

1 GENERAL GOVERNMENT CABINET

2 Council on Postsecondary Education

3 (Amendment)

4 13 KAR 2:120. Comprehensive funding model for the allocation of state general fund
5 appropriations to public universities.

6 RELATES TO: KRS 48.600-48.630, 164.001, 164.092

7 STATUTORY AUTHORITY: KRS 164.092(12)

8 NECESSITY, FUNCTION, AND CONFORMITY: KRS 164.092(12) requires the Council on
9 Postsecondary Education to promulgate an administrative regulation to implement a
10 comprehensive funding model for the public postsecondary education system. This administrative
11 regulation establishes the formula by which general fund appropriations shall be distributed in the
12 public university sector.

13 Section 1. Definitions.

14 (1) "Academic year" means July 1st through June 30th and all terms completed therein.

15 (2) "Bachelor's degrees" means the total number of bachelor's degrees awarded during the
16 academic year, including degrees conferred to resident and non-resident students.

17 (3) "Comprehensive university" is defined by KRS 164.001(7).

18 (4) "Council" is defined by KRS 164.092(1)(c).

19 (5) "FAFSA form" means the free application for federal student aid form completed by
20 students to determine eligibility to receive federal student financial aid.

1 (6) "First-generation college students" means students who report on the FAFSA form that
2 neither parent has earned a college degree or credential, or one (1) parent if the other parent's
3 education level is unknown.

4 ~~(7)[(5)]~~ "Formula base amount" is defined by KRS 164.092(1)(e) and includes a deduction for
5 mandated programs.

6 ~~(8)[(6)]~~ "Hold-harmless provision" is defined by KRS 164.092(1)(f).

7 ~~(9)[(7)]~~ "Institution" means a public university.

8 ~~(10)[(8)]~~ "Low-income student" means a student who received a Federal Pell Grant after the
9 2005-2006 academic year for attendance at the institution from which the student received a
10 bachelor's degree.

11 ~~(11)[(9)]~~ "Mandated program" means a research or public service activity not integral to the
12 instructional mission of the institution that is:

13 (a) Funded with greater than \$450,000 of state appropriations at research universities and
14 \$200,000 at comprehensive universities; and

15 (b) Directed by statute, resolution, executive branch budget bill, executive order, or other legal
16 mandate.

17 (12) "Non-traditional age students" is defined in KRS 164.092(1)(k).

18 ~~(13)[(10)]~~ "Non-resident student" means a student who does not meet the requirements for
19 Kentucky residency for purposes of tuition set forth in 13 KAR 2:045.

20 ~~(14)[(11)]~~ "Research university" is defined by KRS 164.092(1)(~~m~~)[~~j~~].

21 ~~(15)[(12)]~~ "Resident student" means a student certified as a Kentucky resident for purposes of
22 tuition pursuant to 13 KAR 2:045 and any non-resident student attending an institution under a
23 state tuition reciprocity agreement entered into by the council.

1 ~~(16)~~~~(13)~~ "Small school adjustment" means a one (1)-time calculation made using the formula
2 base amounts in 2017-2018 and equals:

3 (a) For a research university, ten (10) percent of the respective formula base amount for each
4 institution; ~~and~~

5 (b) For a comprehensive university, ten (10) percent of the total formula base amount for all
6 comprehensive universities divided by six (6); ~~and~~~~[.]~~

7 (c) For institutions that have a hold-harmless amount in fiscal year 2023-2024, an additional
8 amount equaling the institution's 2023-2024 hold-harmless amount.

9 ~~(17)~~~~(14)~~ "STEM+H degrees" means degrees in the fields of science, technology, engineering,
10 math, and health sciences as determined by the council.

11 ~~(18)~~~~(15)~~ "Stop-loss provision" is defined by KRS 164.092(1)~~(n)~~~~(k)~~.

12 ~~(19)~~~~(16)~~ "Underrepresented minority students" means students who categorize themselves as
13 Hispanic or Latino, American Indian or Alaska Native, Black or African American, Native
14 Hawaiian or Other Pacific Islander, or two (2) or more races.

15 (20) "Underrepresented students" is defined by Senate Bill 191, Section 4(1) of the 2024
16 Regular Session.

17 ~~(21)~~ ~~(17)~~ "University allocable resources" is defined by KRS 164.092(1)~~(o)~~~~(t)~~.

18 Section 2. Allocable Resources. The council shall determine total university allocable resources
19 for any given year by calculating each institution's formula base amount and subtracting the small
20 school adjustment and any amount protected by a hold-harmless provision. These amounts shall
21 then be combined along with any applicable increase or decrease in general fund appropriation.

22 Section 3. Metric Weighting. For purposes of Sections 5, 6, and 7 of this administrative
23 regulation, bachelor's degrees, student progression, earned credit hours, facilities' square feet,

1 instruction and student services costs, and full-time equivalent student enrollment shall be
2 calculated with differential weights for research and comprehensive universities in accordance
3 with the Public University Funding Model Metric Weighting Chart.

4 Section 4. Three (3)-year Rolling Average. Each metric shall be calculated by averaging the
5 most recent three (3) years of finalized data.

