MEETING MINUTES

Approved by the Working Group on October 27, 2026

Who:	Kentucky Council on Postsecondary Education
Type:	Postsecondary Education Working Group on Performance Funding
Date:	September 22, 2026
Time:	12:00 p.m. ET (11:00 a.m. CT)
Location:	CPE Offices, 100 Airport Road, Frankfort, KY – Conference Room AB (virtual option available)

CALL TO ORDER

The Postsecondary Education Working Group on Performance Funding was called to order Tuesday, September 22, 2026, at 12:00 p.m. ET. The meeting took place at the Council offices in Frankfort, with an option to attend virtually. The meeting was livestreamed to the CPE YouTube page. Chair Aaron Thompson presided.

ATTENDANCE

There was a quorum of 20 members in attendance.

- Dr. Aaron Thompson, Chairman – in person
- Dr. Koffi Akakpo – in person
- Representative Chad Aull – in person
- Senator Amanda Mays Bledsoe – in person
- Dr. Gerry Bradley – in person
- Representative Josh Bray – in person
- Dr. Tim Caboni – in person
- Dr. Eli Capilouto – in person
- Senator David Givens – in person
- John Hicks – in person
- Representative Bobby McCool – did not attend
- Senator Chris McDaniel – in person
- Dr. David McFaddin – in person
- Dr. Jay Morgan – in person
- Senator Gerald Neal – virtual (until 3:30 p.m. ET)
- Dr. Ron Patterson – virtual
- Dr. Ryan Quarles – virtual (12:00-12:25 p.m. ET) Thereafter, represented in person by Dr. Todd Kilburn)
- Representative Steve Rudy – in person
- Dr. Cady Short-Thompson - in person
- Representative James Tipton – in person
- Senator Steve West – in person

Mr. Travis Powell, CPE Executive Vice President served as a co-presenter of information at the table. Mr. Adam Blevins, CPE Executive Director of Finance Policy & Programs, served as recorder of the meeting minutes.

ADOPTION OF MINUTES

The minutes from the August 25, 2026, meeting were approved as presented. Dr. Short-Thompson provided the motion to adopt and was seconded by Representative Bray. The motion was passed unanimously.

FUNDING MODEL GOALS

Chair Thompson presented the proposed consensus-based funding model goals, noting that university presidents had collaborated following the previous meeting to streamline and consolidate the goals into three primary buckets:

1. Student Success (degree production, retention, persistence, and completion rates)
2. Workforce and Talent Development (aligning high-demand credential production with state economic priorities)
3. Opportunity, Closing Gaps, and Economic Mobility (supporting underrepresented and low-income student populations)

Dr. David McFaddin spoke on behalf of the university presidents, explaining that the consensus framework aims to simplify focus areas while keeping the door open for subsequent discussions regarding specific metrics and adjustments. Extended discussion ensued among working group members regarding the consolidated goals. Members emphasized that voting to approve the consolidated goals does not preclude or invalidate subsequent discussions on weighting, small-school considerations, or specific model metrics.

During the discussion, members raised key considerations regarding how these goals interact with institutional mission differences:

- Dr. Jay Morgan and Dr. Koffi Akakpo emphasized that supporting these broad goals must not make them mutually exclusive from institutional considerations such as small-school adjustments, base adjustments, or campus-specific funding dynamics.
- Senator Chris McDaniel and Senator David Givens sought clarification on whether adopting the three consolidated goals would bind or limit future statutory drafting.
- Chair Thompson and Mr. Powell clarified that approving the goals establishes the general direction for the model and does not preclude or exclude specific decision points (such as small-school adjustments, weighting, floors, or ceilings).

MOTION: Dr. Caboni moved to adopt the consolidated goals as presented. The motion was seconded by Representative Aull.

VOTE: The motion passed unanimously on a roll call vote.

ROUNDTABLE DISCUSSION – ISSUES AND OPPORTUNITIES

Mr. Tom Allison, Director of State Policy and Finance at HCM Strategists, presented an overview of the balancing framework crosswalk being used in HCM's work. The analysis mapped the existing model specification and proposed recommendations from the comprehensive institutions against the guiding principles the working group established last month (recognizing mission differentiation, outcomes-based funding, stability, data-driven decisions, public value, and opportunity).

