the model because it is the only way that any small institution receives some portion of the stop loss. With COVID19, we realize additional state resources may not exist.	7/16/2020 5:18 PM
3	The funding model is not a fair way to distribute funds. The model should have UK and UL separated. Likewise, small universities cannot compete on volume or with tuition/price. Also, universities with more robust auxiliaries like hospitals and other non tuition driven units can manipulate the formula.	7/13/2020 3:03 PM
4	It may help advocate, but it has not resulted in new funding.	7/9/2020 1:42 PM

Q4 To what extent do you agree or disagree with the following statements regarding CPE staff who oversee the operations of the performance-funding model:

Answered: 8

	STRONGLY AGREE	AGREE	DISAGREE	STRONGLY DISAGREE	DO NOT KNOW	TOTAL	WEIGHTED AVERAGE
The process for collection and validation of data used for performance funding provides sufficient opportunity for feedback from campus personnel.	25.00% 2	25.00% 2	37.50% 3	0.00% 0	12.50% 1	8	2.50
The process for verifying performance-funding calculations provides sufficient opportunity for feedback from campus personnel.	25.00% 2	37.50% 3	25.00% 2	0.00% 0	12.50% 1	8	2.63

#	COMMENTS (OPTIONAL):	DATE
1	The process has for the last two years required short-turn around with limited opportunity to review impact with changes made. We have run the model for 10 years in the future (with data remaining consistent with the current year and two percent stop loss) with no new money included. Kentucky State and Morehead State do not make their stop loss and Murray State only recovers the stop loss in two years.	7/16/2020 5:18 PM

Q5 My institution has changed budgetary or other finance-related practices in response to performance funding.

Answered: 8

ANSWER CHOICES	RESPONSES	
Yes	100.00%	8
No	0.00%	0
TOTAL		8

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Our NKU internal model incorporated similar student outcome measures such as degrees conferred and attempted credit hours based on the anticipated state model	7/17/2020 3:07 PM
2	To support continuous improvement, my institution has increased funding of student support services. In addition, we have changed budgetary practices related to mandated programs to more closely align with the funding model.	7/16/2020 6:28 PM
3	My school has had to significantly cut other budget items, including academics, to cover university contributions to the performance funding pool. Over the last two years, we were forced to cut our budget by \$1.2 million because we did not make the stop loss. Yet, our institution ranks first among KY comprehensive universities for baccalaureate degree students for overall graduation rate, low-income graduation rate, retention rate (all students, low-income students and underrepresented minority students) and percentage of STEM+H degrees per total baccalaureate degrees) in the most recent data (2018-19).	7/16/2020 5:18 PM
4	the institution has made changes to its priorities	7/13/2020 3:04 PM
5	jkdlsdjkd	7/13/2020 10:06 AM
6	College and department budgets have been reallocated based on their performance on performance funding metrics. Some of the metrics have been incorporated into our budget model.	7/9/2020 1:44 PM

Q6 Performance funding has impacted our capital planning priorities.

Answered: 8

ANSWER CHOICES	RESPONSES	
Yes	62.50%	5
No	37.50%	3
TOTAL		8

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	To increase student success, the modernization of educational facilities became my institution's highest capital priority for 2018-20 and 2020-22.	7/16/2020 6:30 PM
2	The loss of the two percent, even with increasing values in particular metrics, causes reduction of funds. The impact is felt in all areas - including capital planning. Performance funding has had a negative impact on capital projects as described in number 5 above.	7/16/2020 5:18 PM
3	The funding formula has changed our priorities. For instance, spending money on deferred maintenance is not rewarded in the formula, and is actually dis-incentivized. The model rewards those institutions who can build more instructional (new) square footage and not take care of asset preservation needs. The model does not incent partnerships to defer costs by having less buildings.	7/13/2020 3:08 PM

Q7 The culture of my institution has become more focused on student success because of performance-funding.

Answered: 8

ANSWER CHOICES	RESPONSES	
Yes	50.00%	4
No	50.00%	4
TOTAL		8

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Our campus culture was already focused on student success, although the model gave us specific metrics to target	7/17/2020 3:08 PM
2	My institution has become more focused on student success because that is what is most important.	7/16/2020 6:30 PM
3	With or without the performance funding model, the university is recognized for the focus on student success from enrollment through graduation to post graduation opportunities and career assistance. For the past two years (because of performance funding), we are singularly focused on cutting the budget since there are no additional appropriated funds for the model.	7/16/2020 5:18 PM
4	Somewhat, although the model has made them depressed.	7/13/2020 3:08 PM
5	Focusing on student success is the right thing to do, but the performance funding provides an incentive.	7/9/2020 1:45 PM

Q8 Please indicate whether each of the following student success initiatives at your institution have been at least partially influenced by performance-funding since the model was implemented in academic year 2016-2017:

Answered: 8

Kentucky Performance Funding Feedback Survey (Summer 2020)

	A NEW PROGRAM WAS CREATED BECAUSE OF PERFORMANCE-FUNDING.	THE EXISTING PROGRAM WAS DISCONTINUED BECAUSE OF PERFORMANCE-FUNDING.	THE EXISTING PROGRAM WAS ENHANCED BECAUSE OF PERFORMANCE FUNDING.	THE EXISTING PROGRAM WAS CONTINUED WITHOUT CHANGE BECAUSE OF PERFORMANCE-FUNDING.	THE EXISTING PROGRAM WAS CONTINUED WITH NO INFLUENCE OF PERFORMANCE FUNDING.	NO PROGRAM WAS OFFERED AND THERE ARE NO PLANS TO DO SO.	TOTAL
First-year experience with student success coursework.	12.50% 1	0.00% 0	62.50% 5	0.00% 0	12.50% 1	12.50% 1	8
Mandatory student orientation.	0.00% 0	0.00% 0	25.00% 2	12.50% 1	37.50% 3	25.00% 2	8
Prior learning assessments (PLAs).	0.00% 0	0.00% 0	37.50% 3	37.50% 3	0.00% 0	25.00% 2	8
Competency-based education programs.	0.00% 0	0.00% 0	0.00% 0	37.50% 3	12.50% 1	50.00% 4	8
Faculty advising program.	0.00% 0	0.00% 0	12.50% 1	25.00% 2	25.00% 2	37.50% 3	8
Staff advising program.	12.50% 1	0.00% 0	37.50% 3	12.50% 1	12.50% 1	25.00% 2	8
Career services and the career center.	12.50% 1	0.00% 0	37.50% 3	12.50% 1	25.00% 2	12.50% 1	8
Internships, experiential learning, partnerships with employers.	12.50% 1	0.00% 0	37.50% 3	12.50% 1	25.00% 2	12.50% 1	8
Academic coursework changes (for example, meta-majors, co-requisite support, math course options to better align with field of study, stackable credentials, conferring of stackable credentials while enrolled).	12.50% 1	0.00% 0	62.50% 5	0.00% 0	12.50% 1	12.50% 1	8
Dual enrollment, high school pathways to employment.	0.00% 0	0.00% 0	37.50% 3	12.50% 1	25.00% 2	25.00% 2	8
Coursework scheduling (for example, full-time students registering for 15 hours	12.50% 1	0.00% 0	50.00% 4	25.00% 2	0.00% 0	12.50% 1	8

Kentucky Performance Funding Feedback Survey (Summer 2020)

per term, part-time students registering for at least 30 hours in an academic year, block scheduling).

Student financial incentives to encourage completion (for example, tuition guarantees, completion grants at progression thresholds).	12.50%	0.00%	25.00%	12.50%	12.50%	37.50%	8
	1	0	2	1	1	3	
Early alert student data system.	12.50%	0.00%	50.00%	12.50%	12.50%	12.50%	8
	1	0	4	1	1	1	

#	OPTIONAL: PLEASE DESCRIBE ANY ADDITIONAL STUDENT SUCCESS INITIATIVES RELATED TO PERFORMANCE-FUNDING:	DATE
1	Our interpretation of "enhanced" was not that we had additional funds from performance funding to put towards these programs but that the model incentivized us to review the effectiveness and efficiency of these programs to ensure how they were delivered.	7/17/2020 3:56 PM
2	The work for student success focuses on the student needs and the impact of performance funding dollars to enhance student learning is important. Performance funding is not the reason behind the personal, impactful student success strategies in place. Again, there has been no new funding in the past two years to affect our decisions.	7/16/2020 5:18 PM
3	Our university implemented a number of aspects in student success to drive, primarily, retention. However, as we lost money in the formula we could not do all the programs we felt we needed to.	7/13/2020 4:41 PM

Q9 Has your institution identified any unintended (positive or negative) consequences as a result of the performance-funding model?

Answered: 8

ANSWER CHOICES	RESPONSES	
Yes	87.50%	7
No	12.50%	1
TOTAL		8

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 3:56 PM
2	The fiscal treatment of mandated programs can have a direct impact on the distribution of performance funds. We disagree with the past treatment of mandated programs. If there is a reduction in state appropriations, there should not be an imputed reduction in mandated programs.	7/16/2020 6:34 PM
3	The fact remains that the institutions are performing and many have increasing or consistent numerical values. The schools with fewer enrollments continually lose funds, even if they increase in their metrics. With no additional performance funds, this impact will continue. The larger institutions receive funds from the smaller institutions in the current model.	7/16/2020 5:18 PM
4	Kentucky's 60 x 30 Goal is to raise the percentage of Kentuckians with a postsecondary degree or certificate to 60 percent by the year 2030. The Kentucky Performance Funding Model was designed to foster the attainment of this goal by helping close the achievement gaps in Kentucky's low income and underrepresented minority populations. Closing the achievement gap of Kentucky's low income students is critical to improving the postsecondary degree attainment of Kentuckians since according to the U.S. Census Bureau 16.9% of Kentuckians were persons in poverty. Low income, as well as minority and non-traditional, students need resources and strong advising to help them complete college at rates equal to other students. Currently, the performance funding model does not fully take into account the overall financial impact that serving low income students presents to our public universities. The model also does not take into account the impact on a university's tuition discounting model that occurs when a significant portion of the university's student populations live in poverty. Servicing low income students limits the ability for the university to significantly increase its net tuition revenue on those students – when a significant portion of a University's student population is low income this will have a significant impact on the university's overall financial health.	7/13/2020 4:42 PM
5	One positive consequence was that it provided the incentive to do a complete audit of our square footage.	7/9/2020 1:48 PM

Q10 Optional: Please provide any additional feedback regarding the overall effects of performance funding on your campus. Do not comment on specific metrics or calculations in the model – this topic will be covered in a later section of the survey.

Answered: 4 Skipped: 4

#	RESPONSES	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 3:57 PM
2	If there is no significant additional funding, then the current model does not support the smaller schools. The volume of enrollment overrides the advances that smaller-sized institutions make. The smaller schools who have increases in student success areas (low-income, STEM+H and underrepresented minority baccalaureate graduates) do not receive performance dollars to support current and/or future students. The explanation of the model requires a considerable amount of time and effort to constantly describe to Board members, employees and students who still do not understand it.	7/16/2020 5:18 PM
3	Performance funding has created a culture of competition versus collaboration on our campus. It has also impacted the ability to have a collaborative relationship with other public institutions. Until we are investing new funds into higher education in Kentucky, then we are simply moving slowly toward a market consolidation of institutions.	7/16/2020 2:23 PM
4	11 Volume based model causes larger schools to "win" and smaller schools to "lose" consistently. No new money in the model. Continued cuts on top of losses from the funding model. No/low reward for dual credit work.	7/13/2020 4:43 PM

Q11 Are mandated programs appropriately defined and treated in the model?

Answered: 8

ANSWER CHOICES	RESPONSES	
Yes	62.50%	5
No	37.50%	3
TOTAL		8

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:00 PM
2	Mandated programs are appropriately treated in the model except for imputing any reduction of state funds as described above.	7/16/2020 6:37 PM
3	Mandated programs should be excluded from the model. As a side note, if you check closely you might find some mandated programs 'prop up' other programs, give favorable expense functions, and thus give institutions with significant mandated programs a competitive advantage.	7/13/2020 4:50 PM

Q12 Is the small school adjustment appropriate?

Answered: 8

ANSWER CHOICES	RESPONSES	
Yes	37.50%	3
No	62.50%	5
TOTAL		8

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:00 PM
2	The wording of this is a misnomer. It reduces the dollars run through the model which could assist the small institutions.	7/16/2020 5:18 PM
3	The small school adjustment should be adjusted to create a more equal playing field for the small schools and to off set having to play in a volume based model.	7/13/2020 4:50 PM

Q13 Are there any other adjustments that should be made prior to running the model which are not currently being made?

