

**Memo of Record**  
**Postsecondary Education Working Group**  
**September 7, 2016**

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The Postsecondary Education Working Group met Wednesday, September 7, at 10:30 am ET, at the Kentucky Chamber of Commerce headquarters in Frankfort, Kentucky. Chair Gary Ransdell presided.

- WELCOME** Chair Ransdell called the meeting to order and welcomed everyone.
- ROLL CALL** All members were present: Michael Benson, Jay Box, Eli Capilouto, John Chilton, Robert Davies, David Givens, Robert King, Andrew McNeill, Geoffrey Mearns, Aaron Thompson, Wayne Andrews, Neville Pinto, Gary Ransdell, and Arnold Simpson.
- OPENING REMARKS** Dr. Ransdell opened the meeting by thanking Kentucky Chamber president and CEO Dave Adkisson for the Chamber's interest in the performance funding model and higher education. Dr. Ransdell complimented Council on Postsecondary staff members Mr. Scott Boelscher and Dr. Bill Payne for their data preparation and for going through the various funding scenarios to move this process forward. The challenge of this group is to have the model ready to present to the General Assembly when it convenes in January.
- Mr. Robert King, KY Council on Postsecondary Education president, stated that it is important that time be spent on various ideas from work group members. University of Kentucky president Dr. Capilouto shared a set of thoughts at the July meeting. He and his staff have been working with CPE staff to develop the approach. Northern Kentucky University president Mearns also has an approach to present. The presidents of some of the smaller comprehensive campuses are interested in a small school adjustment. At the request of some members to see different ratios, discussion will include variations of credit hours earned and degree completion ratios.
- Dr. Ransdell added that determinations are needed on the decision points and upon agreement, the group can proceed with discussion of metrics. Dr. Payne has prepared a set of questions on the decision points with three objectives: 1) Review the various funding models to get to the point to make decisions; 2) After that, discussion can begin on metrics and weights; and 3) Determine if additional meetings will be needed.
- FUNDING MODEL OPTIONS** Dr. Payne reviewed the rates and volumes sample from the July 19, 2016, meeting. He referenced the goals and guiding principles document that is in the meeting packet. He discussed the methodology used in the calculations.
- A) Rates and Volumes (CPE Sample, 07/19/16) Dr. Ransdell asked if similar distributions have been run for the University of Kentucky, University of Louisville, and KCTCS. Dr. Payne confirmed this. Dr. Payne reminded the group that that the two components are a graph from HCM Strategists and provided ratios used in the hypothetical models.
- Questions and discussion continued. Dr. Ransdell reminded the group that at the July meeting, the majority agreed to use the outcomes based approach, generally

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speaking, with nuances in regard to factoring in a self-improvement concept. Dr. Ransdell said that Kentucky State University will be held harmless including volume and rates. Decision points are ratio options and potential metrics.

B) Small School Adjustment (KSU Proposal)

For the small school adjustment, Dr. Payne pointed out that the KSU proposal is an attachment in the meeting packet and he said that all assumptions are the same as option A except for a small school adjustment shown in column C. This adjustment also would benefit Morehead State University and Murray State University.

C) Volumes and Degree Productivity (NKU Proposal)

Northern Kentucky University President, Mr. Geoffrey Mearns, presented the NKU proposal suggesting a phased in approach as opposed to developing a model and keeping the historic base with stop/loss provisions. This would allow transition over time to allocate 100%. Attainment levels cannot be reached simply by providing incentives. This approach would still incentivize institutions and focus on improved graduation rates.

Dr. Ransdell asked Dr. Payne to run the numbers for the proposed NKU model.

D) Degree Production (UK Proposal)

University of Kentucky president, Dr. Eli Capilouto, began the presentation by discussing that the percentage of population with degrees is the first thing employers look for when they come to Kentucky. It is the degree that is the outcome. This model has one metric, degrees, and all degrees are treated equal. The numbers have not been run, and Dr. Capilouto suggested that the stop/loss be reviewed before numbers are run.

A suggestion was made to marry the two proposals—NKU and UK. These models are tied to specific outcomes, with consensus on a certain percentage, and the remainder for incentives.

President King agreed on recognition for degrees awarded and encouraged that more attention be put on low income students.

Chair Ransdell charged Dr. Payne with developing a hybrid of the approaches. President King said that given the fact that there only is 5% to start with, use the UK approach to apply the 5% and build in the NKU approach over time. The short-term approach could factor in achievement gaps and STEM+H; for the long term, arrive at a model more reflective of NKU's proposal that has everything in play. Chair Ransdell suggested a five year measure, rather than a three year measure.

Dr. Payne suggested retaining the sector shares for 95% going forward and not by sector for 5% initially. Chair Ransdell asked Dr. Payne to work on a model that keeps the sectors in place and also look one without sectors on the 5%.

**NEXT STEPS**

Chair Ransdell announced that next meeting of the Postsecondary Education Working Group will convene on October 5. In the meantime, CPE will run the

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models with actual numbers. Dr. Ransdell asked members to pay close attention to the questions sheet handout. (Note: This meeting later was canceled.)

**ADJOURNMENT**

The meeting adjourned at 1:23 pm (ET)