6 Section 5. Student Success Outcomes. Forty (40)~~[Thirty-five (35)]~~ percent of total university
7 allocable resources shall be certified for distribution to each institution based on its share of the
8 total volume of student success outcomes related to bachelor's degree production and student
9 progression as established in KRS 164.092(6)(a)1. through 5., and in the following denominations:

10 (1) Nine (9) percent based on the ~~[normalized]~~ bachelor's degrees awarded in an academic year
11 as described in the Public University Sector Funding Model Formula Chart;

12 (2) Five (5) percent based on STEM+H bachelor's degrees awarded in an academic year;

13 ~~[(3) Three (3) percent based on bachelor's degrees awarded to underrepresented minority
14 students in an academic year;~~

15 ~~(3)~~~~[(4)]~~ Nine and a half (9.5) ~~[Three (3)]~~ percent based on bachelor's degrees awarded to low-
16 income students in an academic year;

17 ~~(4)~~~~[(5)]~~ Three (3) percent based on the number of full-time and part-time undergraduate
18 students reaching or surpassing thirty (30) cumulative earned credit hours in any term completed
19 from August 1st to July 31st;

20 ~~(5)~~~~[(6)]~~ Five (5) percent based on the number of full-time and part-time undergraduate students
21 reaching or surpassing sixty (60) cumulative earned credit hours in any term completed from
22 August 1st to July 31st; ~~[and]~~

1 ~~(6)~~(7) Seven (7) percent based on the number of full-time and part-time undergraduate
2 students reaching or surpassing ninety (90) cumulative earned credit hours in any term completed
3 from August 1st to July 31st; ~~and~~[.]

4 ~~(7)~~(8) One and a half (1.5) percent based on the number of bachelor's degrees awarded to
5 underrepresented students in an academic year.

6 Section 6. Student Credit Hour Production. Thirty (30)~~Thirty-five (35)~~ percent of total
7 university allocable resources shall be certified for distribution to each institution based on its share
8 of total volume of weighted student credit hours earned during an academic year as established in
9 KRS 164.092(6)(b).

10 (1) Credit hour weighting by course level and discipline shall be in accordance with the Public
11 University Funding Model Earned Credit Hour Production Weighting Index. Credit hours earned
12 by non-resident students shall be given one-half (0.5) the weight of those earned by resident
13 students in comparable programs of study. Beginning fiscal year 2024-2025, credit hours earned
14 by non-resident students shall be given three-quarters (.75) the weight of those earned by resident
15 students in comparable programs of study and resident undergraduate non-traditional age students
16 shall be given twice the weight of those earned by traditional age students in comparable programs
17 of study.~~and~~

18 (2) The calculation in subsection (1) of this section shall not include credit hours earned by high
19 school students taking courses for college credit.

20 Section 7. Operational Support. Thirty (30) percent of total university allocable resources shall
21 be certified for distribution to each institution in support of vital campus operations as established
22 in KRS 164.092(6)(c)1. through 3.

1 (1) Ten (10) percent shall be allocated based on facilities' square feet as reported annually to the
2 council and as established in KRS 164.092(6)(c)1.

3 (2) Ten (10) percent shall be allocated based on direct instruction and student services costs as
4 reported on each institution's annual audited financial statement and as established in KRS
5 164.092(6)(c)2.

6 (3) Ten (10) percent shall be allocated based on total full-time equivalent student enrollment as
7 established in KRS 164.092(6)(c)3 and using the formula established in the Public University
8 Sector Funding Model Formula Chart.

9 Section 8. Hold-harmless and Stop-loss Provisions.

10 (1) Any final amounts certified for distribution to any institution shall account for any hold-
11 harmless or stop-loss provisions established in KRS 164.092(9).

12 (2) The council shall determine hold-harmless amounts for institutions [~~in fiscal year 2018-~~
13 ~~2019]~~ through application of the formula established in this administrative regulation.

14 (a) If the formula total amount generated for an institution is less than its initial allocable
15 resources, the amount of that difference shall be designated as the institution's hold-harmless
16 allocation.

17 (b) If applied, an institution maintaining a hold-harmless allocation shall not receive additional
18 distributions of funding through the model until the hold-harmless allocation balance is brought to
19 zero through improved institutional performance, additional appropriations, or some combination
20 thereof.

21 [~~(c) The council shall apply these hold harmless allocations, with any applicable credit~~
22 ~~adjustments as determined annually by the formula, to all applicable institutions in 2018-2019,~~
23 ~~2019-2020, 2020-2021, and in any subsequent years as directed by the General Assembly.]~~

1 Section 9. Incorporation by Reference. (1) The following material is incorporated by reference:

2 (a) "Public University Funding Model Formula Chart," April 2024~~[June 2017]~~;

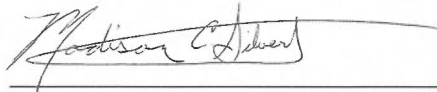
3 (b) "Public University Funding Model Metric Weighting Chart," April 2024~~[June 2017]~~; and

4 (c) "Public University Funding Model Earned Credit Hour Production Weighting Index," June
5 2017.

6 (2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at
7 the Kentucky Council on Postsecondary Education, 100 Airport Road, Third Floor~~[1024 Capital
8 Center Drive, Suite 320]~~, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m.
9 and <https://cpe.ky.gov/>.

APPROVED:


04/30/2024
Date



Madison C. Silvert, Chair
Council on Postsecondary Education

APPROVED AS TO FORM:

04/30/24
Date



Sterling Crayton, Attorney
Council on Postsecondary Education

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on **July 23, 2024 at 10:00 a.m. EST** at the Council on Postsecondary Education, 100 Airport Road, Third Floor, Frankfort, Kentucky, 40601 in Conference Room A. Individuals interested in being heard at this hearing shall notify this agency in writing five workdays prior to the hearing of their intent to attend. If no notification to attend the hearing is received by that date, the hearing may be cancelled.

This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until **July 31, 2024**.

Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

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