Answered: 8

ANSWER CHOICES	RESPONSES	
Yes	87.50%	7
No	12.50%	1
TOTAL		8

Kentucky Performance Funding Feedback Survey (Summer 2020)

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:00 PM
2	The model should be percentage rather than volume based. Additionally, the model should be built on top of base funding rather than zero-sum.	7/17/2020 10:47 AM
3	1) Provide additional, appropriated funding or we will continue to see the smaller schools receive no funding. Again, with running the model for 10 years, Kentucky State, Morehead State and Murray State do not make the stop loss, even with increases in numerical data. 2) Pause the model if there is no new, appropriated dollars. Otherwise, the current model places undue financial pressure on particular institutions. 3) Provide permanent stop loss in this current model. Else, the budgeting is impossible and the damage to smaller schools is irreparable.	7/16/2020 5:18 PM
4	<p>Bachelor's Degree, STEM+H Bachelor's Degrees, URM Bachelor's Degrees, Low Income Bachelor's Degrees, and Student Progression funding metrics: The research university factor should be eliminated on the student success models and replaced with a factor that indicates the resource allocation necessary to retain and graduate the various populations. The current factor fails to take into account the overall academic quality of the student which is a strong indication of the ability to succeed in college. The college readiness of a student at the point of entry greatly impacts the student's ability to retain and graduate. While the research factor is appropriate on some of the other metrics, it should not be applied to the student success and course completion metrics. The new factor for the degree completion metrics and student progression should take into account key elements such as high school GPA and ACT scores to more significantly weight degrees obtained by those with lessor academic success indicators. If as a state we want 60% of our population to have a degree or certificate by 2030, it will be critical that our universities are successful with the lessor academically prepared student – the model should reward these successes. As an example, the research university factor applied to the low income degrees is in exact opposition to the true impact required of non-research universities to enable a low income student to thrive. Research universities are able to typically attract the higher academically prepared low income student, these students do not require the same intense level of support and advising that a less academically prepared low income student requires. Student Credit Hours Earned (Weighted): The Course Completion factor should also be modified as well. The factor also does not take into account the impact on the university's tuition discounting model that occurs when a significant portion of the University's student populations come from lower household incomes. This inherently reduces a university's ability to increase their net tuition revenue - universities with greater revenue diversity are able to provide larger discounts to these needier students without significant impacts to their overall net tuition revenue and financial health. Smaller universities and those lacking revenue diversity are not able to do the same. The Course Completion factor should take into account the average household income of the student to help counteract the inability of a university to achieve a higher net tuition revenue on their credit hours due to the high financial need of the student. The current model only focuses on those families classified as low income however with the state's median household income (in 2018 dollars) being only \$48,392i, college affordability is out of reach for many of our citizens without receiving institutionally supported aid. Weighting the course completion factor based on the institutions average household income would enable universities offset the per credit hour net revenue impact of serving lower household income populations. Instructional Square Feet: The Instructional square feet research factor should be eliminated, a new factor should be applied based on the average age of the Universities assets. The Moodys Investor Service formula for Average Age of Plant which takes the accumulated depreciation divided by the annual depreciation expense could be used as the factor to provide a heavier weighting to those campuses which have older instructional space that would require higher levels of on-going maintenance. Instruction and Student Services Costs and FTE Student Enrollment: The metric for the Instruction and Student Services Costs metrics should be redesigned to focus on the Instruction and Student Services expenditures per student FTE for each University rather than the total expenditure amount. Using total expenditures falsely rewards universities who have recently experienced increases in their enrollments, thereby increasing their overall expenditures, and penalizes universities who are experiencing declines in enrollment and are proactively controlling costs based on those declines. A factor for the Research institutions will still be needed however it would need to be reevaluated after the normalizing of costs for FTE levels. The FTE Student Enrollment metric should be eliminated and the current funding allocated to this metric should be allocated based on the new Instruction and Student Services Costs per Student FTE metric discussed above.</p>	7/13/2020 4:50 PM
5	weights for UK and UoL decreased	7/13/2020 10:08 AM
6	The primary adjustment is decreasing the additional weights given to all but one measure for UK and UofL. The comprehensives cannot compete when the research institution's metrics are so heavily weighted compared to the flat weights for the comprehensives.	7/9/2020 1:52 PM

Q14 What is the appropriate level of stop loss (amount of regular general fund appropriation susceptible to redistribution)?

Answered: 8

ANSWER CHOICES	RESPONSES	
1%	0.00%	0
2%	50.00%	4
3%	0.00%	0
No stop loss	0.00%	0
Other	50.00%	4
TOTAL		8

#	OTHER	DATE
1	See #16 response	7/17/2020 4:00 PM
2	5%	7/17/2020 10:47 AM
3	We only support running the model when there is new appropriated, performance funding in the model at the appropriate level. If there must be a stop loss, we would only support 1 percent.	7/16/2020 5:18 PM
4	The model should be frozen for 2020-2021 due to COVID-19. After that the model should be frozen with no further stop loss, and the model then applied only to new monies.	7/13/2020 4:50 PM

Q15 Which time interval should the stop loss be applied?

Answered: 8

ANSWER CHOICES	RESPONSES
Every year	50.00% 4
Every two years (biennium)	37.50% 3
Other (please specify)	12.50% 1
TOTAL	8

#	OTHER (PLEASE SPECIFY)	DATE
1	NA	7/13/2020 4:50 PM

Q16 Optional: Comments on stop loss.

Answered: 2 Skipped: 6

#	RESPONSES	DATE
1	The percentage of stop loss depends on whether R1 institutions are kept in with the comprehensive institutions. If kept in, percentage should be no more than 2%. If out, higher.	7/17/2020 4:00 PM
2	We strongly suggest the above actions. We would support 1 percent stop loss if no new funds were in the pool and the model is run.	7/16/2020 5:18 PM

Q17 Bachelor's degrees conferred (9%)

Answered: 7 Skipped: 1

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	0.00%	0
Continue using in model with recommended change.	100.00%	7
Discontinue using in model.	0.00%	0
TOTAL		7

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:01 PM
2	The overall state goal is to increase the number of degrees conferred. The number of bachelor's degrees conferred, however, is currently adjusted to reflect productivity. The adjustment is based on the number of degrees conferred for every 100 students enrolled. As it takes several years for a student to earn a degree, an increase in enrollment does not result in a simultaneous increase in degrees conferred. As a result, an increase in enrollment reduces the adjusted number of degrees conferred for the model. Likewise, a decrease in enrollment has the unintended effect of increasing the adjusted number of degrees conferred for the model. The productivity adjustment should be eliminated.	7/16/2020 6:38 PM
3	Remove the weight factors in the model. Remove the impact of the volume to see improvement. Why should some institutions receive a larger weight/multiplier for baccalaureate degree work? Every metric should be weighted equally. Metric Weighting: All comprehensive universities have a weighting of one. Research universities Weightings: 1) Baccalaureate Degrees: 1.67345 2) STEM+H Baccalaureate Degrees: 1.54105 3) URM Baccalaureate Degrees: 1.22322 4) Low Income Baccalaureate Degrees: 2.3512 5) 30 Hour Progression: 1.49386 6) 60 Hour Progression: 1.4532 7) 90 Hour Progression: 1.56076 8) Student Credit Hours Earned: 1.14208 9) Square Feet: 1.36134 10) Instruction and Student Services Costs: 0.90251 11) FTE Student Enrollment: 1.34278	7/16/2020 5:18 PM
4	Weighting must be adjusted.	7/16/2020 2:29 PM
5	Continue using in model with recommended change: Research institution weighting should be replaced with a student readiness weighting that would be based on a metric factor that would take into account the overall average ACT scores of students conferred. This factor weighting should be reduced to 7% moving 2% to LI (see 20 below)	7/13/2020 4:51 PM
6	UK & UofL weights should be decreased.	7/9/2020 1:53 PM

Q18 STEM-H bachelor's degrees conferred (5%)

Answered: 7 Skipped: 1

ANSWER CHOICES	RESPONSES
Continue using in model with no change to metric or weighting.	14.29% 1
Continue using in model with recommended change.	85.71% 6
Discontinue using in model.	0.00% 0
TOTAL	7

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:01 PM
2	Do not use the weight multiplier. Determine the percent share of this metric to help reduce the volume impact. We have the highest percentage of STEM+H baccalaureate degrees to total baccalaureate degrees in the Commonwealth and receive no funds.	7/16/2020 5:18 PM
3	Research institution weighting should be replaced with a student readiness weighting that would be based on a metric factor that would take into account the overall average ACT scores of students conferred. CPE should clarify which academic programs are going to be on the STEM list going forward, and also find consistency among universities. Not all universities are treated the same in this STEM designated listing. Some universities have the same program as others, but not counted as STEM and thus penalized.	7/13/2020 4:53 PM
4	UK & UofL weights should be decreased.	7/9/2020 1:53 PM

Q19 URM bachelor's degrees conferred (3%)

Answered: 7 Skipped: 1

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	14.29%	1
Continue using in model with recommended change.	85.71%	6
Discontinue using in model.	0.00%	0
TOTAL		7

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:01 PM
2	Omit the weight multiplier. Use a percent share to reduce volume impact. We can double the number of URM degrees (with other universities remaining the same) and still receive no funding from this metric.	7/16/2020 5:18 PM
3	Some institutions have geographical advantage on this metric, and some are disadvantaged. Some type of geographical correction factor should be implemented for institutions in less diverse areas, but yet exceed a regional average.	7/13/2020 4:56 PM
4	UK & UofL weights should be decreased.	7/9/2020 1:53 PM

Q20 Low-income bachelor's degrees conferred (3%)

Answered: 7 Skipped: 1

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	14.29%	1
Continue using in model with recommended change.	85.71%	6
Discontinue using in model.	0.00%	0
TOTAL		7

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:01 PM
2	Do not use the weight multiplier. Determine the percent share of this metric to help reduce the volume impact. The comprehensive universities have a weight of 1 and the research universities receive 2.35 times that of a comprehensive university for a low-income baccalaureate graduate. We receive no money from this area due to volume and weighting.	7/16/2020 5:18 PM
3	In order to support the obtainment of the 60x30 goal this factor weight should be increased to 5% by reducing the weight of the yearly credentials conferred metric weight Also, wealthier schools can offer tuition discounts/scholarships at a higher level than disadvantaged schools. UK and UL should be put in a different segment and not within the regional universities formula.	7/13/2020 4:57 PM
4	UK & UofL weights should be decreased.	7/9/2020 1:54 PM

Q21 Student progression @30 hours (3%)

Answered: 7 Skipped: 1

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	28.57%	2
Continue using in model with recommended change.	57.14%	4
Discontinue using in model.	14.29%	1
TOTAL		7

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:01 PM
2	If we want to use some aspect of this idea, use the IPEDS retention rate since this is a percentage rather than dependent on volume. Or if this metric is used, then omit the weight/multiplier. The suggestion is to use only one progression metric as graduation is the goal. Schools only are allowed to count a student here if they start as a freshman and receive 30 hours prior to the next fall. This harms schools who work with students who must be part-time due to family considerations, jobs and now COVID19 impacts.	7/16/2020 5:18 PM
3	UK & UofL weights should be decreased.	7/9/2020 1:54 PM

Q22 Student progression @60 hours (5%)

Answered: 7 Skipped: 1

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	28.57%	2
Continue using in model with recommended change.	57.14%	4
Discontinue using in model.	14.29%	1
TOTAL		7

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:02 PM
2	Only use one of the progression metrics. If must use, omit the weights and reduce impact from volume.	7/16/2020 5:18 PM
3	UK & UofL weights should be decreased.	7/9/2020 1:54 PM

Q23 Student progression @90 hours (7%)

Answered: 7 Skipped: 1

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	28.57%	2
Continue using in model with recommended change.	57.14%	4
Discontinue using in model.	14.29%	1
TOTAL		7

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:02 PM
2	Use only one progression metric; use no weights and decrease impact of volume.	7/16/2020 5:18 PM
3	UK & UofL weights should be decreased.	7/9/2020 1:54 PM

Q24 Weighted earned credit hours (35%)

Answered: 7 Skipped: 1

ANSWER CHOICES	RESPONSES
Continue using in model with no change to metric or weighting.	14.29% 1
Continue using in model with recommended change.	85.71% 6
Discontinue using in model.	0.00% 0
TOTAL	7

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:02 PM
2	Allow KY resident and non-resident credits to both count the same. Currently, non-resident credit hours are given half the value. CPE has strongly supported the recruitment of non-resident students in effort to retain those students in KY after graduation. Within the calculation are discipline-specific weights and higher weights for master and doctoral courses. Do not use the additional weight multiplier since schools already have discipline and upper-level course weights.	7/16/2020 5:18 PM
3	The Earned Credit hours factor should also be modified to take into account the impact on the university's tuition discounting model that occurs when a significant portion of the University's student populations come from lower household incomes. This inherently reduces a university's ability to increase their net tuition revenue - universities with greater revenue diversity are able to provide larger discounts to these needier students without significant impacts to their overall net tuition revenue and institution's financial health. Smaller universities and those lacking revenue diversity are not able to do the same. The new Earned Credit hours factor should be based on a weighting of the average household income of the students compared to the state's median income – this will help counteract the inability of a university to achieve a higher net tuition revenue on their credit hours due to the high financial need of the student. The current model only focuses on those families classified as low income however with the state's median household income (in 2018 dollars) being only \$48,392i, college affordability is out of reach for many of our citizens without receiving institutionally supported aid. Weighting the Earned Credit hours factor based on the institutions average household income factor described above would enable universities offset the per credit hour net revenue impact of serving lower household income populations.	7/13/2020 4:59 PM
4	UK & UofL weights should be decreased.	7/9/2020 1:54 PM

Q25 M&O - Instructional square footage (10%)

Answered: 7 Skipped: 1

ANSWER CHOICES	RESPONSES
Continue using in model with no change to metric or weighting.	14.29% 1
Continue using in model with recommended change.	71.43% 5
Discontinue using in model.	14.29% 1
TOTAL	7