The following core decision points required to update the performance funding model were presented:

- Decision Point 1: Basic approach for the funding model.
- Decision Point 2: Share of outcomes only vs. including base appropriation to equalize funding.
- Decision Point 3: Use of a common funding pool in the university model.
- Decision Point 4: Reliance on nonrecurring performance funds.
- Decision Point 5: Treatment of earned performance fund dollars.
- Decision Point 6: Differential weightings between sectors.

Throughout Mr. Allison's presentation and the roundtable discussion, the working group discussed a variety of considerations regarding the features and mechanics of the performance funding model, including:

- **Weights and Mission Differentiation:** Members discussed the rationale for and continued use of differential weights in the university model. CPE staff explained that the weights were originally designed to recognize differences in institutional costs and missions, including graduate education and research activity not directly measured in the model, and to prevent funding shifts between the research and comprehensive sectors when the model was implemented. Members expressed differing views on whether the current weights appropriately recognize mission differences or create unequal opportunities to earn funding. Alternatives discussed included retaining, modifying, or removing the weights, separating research and comprehensive institutions into different funding pools, applying cost-based adjustments, counting additional degree levels, and adding mission-specific outcomes. Scenario modeling showed that removing the weights in combination with changes to the small-school adjustment could result in substantial redistribution between the research and comprehensive sectors.

- **Small School Adjustment:** Members questioned whether the current small-school adjustment adequately addresses the needs of smaller institutions and whether its name accurately describes its function. CPE staff explained that the adjustment primarily protects a portion of institutional base funding from being run through the performance formula rather than providing a direct allocation based on institutional size. Members discussed whether a sliding-scale or size-based approach could more directly recognize limited economies of scale and fixed operating costs.
- **Model Purpose and Metrics:** Members discussed the broader purpose of the performance funding model and whether its design should evolve as the Commonwealth approaches the 60x30 attainment goal. Discussion included whether institutions should continue competing against one another, be rewarded for improvement against institution-specific targets, or operate under a blended approach. Members also considered potential changes involving workforce outcomes, the treatment of dual-credit students, and the square-footage component. Workforce measures discussed included employment, wages, and alignment between employment and field of study, while members questioned whether the square-footage metric appropriately encourages efficient use and stewardship of existing facilities.
- **Parity and Base Funding:** Members discussed the model's use of base appropriations to address funding parity while also distributing funds based on performance outcomes. Discussion reflected differing views on how parity should be defined, including whether it should be measured through recurring base appropriations, recurring and nonrecurring state funding, funding per full-time-equivalent student, or the model's metrics and calculations. Members also considered whether funding adequacy and historical funding differences should continue to be addressed within the performance funding model or through separate base appropriations.

The discussion of parity and base appropriation was tied to the working group's consideration of Decision Point 2, which provided the basis for Senator McDaniel's motion to retain base funding in the performance funding model.

MOTION: Senator McDaniel moved to keep base appropriations within the performance funding model, contingent on any action taken regarding Decision Point 1. The motion was seconded by Representative Aull.

DISCUSSION: The group moved into discussion related to the implications of moving forward with the motion. Members discussed that retaining base appropriations would preserve the model's consideration of institutional funding levels, while removing them could simplify the model and distribute performance funds more directly according to outcomes.

VOTE: The motion failed on a roll call vote. (11 votes required to pass)

- Yes/Affirmative (10): Dr. Akakpo, Rep. Aull, Sen. Mays Bledsoe, Dr. Bradley, Dr. Caboni, Dr. Capilouto, Sen. Givens, Sen. McDaniel, Dr. Short-Thompson, and Rep.

Tipton.

- No/Negative (6): Rep. Bray, Mr. Hicks, Dr. McFaddin, Dr. Morgan, Dr. Patterson, and Sen. West.
- Abstentions (2): Dr. Kilburn, Rep. Rudy.

NEXT STEPS

The group engaged in a discussion regarding upcoming meetings. To ensure it is able to make its recommendation by the December 1 deadline, suggestions were made to extend the length of future meetings as well as extending the October meeting to two days rather than one day. Chair Thompson agreed to work with CPE staff to review calendar availability and propose a multi-day meeting schedule/retreat format ahead of the next working session. session.

CPE staff were also directed to prepare updated scenario calculations and run data models corresponding to member feedback on Decision Points 2 through 6 for review at the next meeting.

ADJOURNMENT

The meeting adjourned at 4:15 p.m. ET.