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:02 PM
2	Discontinue the use. Be careful if the model is used in its current form with the distribution of the 10 percent. It creates further loss depending on how it is distributed. This rewards schools for adding space and not managing within their current footprint.	7/16/2020 5:18 PM
3	The Instructional square feet metric should be maintained but a factor should be applied based on the average age of the Universities assets. The Moodys Investor Service formula for Average Age of Plant which takes the accumulated depreciation divided by the annual depreciation expense could be used as the factor to provide a heavier weighting to those campuses which have older instructional space that would require higher levels of on-going maintenance.	7/13/2020 4:59 PM
4	UK & UofL weights should be decreased.	7/9/2020 1:55 PM

Q26 Institutional support - direct cost of instruction (10%)

Answered: 7 Skipped: 1

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	28.57%	2
Continue using in model with recommended change.	57.14%	4
Discontinue using in model.	14.29%	1
TOTAL		7

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:02 PM
2	This is tied to cost and not necessarily performance. Again, be mindful of the distribution of the 10 percent as it could have a negative impact, i.e., as instructional cost increases those schools with higher costs get more of a benefit.	7/16/2020 5:18 PM
3	The metric for the Instruction and Student Services Costs metrics should be redesigned to focus on the Instruction and Student Services expenditures per student FTE for each University rather than the total expenditure amount. Using total expenditures falsely rewards universities who have recently experienced increases in their enrollments, thereby increasing their overall expenditures, and penalizes universities who are experiencing declines in enrollment and are fiscally responsible by controlling costs based on those declines. A factor for the Research institutions may still be needed however it would need to be reevaluated after the normalizing of costs for FTE levels.	7/13/2020 5:00 PM

Q27 Academic support - FTE students (10%)

Answered: 7 Skipped: 1

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	14.29%	1
Continue using in model with recommended change.	71.43%	5
Discontinue using in model.	14.29%	1
TOTAL		7

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:03 PM
2	Omit weight factor. This measure includes both undergraduate and graduate students in the model. Other metrics do not include graduate students.	7/16/2020 5:18 PM
3	The FTE Student Enrollment metric should be eliminated and the current funding allocated to this metric should be allocated based on the new Instruction and Student Services Costs per Student FTE metric	7/13/2020 5:00 PM
4	UK & UofL weights should be decreased.	7/9/2020 1:55 PM

Q28 Optional: Please recommend any additional metrics which should be considered in future performance-funding models.

Answered: 3 Skipped: 4

#	RESPONSES	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:03 PM
2	The reduction and simplification of the number of metrics in the current model are needed. If it is necessary to add or change metrics, please ask all schools prior to revision to see if they can obtain the data.	7/16/2020 5:18 PM
3	The following metrics should be considered: 1). A metric in the small school adjustment that takes into account the regions income level for the population. This could be built into the small school adjustment to account for hard hit regions of KY. The triangle is not the same as the rural areas. 2). A metric that allow institutions to perform not against each other, but rather on target against themselves year over year. 3). Some consideration given to schools that "live off tuition" vs. schools that have multiple sources of revenue (hospitals, extension agencies, grants, medical and professional programs, large auxiliary units, etc.) You might explore some of the reasons under the surface why some schools hit all targets.	7/13/2020 5:06 PM

Q29 Optional: Please include additional comments regarding metrics and calculations used in the Kentucky performance-funding model.

Answered: 4 Skipped: 4

#	RESPONSES	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:03 PM
2	Weights exacerbate the volume effect and mask performance. Please consider the use of an average percent share model that does the following: 1) Simplifies calculations and are not arbitrary measures. 2) Uses no multiplicative weights and requires no percentage to be attached to each metric 3) Uses the percent share of each metric for each university and is easily scalable for any number of metrics and 4) Shows true performance. The performance funding model should not be run unless additional, appropriated funds are placed in the model at an appropriate level.	7/16/2020 5:18 PM
3	The model must reward innovation, efficiency and equalize weightings to all institutions.	7/16/2020 2:35 PM
4	NA	7/13/2020 5:06 PM

Q30 To what extent do you agree or disagree with the follow statements regarding Kentucky performance funding-model as it relates to the state's goals:

Answered: 7 Skipped: 1

	STRONGLY AGREE	AGREE	DISAGREE	STRONGLY DISAGREE	DON'T KNOW	TOTAL	WEIGHTED AVERAGE
The Kentucky performance-funding model is an improvement compared to previous method of 'across the board' percent increases in distributing state General Fund revenue in terms of consistency, fairness and equity for public institutions.	28.57% 2	14.29% 1	28.57% 2	28.57% 2	0.00% 0	7	2.43
The Kentucky performance-funding model has enhanced state level efforts towards achievement of the 60x30 attainment goal (i.e. 60% of Kentucky working-age residents will hold a certificate or degree by the year 2030).	14.29% 1	57.14% 4	28.57% 2	0.00% 0	0.00% 0	7	2.86
The Kentucky performance-funding model encourages cooperation between institutions to the benefit of Kentucky students.	0.00% 0	0.00% 0	28.57% 2	71.43% 5	0.00% 0	7	1.29
The Kentucky performance-funding model adequately focuses on the success of low-income students and students of color.	0.00% 0	71.43% 5	28.57% 2	0.00% 0	0.00% 0	7	2.71
The Kentucky performance-funding model adequately focuses on the needs of the state's workforce with incentives for STEM and health degrees and other workforce targeted credentials.	0.00% 0	57.14% 4	42.86% 3	0.00% 0	0.00% 0	7	2.57
Kentucky policymakers understand the performance-funding model's basic design.	0.00% 0	14.29% 1	28.57% 2	42.86% 3	14.29% 1	7	1.43
Is additional state funding necessary for the performance-funding model to achieve its goals for the state of Kentucky?	85.71% 6	0.00% 0	0.00% 0	14.29% 1	0.00% 0	7	3.57

#	COMMENTS (OPTIONAL):	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:04 PM
2	With regard to the question on cooperation, the model was not created to increase cooperation or collaboration between institutions -- that was not the model's intended purpose.	7/16/2020 6:45 PM
3	Murray State has had the highest percentage of STEM+H baccalaureate graduates related to our total baccalaureate graduates in the Commonwealth. Murray State also has the highest baccalaureate retention rates (all students, low-income and underrepresented minority students) and baccalaureate graduation rates (overall, low-income) for the comprehensive universities. The impact of volume and weights eliminates our opportunity to be rewarded for this success.	7/16/2020 5:19 PM
4	KY needs a basic model, but amendments need to be made to the current model in order to make it more fair and equitable based off a host of differences in institutions. Not all KY schools are the same, nor were the schools created to be the same. Very different missions serving very different regions and needs.	7/13/2020 5:09 PM

Q31 Optional: Please add final comments not covered by the survey.

Answered: 3 Skipped: 4

#	RESPONSES	DATE
1	For further discussion, see supplemental Notes on KY Performance Funding Model attached with survey	7/17/2020 4:04 PM
2	If no additional state funding is provided with the current model assuming a stop loss, the comprehensive universities will suffer. Some may make performance funding dollars but will not gain their stop loss, even with improved metric values. This model without at least \$26 million additional dollars will continue to have the same results regardless of how the smaller schools perform. Even if smaller schools double some of their metric numbers, they continue to lose funding. See below for the current allocation of the performance funding model. Only UK and UofL receive more than their 2 percent contribution. University Performance Dollars 2 percent Gain/Loss UK \$6,621,600 \$3,633,509 \$2,988,100 UofL \$2,938,900 \$2,515,809 \$423,100 ECU \$394,200 \$1,233,600 (\$839,400) KSU \$0 \$372,200 (\$372,200) MoSU \$0 \$712,900 (\$712,900) MuSU \$0 \$827,600 (\$827,600) NKU \$967,000 \$1,019,500 (\$52,500) WKU \$757,900 \$1,364,500 (\$606,600)	7/16/2020 5:19 PM
3	Kentucky needs a model, but the model needs work. Some consideration should be given to freezing the model during COVID.	7/13/2020 5:10 PM

NKU Summary Statement about Kentucky Performance Funding Model (7/17/2020)

The following document outlines NKU's perspective relative to Kentucky's performance funding model. We outline what appears to be working as intended with the funding model, what we believe are the limitations with the model (either in application or structure), and a list of considerations as the next review of the model takes place.

What seems to be working as intended within the model:

- The development and implementation of an objective model with discrete criteria for decisions around funding allocations is a welcome advancement to the previous methodologies used for funding distribution.
- The goals of the model (i.e., increasing student persistence, increasing degrees especially high demand and high salary areas, and closing opportunity gaps) are absolutely in line with the goals of NKU. NKU is deeply committed to advancing student success and these goals fit well within our strategic plan.
- CPE's Data and Analytics team is extremely helpful when working with the NKU campus around the metrics collected for the funding model. The validation of the metrics contained in the funding model have been integrated into the regular data collection schedule. For most of the metrics, this makes validating the information utilized in the model efficient.

What we believe are limitations with the current model:

- The model and the metrics as currently designed, are performance-based but enrollment driven. The model is based on the volume and proportion of total state outcomes for each institution. However, in a time of declining enrollment across the state (i.e., over the last 5 years KY 4-year public enrollment has declined 3.9%¹) it becomes harder to demonstrate improved effectiveness and efficiencies with just these volume-based metrics alone. This could limit the ability to advocate for more state dollars to be invested in the model if volume is the sole indicator of effectiveness across the state.
- Another limitation with the model is that simple growth and contributions towards larger proportions of the total state outcomes is not enough to warrant increased funding. It is difficult for NKU (and probably other regional comprehensives as well) to grow more than the sector for all nine of the funding metrics. This results in just shifting of losses in one metric to potential gains in another. As mentioned above, the model is volume driven and that benefits the larger institutions. Furthermore, the additional weighting of R1 institutional outcomes for some of these metrics makes it more difficult for regional comprehensive institutions to gain funding.
- There are nuances to the model that make it difficult to anticipate our projected future allocations. There are some complexities (perhaps sophistication) in the model that makes

¹CPE. (2017, August 15). Interactive Enrollment Data Tables. Retrieved from <http://cpe.ky.gov/data/enrollment.html>

it harder to project what allocations will be until all the data is shared right before it is run through the model. This presents challenges when considering institutional initiatives or programs and the potential ROI with advancing outcomes within the performance funding model.

- The Earned Credit Hours are validated with CPE and the individual IR offices, but then undergo weighting within the funding model that is not previously validated. The Earned Credit Hours account for 35% of the funding model and may need to have the full calculations validated within the IR offices.

What are some future considerations for the model:

- **As we look at the next iteration of the performance funding model, a question we should address is the appropriateness of base funding versus the performance funding to determine whether the existing base funding is appropriate based on metrics such as funding per student FTE.**
- **There should be exploration of three different models for performance funding based on the type of institution and their differing missions.** There is currently a model for KCTCS. There should be exploration of two other variations, one for the regional comprehensive institutions and one for the R1 institutions. Having separate models for regional comprehensives and R1s could streamline the funding models and eliminate some adjustments and modification that are currently occurring (i.e., small school adjustment, differential weighting for outcomes, etc.). It would also allow for more appropriate metrics for instance weighted formulas for bachelors and master's degree completion for the regional comprehensive and weighted formulas for masters and doctoral degree completions for the research institutions. Studies on performance funding models have shown the unintended impacts on institutions missions based on the rewards in the models. R1 missions and regional comprehensive missions are very different and would more appropriately be addressed separately in the funding model.
- NKU would suggest a review of the mandated programs and the necessity of removing that funding from the funding model. An analysis could ensure the continued alignment of these programs with state needs. A review of the small school adjustment could also take place. NKU feels that these adjustments limit the discretionary spending run through the funding model.
- Rather than just focusing on bachelor's degrees, the degrees metric could be expanded to include all degrees and credentials. This could better align the institutional performance with the Kentucky's 60x30 goal. As NKU looks to expand micro-credentials and graduate work in an effort to meet regional needs, it may be important to include these in

future funding models. There should also be consideration given the differential weighting that occurs for the R1 outcomes on this metric.

- The 3% allocated towards URM and Low-income degrees could be adjusted to better match other outcomes in the model. These metrics are for degree completion, and while it may not make sense to attach another 9% to these outcomes (since they already count in overall degrees and are smaller populations), maybe these metrics should look similar to the Junior/Senior Progression metrics (i.e., 5% or 7%). It was felt that 3% may not really signify enough importance on these outcomes. First Generation populations could be another population of interest. First Generation students are a relatively large proportion of NKU's campus and its largest at-risk population. CPE could consider ways of tracking these students in the future data submissions.
- The progression metrics are hard to utilize since they are just volume indicators. There may be better ways of measuring effectiveness and efficiency at moving students through the curriculum rather than just raw numbers. The numbers for the progression metrics aren't very actionable, especially with declining enrollments. NKU has to convert them to rates (i.e., % of students progressing from total number of students at that level) to make them actionable or insightful.
- Having Earned Credit Hours represent 35% of the model is an extremely large portion of the funding. There are then additional weights applied to certain types of credit hours. This current weighting prioritizes enrollments, especially hours for in-state students, STEMH students, and graduate students. Those weights may need to be examined again. Out of state students may be where institutions seek to gain enrollments in the future and this current weighting de-emphasizes that.
- With the continued focus on KCTCS student transfers into 4-year institutions and their bachelor's degree attainment levels, there could be an emphasis on KCTCS enrollments and bachelor's degrees within the funding model.
- The operational support portion of the model allots 30% of funding towards metrics largely correlated with institutional size. You would not expect the "performance" on two of these metrics to change very dramatically. Instructional support and square footage probably have a level of consistency from year to year for most institutions. That serves to really lock about 20% of state allocations without a lot of movement or adjustments among the institutions. While that does provide each institution a stable base of performance for these metrics and subsequent funding, it does limit the kinds of gains that institutions could make if some of that funding was in different student success categories. If this is just a performance model, then perhaps these metrics could be evaluated for fit or at least adjusted.

- An unintended consequence for the performance model is that there are no incentives for innovation or for collaboration. Sometimes innovative approaches take time to succeed and the model does not provide any incentive to pursue. Because institutions are competing for finite performance funds, there are no real incentives to collaborate with other institutions.
- Finally, most empirical studies conducted on the efficacy of performance funding models across the nation conclude that the results on the intended outcomes have been mixed at best. This is largely due to the fact that in most cases institutional capacity for state colleges and universities has been reduced due to years of declining budgets. **Without new or sufficient funding available^{2,3}, even a perfect model will only achieve a redistribution of limited funding with “winners” and “losers.”** An important consideration would be engaging in appropriate level setting for all the three sectors of post-secondary education in Kentucky – KCTCS, the regional comprehensives, and the two research universities, while exploring a more appropriate performance funding model for the 3 sectors.

²Dougherty, K.J., & Reddy, V. (2011). *The Impacts of State Performance Funding Systems on Higher Education Institutions: Research Literature Review and Policy Recommendations (Working Paper No 37)*. Community College Research Center. 49-50.

³Snyder, M. & Boelscher, S. (2018). *Driving Better Outcomes: FY 2018 State Status & Typology Update*. HCM Strategists. 28-29. <http://hcmstrategists.com/resources/driving-better-outcomes-fiscal-year-2018-state-status-typology-update/>

Q1 To what extent do you agree or disagree that the following state goals for KY higher education are in alignment with KCTCS goals.

Answered: 1 Skipped: 0

	STRONGLY AGREE	AGREE	DISAGREE	STRONGLY DISAGREE	DO NOT KNOW	TOTAL	WEIGHTED AVERAGE
Increase retention and progression of students.	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1	3.00
Increase the number of degrees and credentials earned by all types of students.	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1	3.00
Grow the number of degrees and credentials that garner higher salaries upon graduation: STEM+H fields, high-wage, high-demand fields.	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1	3.00
Close achievement gaps by increasing the number of degrees and credentials earned by low-income, minority and underprepared students.	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1	3.00

#	COMMENTS (OPTIONAL):	DATE
1	This was a good start for KCTCS and our colleges. Consideration should be given as we review the model for ways to make it better to look for ways to reduce volatility (measures per FTE), all measures to three-year averages, and inclusion of community based indexes that reflect the economic, geographic and demographic differences of our colleges. Rural colleges have differing needs from urban colleges.	7/13/2020 10:01 PM

Q2 To what extent do you agree or disagree with the following statements regarding effectiveness of the performance funding-model as it relates to KCTCS:

Answered: 1 Skipped: 0

	STRONGLY AGREE	AGREE	DISAGREE	STRONGLY DISAGREE	DO NOT KNOW	TOTAL	WEIGHTED AVERAGE
Funding received for KCTCS colleges through Kentucky's performance-funding model is a fair measure of institutional performance.	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	1	2.00
Performance-funding distributions to KCTCS colleges have been consistent with campus expectations.	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1	3.00
Performance-funding has helped KCTCS advocate for additional state funding.	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1	3.00
Faculty members and other KCTCS leaders are aware of the Kentucky performance-funding model.	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1	3.00
Faculty members and other KCTCS leaders understand the performance-funding model's basic design.	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	1	2.00
KCTCS students are aware of the Kentucky performance-funding model.	0.00% 0	0.00% 0	0.00% 0	100.00% 1	0.00% 0	1	1.00
KCTCS students understand the performance-funding model's basic design.	0.00% 0	0.00% 0	0.00% 0	100.00% 1	0.00% 0	1	1.00
The COVID19 pandemic has increased KCTCS concerns related to Kentucky's performance-funding model.	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1	4.00

#	COMMENTS (OPTIONAL):	DATE
1	While KCTCS colleges leadership and those who work with performance funding within the System Office know about performance funding, students and faculty, do not follow or truly grasp what performance funding is or what the criteria are to any real understanding as to how it affects them. This is true 4 years into the model and much communication and discussion internally and externally.	7/13/2020 10:01 PM

Q3 To what extent do you agree or disagree with the following statements regarding KCTCS staff who oversee the operations of the performance-funding model:

Answered: 1 Skipped: 0

	STRONGLY AGREE	AGREE	DISAGREE	STRONGLY DISAGREE	DO NOT KNOW	TOTAL	WEIGHTED AVERAGE
The process for collection and validation of data used for performance funding provides sufficient opportunity for feedback from campus personnel.	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1	4.00
The process for verifying performance-funding calculations provides sufficient opportunity for feedback from campus personnel.	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1	4.00

#	COMMENTS (OPTIONAL):	DATE
1	College personnel have access to performance based funding data for their college in a data warehouse format that provides feedback as to how the individual college is doing comparatively. Much work has been done in sharing the model and the effects of a college's data with college institutional research staff. Additional input has been and is being sought on ways to make the model better in terms of capturing more of a community needs index in comparison to how well the college is doing in terms of its community's needs versus comparison of other colleges which pits urban large college against smaller rural colleges. The current model rewards volume and does not capture other elements that a colleges is doing to help its community.	7/13/2020 10:01 PM

Q4 KCTCS has changed budgetary or other finance-related practices in response to performance funding.

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	100.00%	1
No	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	We allocate 100% of available funding through the performance funding model, less any mandated programs. Any charges for centralized services and systemwide contracts are charged back to the college and are approved in advance by the KCTCS President's Leadership Team.	7/13/2020 10:03 PM

Q5 Performance funding has impacted capital planning priorities.

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	100.00%	1
No	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	With all funding going directly to the colleges and some colleges getting funding reallocated from them to another college, the ability for those colleges in need of capital repairs and renewal has suffered. Overall as state funding has been reduced from its high in 2008, all of KCTCS has been in a constant reallocation mode, year after year, doing more with less, reducing staff and faculty, looking for ways and being more efficient with less. Capital funding has dried up with only new funding coming from private sources such as the match for the WorkReady Skills Capital Projects.	7/13/2020 10:08 PM

Q6 The culture of KCTCS colleges has become more focused on student success because of performance-funding.

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	100.00%	1
No	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	The colleges have recognized the a large component of performance funding is base on student success, i.e. course completion.	7/13/2020 10:09 PM

Q7 Please indicate whether each of the following student success initiatives in KCTCS have been at least partially influenced by performance-funding since the model was implemented in academic year 2016-2017:

Answered: 1 Skipped: 0

KCTCS Performance Funding Feedback Survey (Summer 2020)

	A NEW PROGRAM WAS CREATED BECAUSE OF PERFORMANCE-FUNDING.	THE EXISTING PROGRAM WAS DISCONTINUED BECAUSE OF PERFORMANCE-FUNDING.	THE EXISTING PROGRAM WAS ENHANCED BECAUSE OF PERFORMANCE FUNDING.	THE EXISTING PROGRAM WAS CONTINUED WITHOUT CHANGE BECAUSE OF PERFORMANCE-FUNDING.	THE EXISTING PROGRAM WAS CONTINUED WITH NO INFLUENCE OF PERFORMANCE FUNDING.	NO PROGRAM WAS OFFERED AND THERE ARE NO PLANS TO DO SO.	TOTAL
First-year experience with student success coursework.	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1
Mandatory student orientation.	0.00% 0	0.00% 0	0.00% 0	0.00% 0	100.00% 1	0.00% 0	1
Prior learning assessments (PLAs).	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1
Competency-based education programs.	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1
Faculty advising program.	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1
Staff advising program.	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1
Career services and the career center.	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1
Internships, experiential learning, partnerships with employers.	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1
Academic coursework changes (for example, meta-majors, co-requisite support, math course options to better align with field of study, stackable credentials, conferring of stackable credentials while enrolled).	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1
Dual enrollment, high school pathways to employment.	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1
Coursework scheduling (for example, full-time students registering for 15 hours	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1

KCTCS Performance Funding Feedback Survey (Summer 2020)

per term, part-time students registering for at least 30 hours in an academic year, block scheduling).

Student financial incentives to encourage completion (for example, tuition guarantees, completion grants at progression thresholds).	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1
Early alert student data system.	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1

#	OPTIONAL: PLEASE DESCRIBE ANY ADDITIONAL STUDENT SUCCESS INITIATIVES RELATED TO PERFORMANCE-FUNDING:	DATE
1	KCTCS created the 15 to Finish Scholarship to encourage students to take and complete 15 hours as semester as one example. There are too many to list.	7/13/2020 10:15 PM

Q8 Has KCTCS identified any unintended (positive or negative) consequences as a result of the performance-funding model?

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	100.00%	1
No	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Volatility in the model. Skewing toward the larger urban colleges because of volume based metrics that do not recognize the many differences in small rural colleges as compared to larger urban colleges. In some instances colleges like Jefferson and Bluegrass are as different from Hazard and Southeast as UK is from Morehead.	7/13/2020 10:17 PM

Q9 Optional: Please provide any additional feedback regarding the overall effects of performance funding. Do not comment on specific metrics or calculations in the model – this topic will be covered in a later section of the survey.

Answered: 1 Skipped: 0

#	RESPONSES	DATE
1	KCTCS is and remains supportive of Performance Funding. While the metrics need tweaking, overall having a single model with the same criteria (good, bad and ugly) has removed many of the claims of subjectivity, political influence, etc.	7/13/2020 10:20 PM

Q10 Are mandated programs appropriately defined and treated in the model?

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	100.00%	1
No	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	KCTCS has several mandated programs (Fire Commission and State Fire Rescue, the Kentucky Board of Emergency Services, Adult Agriculture and WINS) and the funds for the programs are pulled off the top with none of their funding running through the model.	7/13/2020 10:32 PM

Q11 Is the equity adjustment appropriate?

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	0.00%	0
No	100.00%	1
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	No. There needs to be either more, or a different approach in metrics to get at equity. See above comments on other responses. KCTCS requested more in an equity allocation at the onset of developing a model, but CPE leadership at the time would not hear of it.	7/13/2020 10:32 PM

Q12 Are there any other adjustments that should be made prior to running the model which are not currently being made?

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	100.00%	1
No	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Yes, but this is more of a matter of revising criteria to better reflect the differences in college needs and communities. This could possibly be handle with the creation of a community needs index where a college is measured against how well it is doing to help meet the needs of its community versus being compared to other colleges and having money taken away even though the college is improving and serving its community as well, if not better to another college that is receiving the reallocated funds.	7/13/2020 10:32 PM

Q13 What is the appropriate level of stop loss (amount of regular general fund appropriation susceptible to redistribution)?

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
1%	0.00%	0
2%	0.00%	0
3%	0.00%	0
No stop loss	0.00%	0
Other	100.00%	1
TOTAL		1

#	OTHER	DATE
1	Depends on the state appropriation and any new funding. When no new funding is allocated and all are being cut, is any additional reallocation via a stop loss the right thing to do?	7/13/2020 10:32 PM

Q14 Which time interval should the stop loss be applied?

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Every year	100.00%	1
Every two years (biennium)	0.00%	0
Other (please specify)	0.00%	0
TOTAL		1

#	OTHER (PLEASE SPECIFY)	DATE
	There are no responses.	

Q15 Optional: Comments on stop loss.

Answered: 1 Skipped: 0

#	RESPONSES	DATE
1	The stop loss is a institution saver for our small rural colleges. These colleges suffer significant differences of geography, social and economic disadvantages that other larger more urban colleges do not. Without the stop loss, several of the eastern Kentucky colleges would be forced to close. Then what would the communities do? The college is the life blood for many rural communities and what limited businesses and industries are within those communities. Especially healthcare.	7/13/2020 10:32 PM

Q16 Total credentials (10%)

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	0.00%	0
Continue using in model with recommended change.	100.00%	1
Discontinue using in model.	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Move to all credential metrics to 3-year averages and use FTE calculations to reduce volatility and provide institutional comparisons to self versus other colleges. This will promote improvement of ones own college without worry of having funds shifted away because of volume alone.	7/13/2020 10:35 PM

Q17 STEM-H credentials (2%)

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	0.00%	0
Continue using in model with recommended change.	100.00%	1
Discontinue using in model.	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Change the weighting for this measure to focus more on labor market indicators (e.g., wages, job demand), rather than solely based on credential-level. Since weights are directly tied to industry, previous industry-related measures removed (Targeted Industry Sector Credentials; High-Wage, High-Demand Credentials; and STEM+H Credentials). Place associate degree-level credentials into the bucket with the highest weight in recognition of the importance of transfer education and higher-level learning in specific disciplines.	7/13/2020 10:37 PM

Q18 URM credentials (2%)

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	0.00%	0
Continue using in model with recommended change.	100.00%	1
Discontinue using in model.	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Move to a 3-year average.	7/13/2020 10:38 PM

Q19 Low-income credentials (2%)

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	0.00%	0
Continue using in model with recommended change.	100.00%	1
Discontinue using in model.	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Move to a 3-year average.	7/13/2020 10:41 PM

Q20 Under-prepared credentials (2%)

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	0.00%	0
Continue using in model with recommended change.	100.00%	1
Discontinue using in model.	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Move to a 3-year average.	7/13/2020 10:41 PM

Q21 High-wage high-demand credentials (1%)

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	0.00%	0
Continue using in model with recommended change.	0.00%	0
Discontinue using in model.	100.00%	1
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Move to a more a tree-year Average Credentials calculated "per FTE" to add a quality-based measure with a significant percentage of funding tied to it. Further, weighting for this measure could be based on labor market indicators (e.g., wages, job demand), rather than solely based on credential-level. Since weights are directly tied to industry, previous industry-related measures have been removed (Targeted Industry Sector Credentials; High-Wage, High-Demand Credentials; and STEM+H Credentials). Associate degree-level credentials could be placed into the bucket receiving the highest weight in recognition of the importance of transfer education and higher-level learning in specific disciplines.	7/13/2020 10:41 PM

Q22 Targeted industry credentials (2%)

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	0.00%	0
Continue using in model with recommended change.	0.00%	0
Discontinue using in model.	100.00%	1
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	See above response.	7/13/2020 10:41 PM

Q23 Transfers (2%)

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	0.00%	0
Continue using in model with recommended change.	100.00%	1
Discontinue using in model.	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	See above response.	7/13/2020 10:41 PM

Q24 Student progression @15 hours (2%)

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	0.00%	0
Continue using in model with recommended change.	100.00%	1
Discontinue using in model.	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Use three-year average.	7/13/2020 10:41 PM

Q25 Student progression @30 hours (4%)

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	0.00%	0
Continue using in model with recommended change.	100.00%	1
Discontinue using in model.	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Use three-year average.	7/13/2020 10:41 PM

Q26 Student progression @45 hours (6%)

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	0.00%	0
Continue using in model with recommended change.	100.00%	1
Discontinue using in model.	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Use three-year average.	7/13/2020 10:42 PM

Q27 Weighted earned credit hours (35%)

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	0.00%	0
Continue using in model with recommended change.	100.00%	1
Discontinue using in model.	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Use three-year average.	7/13/2020 10:42 PM

Q28 M&O - Instructional square footage (10%)

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	0.00%	0
Continue using in model with recommended change.	0.00%	0
Discontinue using in model.	100.00%	1
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Move to a community needs based index. See above response.	7/13/2020 10:42 PM

Q29 Institutional support - direct cost of instruction (10%)

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	0.00%	0
Continue using in model with recommended change.	0.00%	0
Discontinue using in model.	100.00%	1
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Move to a community needs based index. See above response.	7/13/2020 10:42 PM

Q30 Academic support - FTE students (10%)

Answered: 1 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	0.00%	0
Continue using in model with recommended change.	100.00%	1
Discontinue using in model.	0.00%	0
TOTAL		1

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Move to a community needs based index. See above response.	7/13/2020 10:43 PM

Q31 Optional: Please recommend any additional metrics which should be considered in future performance-funding models.

Answered: 1 Skipped: 0

#	RESPONSES	DATE
1	Community Need Index (15%): • County-level unemployment rates, labor force participation rates, and poverty rates are combined into one index score for each college service area (based on Enrollment Clusters). Principle components analysis (PCA) can be developed to combine data into an index score (to create a single variable that is presented as a standardized z-score). • Index scores show relative level of need in each service area. Positive scores indicate higher than average levels of need. Negative scores indicate lower than average levels of need.	7/13/2020 10:46 PM

Q32 Optional: Please include additional comments regarding metrics and calculations used in the Kentucky performance-funding model.

Answered: 1 Skipped: 0

#	RESPONSES	DATE
1	See above response. Changes can be developed and indexed to get more from the current components of space and institutional support based off of IPEDS data.	7/13/2020 10:46 PM

Q33 To what extent do you agree or disagree with the follow statements regarding Kentucky performance funding-model as it relates to the state's goals:

Answered: 1 Skipped: 0

	STRONGLY AGREE	AGREE	DISAGREE	STRONGLY DISAGREE	DON'T KNOW	TOTAL	WEIGHTED AVERAGE
The Kentucky performance-funding model is an improvement compared to previous method of 'across the board' percent increases in distributing state General Fund revenue in terms of consistency, fairness and equity for public institutions.	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1	4.00
The Kentucky performance-funding model has enhanced state level efforts towards achievement of the 60x30 attainment goal (i.e. 60% of Kentucky working-age residents will hold a certificate or degree by the year 2030).	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1	3.00
The Kentucky performance-funding model encourages cooperation between institutions to the benefit of Kentucky students.	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	1	2.00
The Kentucky performance-funding model adequately focuses on the success of low-income students and students of color.	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	1	2.00
The Kentucky performance-funding model adequately focuses on the needs of the state's workforce with incentives for STEM and health degrees and other workforce targeted credentials.	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	1	2.00
Kentucky policymakers understand the performance-funding model's basic design.	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	1	2.00
Is additional state funding necessary for the performance-funding model to achieve its goals for the state of Kentucky?	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1	4.00

#	COMMENTS (OPTIONAL):	DATE
1	As is few truly understand performance based funding. Even fewer appreciate performance based funding. Largely this is true because there has not been any new funding to accompany the model(s). Rather, reallocation from one institution to another does not promote cooperation among institutions.	7/13/2020 10:49 PM

Q34 Optional: Please add final comments not covered by the survey.

Answered: 1 Skipped: 0

#	RESPONSES	DATE
1	Thank you for the opportunity to provide feedback and we look forward to work with the CPE to make performance funding even better. Last comment, please give KCTCS an equal amount of respect and time at the table as it represents the largest enrollment in the Commonwealth, but so often only the 4-year institutions are ever mentioned in any discussion.	7/13/2020 10:51 PM

Q1 To what extent do you agree or disagree that the following state goals for KY higher education are in alignment with your institution's goals.

Answered: 15 Skipped: 0

	STRONGLY AGREE	AGREE	DISAGREE	STRONGLY DISAGREE	DO NOT KNOW	TOTAL	WEIGHTED AVERAGE
Increase retention and progression of students.	73.33% 11	26.67% 4	0.00% 0	0.00% 0	0.00% 0	15	3.73
Increase the number of degrees and credentials earned by all types of students.	80.00% 12	20.00% 3	0.00% 0	0.00% 0	0.00% 0	15	3.80
Grow the number of degrees and credentials that garner higher salaries upon graduation: STEM+H fields, high-wage, high-demand fields.	66.67% 10	33.33% 5	0.00% 0	0.00% 0	0.00% 0	15	3.67
Close achievement gaps by increasing the number of degrees and credentials earned by low-income, minority and underprepared students.	80.00% 12	20.00% 3	0.00% 0	0.00% 0	0.00% 0	15	3.80

#	COMMENTS (OPTIONAL):	DATE
1	I see no need to make changes to the already well thought-out formula. Everyone is just going to try and use this opportunity to increase the importance in those areas they do well in. Let the model stand and eventually everyone will march to the same tune	7/17/2020 5:36 PM
2	These goals are in alignment with the mission and vision of my institution.	7/16/2020 8:05 PM
3	In Eastern Kentucky we do not have a lot of high wage high demand jobs available. We need additional economic development to create opportunities for the local economy. Many students leave the state when they graduate for these types of positions	7/16/2020 9:21 AM

Q2 To what extent do you agree or disagree with the following statements regarding effectiveness of the performance funding-model as it relates to your campus:

Answered: 15 Skipped: 0

	STRONGLY AGREE	AGREE	DISAGREE	STRONGLY DISAGREE	DO NOT KNOW	TOTAL	WEIGHTED AVERAGE
Funding received at my campus through Kentucky's performance-funding model is a fair measure of my institution's overall performance.	13.33% 2	40.00% 6	13.33% 2	33.33% 5	0.00% 0	15	2.33
Performance-funding distributions to my institution have been consistent with campus' expectations.	6.67% 1	46.67% 7	26.67% 4	20.00% 3	0.00% 0	15	2.40
Performance-funding has helped my institution advocate for additional state funding.	6.67% 1	40.00% 6	20.00% 3	33.33% 5	0.00% 0	15	2.20
Faculty members and other leaders on my campus are aware of the Kentucky performance-funding model.	46.67% 7	40.00% 6	13.33% 2	0.00% 0	0.00% 0	15	3.33
Faculty members and other leaders on my campus understand the performance-funding model's basic design.	6.67% 1	66.67% 10	20.00% 3	6.67% 1	0.00% 0	15	2.73
Students on my campus are aware of the Kentucky performance-funding model.	0.00% 0	20.00% 3	60.00% 9	6.67% 1	13.33% 2	15	1.87
Students on my campus understand the performance-funding model's basic design.	0.00% 0	0.00% 0	53.33% 8	26.67% 4	20.00% 3	15	1.33
The COVID19 pandemic has increased my institution's concerns related to Kentucky's performance-funding model.	60.00% 9	13.33% 2	26.67% 4	0.00% 0	0.00% 0	15	3.33

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#	COMMENTS (OPTIONAL):	DATE
1	If our enrollment decreases because of the pandemic, it will impact performance funding in the near future.	7/17/2020 3:00 PM
2	No matter how well my college performs on the metrics, we receive NO performance funding. Even though we perform better than other colleges, we do not receive funding, so the model does not offer a fair measure of performance for us. We work hard to educate our employees about the model and show our performance on the metrics. We also have workgroups to study our performance and suggest enhancements and improvements. Still, the model is very complicated and difficult to understand for those not working with it everyday. It is also difficult for our employees to see the data about our performance and then understand why we receive none of the funding. If students are aware of the model, I am sure they don't have an understanding of how it is implemented.	7/17/2020 12:34 PM
3	The pandemic is having a negative impact on enrollment, completion of courses last spring, and retention of students. Many of my students have children, work, and other responsibilities that the pandemic only complicates, keeping them from staying in college. We are already losing in performance based funding. The pandemic will have even more of a negative impact.	7/16/2020 8:05 PM
4	The current performance funding model is too volume based. Small colleges are at a severe disadvantage. Their should be some sort of small school adjustment.	7/16/2020 1:40 PM
5	This model doesn't reflect the work we do. We are one of the six colleges that, no matter how good we perform, will not get additional funding consistent with our performance. The basis of the entire metrics are flawed because they're based on head count and rural areas are negatively impacted compared to growing urban areas.	7/16/2020 9:21 AM
6	I am not sure students understand the funding process. It is complicated and during pandemic many individuals are simply no thinking about the impact that enrollment and this will have on our colleges and universities and it is concerneing.	7/15/2020 4:01 PM
7	The model is not actually "performance based," but is instead a volume based formula. As a result, colleges that consistently outperform other KCTCS colleges in areas such as graduation rates of URM students receive a smaller share of larger KCTCS institutions with URM graduation rates less than half that of other colleges In other areas, the methods used to calculate PBF results actually hurt colleges such as West KY that have high numbers of workforce and/or dual credit students since measures such as accumulation of credit hours are based on total enrollment, not credential-seeking enrollment.	7/14/2020 1:13 PM

Q3 To what extent do you agree or disagree with the following statements regarding KCTCS staff who oversee the operations of the performance-funding model:

Answered: 15 Skipped: 0

	STRONGLY AGREE	AGREE	DISAGREE	STRONGLY DISAGREE	DO NOT KNOW	TOTAL	WEIGHTED AVERAGE
The process for collection and validation of data used for performance funding provides sufficient opportunity for feedback from campus personnel.	20.00% 3	60.00% 9	20.00% 3	0.00% 0	0.00% 0	15	3.00
The process for verifying performance-funding calculations provides sufficient opportunity for feedback from campus personnel.	20.00% 3	53.33% 8	26.67% 4	0.00% 0	0.00% 0	15	2.93

#	COMMENTS (OPTIONAL):	DATE
1	It is disheartening to know the model was developed in a manner that automatically omits 6 schools from receiving performance funding and also puts all smaller schools at a disadvantage in earning performance funding.	7/17/2020 12:34 PM
2	I feel we have no opportunity to explain our quantitative results and the various challenges associated with being a small, rural college in an economically depressed area full of first-generation students where it often takes more resources and dollars to serve their various needs.	7/16/2020 8:05 PM
3	I am not sure they understand it well enough to give feedback. They simply hear we are losing or gaining funding but I am not sure the average campus individual is truly understanding of the process.	7/15/2020 4:01 PM
4	Our KCTCS System Office staff have my confidence in their ability to manage the model's components and data. They keep college presidents involved in through various feedback channels.	7/13/2020 4:34 PM

Q4 My institution has changed budgetary or other finance-related practices in response to performance funding.

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	86.67%	13
No	13.33%	2
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	we have focused on efforts to align ROI with levers of performance funding. we are working with the model to increae our ability to gain revenue share within the model. The issue remains that while the model is underfunded, it is difficult to maintain gains over time, thus undermining the longer term motivations to support the model	7/21/2020 10:33 AM
2	Because of fluctuations, adjustments must be made to ensure sufficient operating dollars.	7/17/2020 3:02 PM
3	We have had to change our practices because the performance funding model is, in essence, a budget cut to us at the beginning of every year. To do our best with meeting requirements of the metrics, our instructional expenditures have risen. While I have been told that we pay into the model because we were once an overfunded college, no one has shown me the formula that was used to over fund us. Which begs the question, should our performance be punished rather than rewarded now for something that happened in the past.	7/17/2020 12:40 PM
4	With less state appropriations coming in and no performance dollars being allocated to our college, we have a heavy focus on tuition dollars that can be brought in from enrollment. We have centralized services where possible, moved some services to the KCTCS central office, and are using non-recurring dollars when possible. We have made cuts in personnel and supplies. We have a heavy dependence on federal grant applications and funding for any type of growth opportunities or new programming for our college.	7/16/2020 8:10 PM
5	We have to look at our budgets differently, because the model, as it is designed, and not based on performance, we consistently lose money every time. Our budget is reduced each year restricting what we can do to grow programs and innovate.	7/16/2020 9:24 AM
6	We have had to adjust not knowing what we may be receiving. I am all for performance funding if it is for new dollars. We are struggling enough now with the pandemic and constant cuts. However, we shouldn't have to compete for money we need to operate to achieve the goals of performance based funding.	7/15/2020 4:03 PM
7	The reward of performance based funding is volume (headcount) and (credit hour attainment) based and not as high on credential attainment.	7/14/2020 1:15 PM
8	Significant cuts in human resources and the ability to be innovative in new program development due to the fear of constantly shrinking base allocations.	7/14/2020 12:08 PM
9	We have a robust budget process that has not changed much due to PBF. Our budget supports our strategic plan, which is focused on student success. As long as the PBF model is based primarily on student success, then the strategic plan, budget, and PBF are aligned.	7/13/2020 4:36 PM
10	We have had to keep more contingency money because of the variance possible with performance funding processes. Since it does not only apply to new money, there is great potential that we could budget for more than we do well, but other colleges do better.	7/13/2020 10:50 AM

Q5 Performance funding has impacted our capital planning priorities.

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	53.33%	8
No	46.67%	7
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	We say, in general, no. However, losing money to the model every year does impact our overall budget and how we can plan for the future.	7/17/2020 12:41 PM
2	With our college receiving no dollars through performance funding, our dependency on grants for growth and opportunity, as well as personnel and supplies is heavy.	7/16/2020 8:12 PM
3	Currently due to reallocation, all capital projects have had to be put on hold.	7/16/2020 1:41 PM
4	By reducing our budgets each year we are unable to implement capital improvement projects. It has impacted our deferred maintenance plans.	7/16/2020 9:26 AM
5	This has greatly impacted our ability to do capital planning. We are constrained now with little to capital outlay and deferred maintenance of facilities. How do we keep our capital assets a priority if we have to maintain other areas we need and create new programs. We have had two many cuts for 12 years or so and we are now competing against the money we did get and that wasn't enough. We need adequate funding for capital priorities if we are to grow and provide premier education, we need peresonnel, capital, deferred maintenance and help.	7/15/2020 4:07 PM
6	We now lack even more needed funds for asset preservation and capital projects.	7/14/2020 12:09 PM
7	As preciously mentioned, all of our planning focuses on student success, including capital planning. The challenge is not know how much money the state will put through the PBF model each year, and with many years of cuts, any model can bring uncertainty.	7/13/2020 4:38 PM
8	Our priorities remain focused on our mission and region. Performance funding should support those areas, and those areas should align with performance funding.	7/13/2020 10:51 AM

Q6 The culture of my institution has become more focused on student success because of performance-funding.

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	60.00%	9
No	40.00%	6
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	The model has helped us focus ROI efforts on specific levers within the model. Our commitment to student success was not enhanced by the model itself.	7/21/2020 10:36 AM
2	Our institution has always been focused on student success. For years before performance funding, our college built yearly plans around student learning outcomes (and we still do). We also had programs for underrepresented students before the model. We have simply integrated the metrics of the model into what we have always done. Our college works toward continuous improvement to ensure student success and meet the needs of our community.	7/17/2020 12:46 PM
3	We are focused on student success but always have been. It is difficult to keep staff and faculty motivated in this model since even when we perform well in the model in certain areas, we do not reap any benefits because of how it is structured.	7/16/2020 8:14 PM
4	We've always been student success driven.	7/16/2020 1:41 PM
5	We were already focused on student success and had many initiatives in place prior to performance based funding.	7/16/2020 9:28 AM
6	We have always been focused on student success, however, with continued reduction of state funds and performance-based funding cutting into our budgets, we are struggling to meet student demands. We release how important enrollment is but we still need to maintain a great deal of our budget with just tuition. Again, i am all for accountability, we should be held accountable but with what we in the Community Colleges are doing is putting into the KY workforce, and we need help to keep up with Industry and technology advances.	7/15/2020 4:11 PM
7	Yes and No. The metrics are appropriate as they relate to the success of students but the fear of an ever shrinking budget has created a scarcity mentality that is hard to overcome.	7/14/2020 12:10 PM
8	Our institutional culture values student success, but PBF has emphasized it through other means. It introduces and reinforces accountability, which is also valued in our culture.	7/13/2020 4:41 PM

Q7 Please indicate whether each of the following student success initiatives at your institution have been at least partially influenced by performance-funding since the model was implemented in academic year 2016-2017:

Answered: 15 Skipped: 0

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	A NEW PROGRAM WAS CREATED BECAUSE OF PERFORMANCE-FUNDING.	THE EXISTING PROGRAM WAS DISCONTINUED BECAUSE OF PERFORMANCE-FUNDING.	THE EXISTING PROGRAM WAS ENHANCED BECAUSE OF PERFORMANCE FUNDING.	THE EXISTING PROGRAM WAS CONTINUED WITHOUT CHANGE BECAUSE OF PERFORMANCE-FUNDING.	THE EXISTING PROGRAM WAS CONTINUED WITH NO INFLUENCE OF PERFORMANCE FUNDING.	NO PROGRAM WAS OFFERED AND THERE ARE NO PLANS TO DO SO.	TOTAL
First-year experience with student success coursework.	13.33% 2	0.00% 0	53.33% 8	13.33% 2	20.00% 3	0.00% 0	15
Mandatory student orientation.	6.67% 1	0.00% 0	40.00% 6	13.33% 2	33.33% 5	6.67% 1	15
Prior learning assessments (PLAs).	0.00% 0	0.00% 0	40.00% 6	20.00% 3	40.00% 6	0.00% 0	15
Competency-based education programs.	6.67% 1	6.67% 1	40.00% 6	13.33% 2	26.67% 4	6.67% 1	15
Faculty advising program.	6.67% 1	0.00% 0	40.00% 6	20.00% 3	33.33% 5	0.00% 0	15
Staff advising program.	13.33% 2	0.00% 0	40.00% 6	13.33% 2	33.33% 5	0.00% 0	15
Career services and the career center.	6.67% 1	0.00% 0	53.33% 8	20.00% 3	20.00% 3	0.00% 0	15
Internships, experiential learning, partnerships with employers.	20.00% 3	0.00% 0	53.33% 8	6.67% 1	20.00% 3	0.00% 0	15
Academic coursework changes (for example, meta-majors, co-requisite support, math course options to better align with field of study, stackable credentials, conferring of stackable credentials while enrolled).	0.00% 0	0.00% 0	73.33% 11	13.33% 2	13.33% 2	0.00% 0	15
Dual enrollment, high school pathways to employment.	0.00% 0	0.00% 0	73.33% 11	6.67% 1	13.33% 2	6.67% 1	15
Coursework scheduling (for example, full-time students registering for 15 hours	13.33% 2	0.00% 0	66.67% 10	20.00% 3	0.00% 0	0.00% 0	15

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per term, part-time students registering for at least 30 hours in an academic year, block scheduling).

Student financial incentives to encourage completion (for example, tuition guarantees, completion grants at progression thresholds).	26.67% 4	0.00% 0	46.67% 7	20.00% 3	0.00% 0	6.67% 1	15
Early alert student data system.	0.00% 0	0.00% 0	73.33% 11	6.67% 1	20.00% 3	0.00% 0	15

#	OPTIONAL: PLEASE DESCRIBE ANY ADDITIONAL STUDENT SUCCESS INITIATIVES RELATED TO PERFORMANCE-FUNDING:	DATE
1	We adopted 4DX from Franklin-Covey as the backbone process for measuring student success outcomes and focusing every employee on their role in improving outcomes	7/17/2020 5:39 PM
2	I can't say that any of the above programs began simply because the PBF was created. However, PBF has brought forth an enhanced level of understanding regarding student success, and its value to the Commonwealth.	7/13/2020 4:45 PM

Q8 Has your institution identified any unintended (positive or negative) consequences as a result of the performance-funding model?

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	80.00%	12
No	20.00%	3
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Size of institution creates an imbalance in the system. Larger swings are available to UK and BCTC and JCTC that are not available to smaller colleges <2000 students. Especially important until the model is fully funded.	7/21/2020 10:44 AM
2	We appreciate the opportunity to earn extra funds based on our performance.	7/17/2020 3:05 PM
3	Smaller schools are penalized because of the emphasis on volume.	7/17/2020 2:59 PM
4	Colleges that have been deemed "overfunded" must pay into the model. Because our college is viewed as overfunded in the past, we are not eligible to earn performance funding. I am concerned that, because my college is not eligible to earn performance funding, reports seen by legislators and decision makers make it look like our college performs poorly on the metrics. This is not the case, in many instances, my college is performing better on metrics than others that are listed as "earning" performance funds. In implementation the model leaves small colleges behind. My college can show greater growth in performance on a metric than a large college. Because of the nature of the model, the large college will, in the end, receive more performance funding. The model does place emphasis on some important metrics to encourage high quality programs.	7/17/2020 1:05 PM
5	The model is very volume based and does not take into account population or socio-economic factors of an area. Rural colleges are simply at a disadvantage. They should be measured against themselves or have goals that are adjusted for factors like populations, available jobs in the area, etc.	7/16/2020 8:18 PM
6	The model is volume based and colleges compete amongst one another and should be competing against themselves. No credit is given for non-credit training while some college's have over 3,000 non-credit students that they receive no performance based funding for. Short-term certificates are not as heavily weighted in the model as associate degrees. Some of the rural areas of the state do not have an exceptionally high number of high wage-high demand opportunities as other colleges. There was a reason why smaller colleges were funded at a higher level. Larger urban colleges have more opportunity for revenue generation.	7/16/2020 1:45 PM
7	We are one of the six colleges that will not get performance based funding based on the current model. It hinders us from implementing new initiative because of lack of funding	7/16/2020 9:45 AM
8	It feels as though we are competing for the same money with the other 15 colleges. We need new funding that is not just competing against the funds we should receive. Compete for new monies while holding us accountable.	7/15/2020 4:15 PM
9	Not rewarded as highly in funding because of volume base approach versus credential attainment.	7/14/2020 1:19 PM
10	In my institution's situation we can improve in any given metric and still lose funding since the model assumes we were over funded to begin with. That was a faulty assumption.	7/14/2020 12:13 PM
11	Employee morale (I believe) has been positively impacted by PBF because they now better see that their efforts in improving student success has a logical, understanding link to state funding. In other words, it is easy to understand that the Commonwealth values student success and will support institutions that do the same. Prior funding structures did not have this clear link.	7/13/2020 4:47 PM
12	Since the overall allocation of performance funding dollars apply to all money and not just new money, there is great potential for all colleges to make progress on student success initiatives, yet half receive reduced allocations.	7/13/2020 10:57 AM

Q9 Optional: Please provide any additional feedback regarding the overall effects of performance funding on your campus. Do not comment on specific metrics or calculations in the model – this topic will be covered in a later section of the survey.

Answered: 7 Skipped: 8

#	RESPONSES	DATE
1	Appreciate the focus on Community College relevant metrics as opposed to many state models that focus on University and IPEDS type numbers. The model also gives direction to focus ROI designs in addressing operations and student success.	7/21/2020 10:46 AM
2	We have almost doubled our graduation rate in the past four years and have almost tripled the graduation rate of URM students.	7/17/2020 5:40 PM
3	This model has actually had a negative impact on morale on my campus. We work with faculty and staff to be sure we are addressing the metrics and working toward student success. However, after 3 years of work and seeing improvements in many areas, they also see that we lose money to the model. They also see metrics for other colleges that are awarded performance funding and know that we are showing more growth. As a leader, I am challenged with motivating my employees to continue working hard when we can "earn" no reward. I am fortunate that the majority of employees put the students before the performance funding and continue to do the good work they do.	7/17/2020 1:10 PM
4	Again, it is difficult to explain to the community and keep employees motivated when we can show improvement in certain areas but receive negative effects due to being compared to the larger KCTCS colleges.	7/16/2020 8:20 PM
5	If the model continues as is, rural colleges will cease to exist.	7/16/2020 1:45 PM
6	It has had a very positive impact on our institution because our level of student success was not previously supported. Once PBF was implemented, it brought more resources to our college than we had been previously receiving. We have been able to grown programming and student support structures.	7/13/2020 4:49 PM
7	We believe that performance funding is based on student success, therefore we support performance funding as a model in Kentucky. We stay focused on student success, and know the funding will follow. We just ask that more state funding be allocated to the performance funding pool so that all colleges can succeed under its guidelines.	7/13/2020 10:58 AM

Q10 Are mandated programs appropriately defined and treated in the model?

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	73.33%	11
No	26.67%	4
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	How are you defining mandated programs?	7/16/2020 9:59 AM
2	The only reason I answered No is because I am not sure what is being referenced with the term "mandated programs."	7/13/2020 4:59 PM

Q11 Is the equity adjustment appropriate?

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	60.00%	9
No	40.00%	6
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Smaller schools deserve the economy of scale adjustment they receive - it is a fair amount...	7/17/2020 5:42 PM
2	The amount of funds set aside is not enough to offset the competitive advantage when volume is the driver.	7/17/2020 3:11 PM
3	We don't know what you are asking here.	7/16/2020 9:59 AM

Q12 Are there any other adjustments that should be made prior to running the model which are not currently being made?

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	73.33%	11
No	26.67%	4
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Fully fund the model so we remove wild swings in revenue. Allow for the ability to build equity in student success rather than 1 year snapshots that remove long term motivation and focus an development of 10year goals.	7/21/2020 10:54 AM
2	Somehow account for the small schools which are at a competitive disadvantage when the model is volume driven. Also, if a small school improves against itself (internal measures) year to year but doesn't perform better than other larger schools, there is no reward for the small school. It can still lose out. This is an unintended disincentive.	7/17/2020 3:11 PM
3	Perhaps adjustments in how the targets are determined should be considered.	7/17/2020 3:06 PM
4	Percentage of improvement must be considered. A college can improve year after year but not see any increase in funding. Volume/enrollment should not be the greatest factor. A larger school can perform at a lower level than a smaller school and continue to "earn" more performance funding. This is a "get them in the door" model rather than a total quality model.	7/17/2020 1:19 PM
5	Small school adjustment.	7/16/2020 1:48 PM
6	Perhaps a measure that evaluates student success performance as a percentage of the student body.	7/16/2020 9:59 AM
7	I think we need to take into consideration the regions of the state in decline and need of high wage high demand training and make that factor if it is not, such as Eastern Kentucky's poor counties and assist those colleges who primarily serve them.	7/15/2020 4:18 PM
8	In other areas, the methods used to calculate PBF results actually hurt colleges that have high numbers of workforce and/or dual credit students since measures such as accumulation of credit hours are based on total enrollment, not credential-seeking enrollment.	7/14/2020 1:22 PM
9	There needs to be adjustment to account for colleges in rural areas where students have the greatest of needs and a lack of resources.	7/14/2020 12:14 PM
10	Number of non-credit students served.	7/13/2020 11:01 AM

Q13 What is the appropriate level of stop loss (amount of regular general fund appropriation susceptible to redistribution)?

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
1%	20.00%	3
2%	53.33%	8
3%	6.67%	1
No stop loss	6.67%	1
Other	13.33%	2
TOTAL		15

#	OTHER	DATE
1	.5%	7/16/2020 9:59 AM
2	10%	7/13/2020 4:59 PM

Q14 Which time interval should the stop loss be applied?

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES
Every year	60.00% 9
Every two years (biennium)	40.00% 6
Other (please specify)	0.00% 0
TOTAL	15

#	OTHER (PLEASE SPECIFY)	DATE
	There are no responses.	

Q15 Optional: Comments on stop loss.

Answered: 7 Skipped: 8

#	RESPONSES	DATE
1	Stop loss only works if there is a long term incentive to build equity in student success long term. If you want 2 year turn arounds, you will create a stock market mentality where colleges will seek short term revenue dividends and payouts over long term value for students and community stakeholders	7/21/2020 10:54 AM
2	It is terribly unfortunate that there must be a stop loss. If the state is going to mandate performance funding, then the money must be available to fund it. If not, there will be colleges that suffer.	7/17/2020 1:19 PM
3	The 2% stop loss is critical for the small rural colleges to not be susceptible to losing any additional portion of their base funding for redistribution each year. Without it, the way the funding model works currently, the smaller colleges could lose such a significant portion in one year that they could be in jeopardy of closing.	7/16/2020 8:28 PM
4	I understand stop loss. However, I believe that colleges shouldn't compete against each other but should compete against itself.	7/16/2020 1:48 PM
5	It work better if it was applied for 3-4 years for institutional planning purposes	7/16/2020 9:59 AM
6	A need to revisit the percentage required for this very impactful budget factor	7/14/2020 1:22 PM
7	The stop loss is a challenge if new money is not introduced into the model. If there is no new money and you cap the stop loss at a low number, then there is not enough money to be distributed to the over-performing colleges. If we do this too long, colleges that have an opportunity to grow and support economic and workforce development for their communities may miss the window of opportunity, As a result the entire Commonwealth suffers.	7/13/2020 4:59 PM

Q16 Total credentials (10%)

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	53.33%	8
Continue using in model with recommended change.	40.00%	6
Discontinue using in model.	6.67%	1
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	18%	7/17/2020 1:24 PM
2	We actually feel this could be moved up to somewhere between 15 - 25%.	7/16/2020 8:30 PM
3	Too volume based. Small schools are at an disadvantage.	7/16/2020 1:49 PM
4	Should be calculated as a percentage of the credential seeking student body	7/16/2020 10:04 AM
5	Increase credentials to at least 15% because it is a very clear performance and completion metric.	7/14/2020 1:24 PM

Q17 STEM-H credentials (2%)

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	66.67%	10
Continue using in model with recommended change.	26.67%	4
Discontinue using in model.	6.67%	1
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	1%... for small schools this is both a capacity issue and a volume challenge compared to larger institutions	7/17/2020 3:14 PM
2	10%	7/17/2020 1:25 PM
3	Volume based.	7/16/2020 1:50 PM
4	Should be calculated as a percentage of the credential seeking student body	7/16/2020 10:04 AM
5	This is a tricky one because it needs to be tied to industry demand. If we need more people with STEM-H credentials, then we need to increase the percentage. If KY jobs don't require these credentials, then the 2% is probably appropriate.	7/13/2020 5:01 PM
6	Expand the definition of what counts toward STEM-H	7/13/2020 11:02 AM

Q18 URM credentials (2%)

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	46.67%	7
Continue using in model with recommended change.	53.33%	8
Discontinue using in model.	0.00%	0
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	In this environment we should increase the weight of this metric to 3%	7/17/2020 5:43 PM
2	5% ...this would reward schools more for serving URMs	7/17/2020 3:16 PM
3	URM population is essentially non-existent in certain regions of the state. We actually saw an increase in URM population served in 17-18 but very little monetary reward.	7/16/2020 1:53 PM
4	Should be calculated as a percentage of the credential seeking student body	7/16/2020 10:05 AM
5	Increase to about 3%-5% to address the historical and cultural gaps in diversity access and success	7/14/2020 1:25 PM
6	Since we are focused on increasing educational attainment rates in KY's URM population, this one should play a larger role.	7/13/2020 5:02 PM

Q19 Low-income credentials (2%)

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	46.67%	7
Continue using in model with recommended change.	53.33%	8
Discontinue using in model.	0.00%	0
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Change to 3% as this is a community college key focus	7/17/2020 5:45 PM
2	3%... this would reward students more for serving Low-income students	7/17/2020 3:22 PM
3	I think this could be increased or weighted based on a heavier weight for those colleges who have a high percentage of low income population overall in their U.S. census data.	7/16/2020 8:37 PM
4	Too volume based.	7/16/2020 2:04 PM
5	Should be calculated as a percentage of the credential seeking student body	7/16/2020 10:07 AM
6	Increase significantly to 5%-10% because it is the dominant percentage of the students we serve	7/14/2020 1:28 PM
7	Educational attainment is the #1 solution to breaking the cycle of poverty, which is correlated with so many other social challenges. This absolutely needs to have more emphasis.	7/13/2020 5:05 PM

Q20 Under-prepared credentials (2%)

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	53.33%	8
Continue using in model with recommended change.	46.67%	7
Discontinue using in model.	0.00%	0
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	1% smaller schools are challenged by amount of resources necessary to support under-prepared students	7/17/2020 3:22 PM
2	This should be weighted based on the total population of developmental students that a college serves.	7/16/2020 8:37 PM
3	Volume based/ Under-prepared students are on the decline because of co-requisite education.	7/16/2020 2:04 PM
4	Should be calculated as a percentage of the credential seeking student body	7/16/2020 10:07 AM
5	Increase 3-5% but include recognition of access improvement along with completion, and because it is the most challenging sector in achieving credentials.	7/14/2020 1:28 PM

Q21 High wage high demand credentials (1%)

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	53.33%	8
Continue using in model with recommended change.	40.00%	6
Discontinue using in model.	6.67%	1
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	2%	7/17/2020 1:27 PM
2	There should be some allowance given for those colleges who are in an economically depressed area where little high wage, high jobs exist. Community colleges are to prepare students for jobs in the local labor market. They may not be high wage/high demand as defined by the state model.	7/16/2020 8:37 PM
3	Volume based.	7/16/2020 2:04 PM
4	We don't have many high wage jobs in our region.	7/16/2020 10:07 AM
5	This one needs to increase.	7/13/2020 5:05 PM
6	Need better clarification on what counts as HW/HD, and should expand the definition to include certain metamajors withing the AA and AS.	7/13/2020 11:03 AM

Q22 Targeted industry credentials (2%)

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	73.33%	11
Continue using in model with recommended change.	20.00%	3
Discontinue using in model.	6.67%	1
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Already covered with high-wage measure - use this 2% to enhance focus on URM and low-income students	7/17/2020 5:45 PM
2	Again, an allowance could be given to those colleges who are in an economically depressed area where there are little targeted industry jobs as defined by the state.	7/16/2020 8:37 PM
3	Adjustments need to be made so the targeted industry credentials are not volume based. Also, it'll be good to expand the targeted industry sectors.	7/16/2020 2:04 PM
4	Should be calculated as a percentage of the credential seeking student body	7/16/2020 10:07 AM

Q23 Transfers (2%)

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	66.67%	10
Continue using in model with recommended change.	26.67%	4
Discontinue using in model.	6.67%	1
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	5% ...small schools who provide this in volume need to be recognized for it	7/17/2020 3:22 PM
2	The transfers portion of the formula is too volume based. With the current focus being on fast-track programming should the we weigh as much on transfer.	7/16/2020 2:04 PM
3	Should be calculated as a percentage of the credential seeking student body	7/16/2020 10:07 AM
4	I am not sure transfer numbers are always accurate, we often do get them early enough. Seems to be a better way to track students and their success. If we are highly technical in delivery, the transfer is not always and need or desire for students. This part may need to go.	7/15/2020 4:21 PM

Q24 Student progression @15 hours (2%)

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	60.00%	9
Continue using in model with recommended change.	40.00%	6
Discontinue using in model.	0.00%	0
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	1% need to consider part-time adult challenges in retention	7/17/2020 3:23 PM
2	This metric could carry less weight. Many well paying jobs and credentials are less than 15 credit hours. If our job is to prepare students for the workforce, then they may not need 15 credits. Truck driving, lineman, nurse aide, IT certifications, etc. all require less than 15 credits and a student can go to work.	7/16/2020 8:41 PM
3	Student progression is weighted on volume.	7/16/2020 2:10 PM
4	Should be calculated as a percentage of the credential seeking student body	7/16/2020 10:08 AM
5	Could we look at economic issues in regions. Eastern KY is not the same as central KY or the golden triangle. Number of students on financial aid may come into play as well.	7/15/2020 4:23 PM

Q25 Student progression @30 hours (4%)

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	66.67%	10
Continue using in model with recommended change.	33.33%	5
Discontinue using in model.	0.00%	0
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	3%	7/17/2020 3:24 PM
2	Dual credit can negatively impact this metric, yet we need to offer dual credit.	7/17/2020 1:30 PM
3	Again, this could carry less weight because of credentials students can earn that are less than 30 credits.	7/16/2020 8:42 PM
4	Student progression is weighted on volume. With the emphasis on fast track technical training many technical certificates are less than 15 credit hours. These students can seek and gain employment before reaching any progression number.	7/16/2020 2:13 PM
5	Should be calculated as a percentage of the credential seeking student body	7/16/2020 10:08 AM

Q26 Student progression @45 hours (6%)

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	60.00%	9
Continue using in model with recommended change.	40.00%	6
Discontinue using in model.	0.00%	0
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Move to 5% as many students successfully transfer to 4 year schools after one year and they are not reflected as successful in this metric...	7/17/2020 5:46 PM
2	5%	7/17/2020 3:24 PM
3	Again, this could carry less weight due to the wide variety of well-paying jobs that can be earned and a student go to work and be successful at less than 45 credits.	7/16/2020 8:43 PM
4	Student progression is weighted on volume. With the emphasis on fast track technical training many technical certificates are less than 15 credit hours. These students can seek and gain employment before reaching any progression number.	7/16/2020 2:13 PM
5	Should be calculated as a percentage of the credential seeking student body	7/16/2020 10:08 AM

Q27 Weighted earned credit hours (35%)

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	60.00%	9
Continue using in model with recommended change.	40.00%	6
Discontinue using in model.	0.00%	0
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	30%...curriculum and program changes can really affect this even if the changes are for the good	7/17/2020 3:26 PM
2	This could carry less weight overall, perhaps 25%. It concerns faculty because they feel they are pressured to lessen the rigor of instruction because of the heavy weight on course completion.	7/16/2020 8:44 PM
3	Allocations need to be changed. Certificates less than a year need to carry more weight. The three year average is weighted too heavily.	7/16/2020 2:16 PM
4	Should be calculated as a percentage of the credential seeking student body	7/16/2020 10:09 AM
5	I actually do approve of this measure as at some point you do have to provide funding for the number of students you serve.	7/14/2020 1:29 PM
6	Could be reduced in order to provide more funding for institutional expenses. Those expenses are at the base of the hierarchy of needs for institutions, and need to be addressed.	7/13/2020 11:17 AM

Q28 M&O - Instructional square footage (10%)

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	46.67%	7
Continue using in model with recommended change.	46.67%	7
Discontinue using in model.	6.67%	1
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Move to 11% (the extra 1% coming from retention after 45 hours) as colleges are not getting enough to handle basic M&R needs and the State should be ashamed of the quality of the campuses we have compared to other states	7/17/2020 5:48 PM
2	There is an inherent disincentive with this metric and efforts to be efficient are not rewarded. For instance, closing a building or site to better utilize resources actually results in a penalty here. Plus, it doesn't really relate to performance.	7/17/2020 3:29 PM
3	Concerned that this does not measure student success.	7/17/2020 3:10 PM
4	Some increase would be helpful. There seems to be questions on how data for this metric is reported.	7/17/2020 1:32 PM
5	Sometimes we close buildings to create efficiencies and save dollars but the way this metric is built then we lose on M and O dollars due to less square footage. Sometimes we may consolidate instructional space and create efficiencies but again are penalized. I am also concerned with this metric due to COVID and having to put so much online and using less instructional space. We still have the facilities. We just cannot use them right now.	7/16/2020 8:47 PM
6	The way in which this is used is a disincentive. For example, increase costs could have a positive impact on student success if you hired additional employees as success coaches, tutors, etc.	7/16/2020 10:17 AM
7	While square footage is used and always has been, this doesn't account for the aging infrastructure. we need funds to fix what we have and renovate unless a new building that is needed can be funded. We need help here. It is hard to maintain facilities without funding for renovation or deferred maintenance. We need help. this should not be a metric	7/15/2020 4:26 PM
8	Needs greater weight in the formula.	7/13/2020 11:17 AM

Q29 Institutional support - direct cost of instruction (10%)

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	60.00%	9
Continue using in model with recommended change.	26.67%	4
Discontinue using in model.	13.33%	2
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	Not performance related.	7/17/2020 3:31 PM
2	Increase here would be helpful. Needs for enhanced instruction and support of students for success has added to the cost of instruction.	7/17/2020 1:34 PM
3	This needs to be a separate option. We need help with our facilities that are aging.	7/15/2020 4:27 PM
4	North Carolina and other states use a rolling three-year average rather than a single year upon which to determine if a metric has been met. Using a three-year average would "smooth out the rough edges" and present a more accurate picture of a college's results. For example, in 2017-18 the college automated the process used to identify students eligible for certificates. As a result, the number of credentials awarded, as well as graduation rates, increased significantly, not only because we were automatically awarding credentials for students who completed their coursework for the current academic year, but who completed credentials that weren't awarded for the prior academic year. As a result, in 2018-19, even though the number of credentials awarded was higher than 2016-17, the number fell from 2017-18, and the college was penalized.	7/14/2020 1:30 PM
5	Needs greater weight.	7/13/2020 11:18 AM

Q30 Academic support - FTE students (10%)

Answered: 15 Skipped: 0

ANSWER CHOICES	RESPONSES	
Continue using in model with no change to metric or weighting.	73.33%	11
Continue using in model with recommended change.	26.67%	4
Discontinue using in model.	0.00%	0
TOTAL		15

#	PLEASE DESCRIBE (OPTIONAL):	DATE
1	This metric can be detrimental to small schools as opposed to large schools. The same type of instruction is expected as is the same type of performance.	7/17/2020 1:36 PM
2	This measure needs to not be volume based,	7/16/2020 2:25 PM
3	Needs greater weight.	7/13/2020 11:18 AM

Q31 Optional: Please recommend any additional metrics which should be considered in future performance-funding models.

Answered: 11 Skipped: 4

#	RESPONSES	DATE
1	Workforce Training and use of KY TRAINS \$	7/21/2020 11:08 AM
2	None - model is complex enough and has us dancing to plenty of expectations	7/17/2020 5:50 PM
3	Year to year comparison where an institution shows improvement against itself annually and rewarded for continuous improvement. This would be a significant incentive and more fair than comparison to much larger institutions in higher populated areas. Compare institutions to those that are more comparable to one another, like benchmarks within the state.	7/17/2020 3:38 PM
4	Perhaps academic credit earned by workforce should be considered.	7/17/2020 3:11 PM
5	For CTC's there needs to be some metrics for workforce classes and training. It is our mission to offer workforce training, yet it is not deemed important enough to be a metric in the performance funding model.	7/17/2020 1:39 PM
6	We would like metrics that measure quality and improvement vs. volume. Also, something that measures efficiencies put into place and their effectiveness could be created.	7/16/2020 8:51 PM
7	Percentage for small school adjustment.	7/16/2020 2:29 PM
8	We recommend number of credentials awarded per 100 students.	7/16/2020 10:24 AM
9	regional economy , popluations in regions of service or Community Colleges, again, Bluegrass and Jefferson are not Henderson and Ashland.	7/15/2020 4:28 PM
10	Job placement	7/14/2020 1:32 PM
11	Non-credit student participation and workforce delivery.	7/13/2020 11:19 AM

Q32 Optional: Please include additional comments regarding metrics and calculations used in the Kentucky performance-funding model.

Answered: 7 Skipped: 8

#	RESPONSES	DATE
1	Social Mobility impact on region	7/21/2020 11:08 AM
2	I really like how it focuses on raw numbers of successes and not percentages That cuts down on everyone's ability to game the System by manipulating who is in a cohort and who is not. Florida's model was a joke as everyone games it. Kentucky's is the best I've seen and this is my fourth state using PF	7/17/2020 5:50 PM
3	Competition is good and encourages continuous improvement as long as it is realistic and fair. Having a performance funding model does allow institutions to demonstrate to stakeholders that they monitor metrics for improvement regularly and are good stewards of limited state resources.	7/17/2020 3:38 PM
4	Please seriously consider the comments made throughout this survey. Are the smaller colleges in Kentucky important to the mission of the System? As it is now, the funding model is making difficult for the small schools to compete and possibly exist.	7/17/2020 1:39 PM
5	The model is volume driven which puts rural colleges at a disadvantage Almost all of the metrics are based on volume Larger colleges in more populated areas are able to obtain more enrollment which will mean that have the capacity to generate more tuition dollars. This is on top of their ability to compete favorably for performance funding Rural areas tend to have lower college-going rates. This puts rural colleges at another disadvantage The model does not truly measure quality of metrics Because of size and recently determined "over funding," rural colleges cannot earn performance funding no matter how well they perform on the metrics A rural college can actually perform better than a larger college, yet receive no funding. The 6 rural colleges have service regions that have had a declining population for 5-10 years – this means fewer people, less enrollment, less tuition – with no ability to earn performance funding, no matter how well they perform in the outlined metrics	7/16/2020 8:51 PM
6	Just our observation, schools can be very high performing but no receive any additional funds. It's hard to tell employees they are high performing but they don't receive any additional funds.	7/16/2020 2:29 PM
7	Changes should be made to move from volume-based funding to actual performance based funding. This would be accomplished by focusing on cohort outcomes rather than activity volume. Discontinue and instead focus on a graduation rate based on a cohort model. This would eliminate, or at least reduce, awarding certificates with little actual value in the workplace.	7/14/2020 1:32 PM

Q33 To what extent do you agree or disagree with the follow statements regarding Kentucky performance funding-model as it relates to the state's goals:

Answered: 15 Skipped: 0

	STRONGLY AGREE	AGREE	DISAGREE	STRONGLY DISAGREE	DON'T KNOW	TOTAL	WEIGHTED AVERAGE
The Kentucky performance-funding model is an improvement compared to previous method of 'across the board' percent increases in distributing state General Fund revenue in terms of consistency, fairness and equity for public institutions.	33.33% 5	20.00% 3	20.00% 3	26.67% 4	0.00% 0	15	2.60
The Kentucky performance-funding model has enhanced state level efforts towards achievement of the 60x30 attainment goal (i.e. 60% of Kentucky working-age residents will hold a certificate or degree by the year 2030).	26.67% 4	46.67% 7	20.00% 3	6.67% 1	0.00% 0	15	2.93
The Kentucky performance-funding model encourages cooperation between institutions to the benefit of Kentucky students.	0.00% 0	0.00% 0	60.00% 9	33.33% 5	6.67% 1	15	1.53
The Kentucky performance-funding model adequately focuses on the success of low-income students and students of color.	0.00% 0	66.67% 10	20.00% 3	13.33% 2	0.00% 0	15	2.53
The Kentucky performance-funding model adequately focuses on the needs of the state's workforce with incentives for STEM and health degrees and other workforce targeted credentials.	6.67% 1	80.00% 12	6.67% 1	6.67% 1	0.00% 0	15	2.87
Kentucky policymakers understand the performance-funding model's basic design.	0.00% 0	6.67% 1	60.00% 9	20.00% 3	13.33% 2	15	1.60
Is additional state funding necessary for the performance-funding model to achieve its goals for the state of Kentucky?	80.00% 12	13.33% 2	6.67% 1	0.00% 0	0.00% 0	15	3.73

KY Comm & Tech College Performance Funding Feedback Survey (Summer 2020)

#	COMMENTS (OPTIONAL):	DATE
1	The answer to the last question is Yes - we are struggling to make ends meet and most states are leaving us in their dust. Lawmakers should be embarrassed by the lack of support provided. But hey, our prisons are better than our neighboring States so we have that going for us	7/17/2020 5:52 PM
2	Emphasis on credentials with value in the marketplace such as STEM-H is extremely valuable. However, this should not be at the expense of the transfer function. They both have tremendous value. It is BOTH/AND, not EITHER/OR.	7/17/2020 3:43 PM
3	For the model to be most effective, fully funding the model with new dollars is essential.	7/17/2020 1:50 PM
4	If performance funding is to be authentic, first it needs to be funded. Second, it needs to focus on college improvement to meet metrics rather than volume/enrollment. When a college's base funding is cut at the beginning of the year to allow other colleges to earn performance funding, and those colleges actually do not perform as well as the college giving up funding, then there's a fundamental problem with the model.	7/17/2020 1:46 PM
5	The model needs additional funding to work effectively. At present, all KCTCS colleges are pitted against each other and a sense of cooperation is not being promote through the model. A base allocation should be made for all colleges that is not adversely affected by the model and colleges should be measured against their own quality improvement and enhancement trends and metrics over the years and performance funding awarded based on this method.	7/16/2020 8:55 PM
6	It is great that the metrics are focusing on credentials, but when the model changed we were negatively impacted. Also, the demographics of the area should be taken into consideration.	7/16/2020 10:32 AM
7	When we have been cut for year after year and are expected to keep doing more with less, there is a problem We have to maintain our facilities and equipment if we can't then why would students want to come to our college. We need help not punishment. We can recruit and enroll but without quality structures in place, students will just go somewhere else and then college suffers and can't meet it's perfoanace targets. We also shouldnt have to compete for dollars, instead lets earn them. We need real assistance not just this. However, accountability is key.	7/15/2020 4:31 PM
8	Performance base funding is the most impactful and beneficial model for students but there needs to be NEW monies put into the formula as it is in sister competitive states.	7/14/2020 1:34 PM
9	For this model to be successful, it MUST be funded adequately. Otherwise, it has the potential to create tension within the higher ed community and may hurt the most at-risk colleges and students.	7/13/2020 11:21 AM

Q34 Optional: Please add final comments not covered by the survey.

Answered: 6 Skipped: 9

#	RESPONSES	DATE
1	It would not bother me to leave it as is and make no changes - we all need to learn to adapt and improve under this model and making changes to help those who struggle is simply not inducive to continued improvement	7/17/2020 5:54 PM
2	Performance funding can be a positive concept. Conversations that include people from the college around the model would be helpful. What do we truly mean by student success? With this model, it is almost entirely based on credit hour / credential. What do we mean when we talk about a successful college. Now it is the number of students you have. While enrollment is definitely a consideration, there are many more people in Louisville and Lexington than there are in east Kentucky and west Kentucky. Does that define success?	7/17/2020 1:55 PM
3	I believe in the overall concept of performance funding but I believe Kentucky is the only state to begin the implementation of performance funding with no additional dollars at the time. I appreciate the opportunity to provide feedback and feel the concept is good but the model needs work. If i could ask for one thing in the model, it would be for the 2% stop loss to continue. It is the only saving grace the rural colleges have right now.	7/16/2020 8:57 PM
4	Thank you for giving us to provide feed back	7/16/2020 10:33 AM
5	The challenge with the model is not with the metrics of accountability. The issue is the model was NEVER fully funded and has no means to account for the unique challenges of rural institutions. It is a volume driven game which benefits larger institutions in urban areas. We basically have a model that punishes the colleges trying to serve our most needy of citizens.	7/14/2020 12:19 PM
6	I like the PBF model and hope we keep it. It shows what we value, rewards performance towards state goals, and introduces strong accountability. Its components are sound and understandable. However, it only truly works as designed when new money is introduced each year, beyond what was introduced the previous year. If no money is introduced, it requires some institutions to step backwards in order for others to move forward. When this happens, the entire state stays stagnant. The goal is to move the entire state forward, and in order to do that, we have to invest in the structures that support forward movement. This model is such a structure, as long as proper funding is present.	7/13/2020 5:15 PM