



Performance Fund Distribution

Postsecondary Education Working Group

Role and Responsibilities

➔ KRS 164.092, Section 11(b)(c)

Beginning in fiscal year 2020-21 and every three 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
- recommend any adjustments to the model

The results of the review and recommendations of the working group shall be reported to the Governor, the Interim Joint Committee on A&R, and the Interim Joint Committee on Education

Postsecondary Education Working Group

Timeline and Meetings

First Working
Group Meeting
July 30, 2020



December 15 - Final
Recommendations Due

Short Session of
General Assembly
January 5, 2021

Meetings and Activities:

- *July 30* - Reviewed trends in student success data and results of a performance funding survey completed by campus presidents
- *September 2* – HCM Strategists provided an update on national trends in performance funding; KCTCS presented proposed changes to their model
- *October 7* – Reviewed financial impact data, campus assessments of funding models, and proposals to address fiscal cliffs and limit redistribution of base funding among institutions

Postsecondary Education Working Group

Timeline and Meetings (Cont'd)

Meetings and Activities (Cont'd):

- *November 4* – Reviewed and discussed major decision points, including:
 - Appropriate Stop-Loss Percentage
 - Small School Adjustment
 - Nonresident Student Weighting
 - Premiums for Underserved Populations
 - Weighting Between Sectors
- *November 20* – Continued discussion of major decision points; reviewed and discussed proposed adjustments to funding models
- *December 2* - Final discussion and agreement on recommendations

Postsecondary Education Working Group

Recommended Adjustments

- Establish a General Fund floor equal to each institution's 2020-21 regular appropriation, plus any performance distribution, minus debt service and mandated programs
- Policymakers should prioritize maintaining the General Fund floor over providing new funds to the Performance Fund
- Going forward, there should be no redistribution of base funding among postsecondary institutions
- All funding in the Performance Fund will come from appropriations provided by the General Assembly, rather than campus stop loss contributions (i.e., 0% stop loss)

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Recommended Adjustments (Cont'd)

- CPE and KCTCS will use existing funding models *with no changes* to distribute any new funds appropriated to the Performance Fund
- Performance distributions will be nonrecurring to institutions that earn those funds, so that appropriated funds will be recurring to the Performance Fund in subsequent years
- CPE will reconvene the working group and submit recommended revisions to the models by no later than December 1, 2023

Performance Fund Distribution

Current Status

- In response to working group recommendations, SB 135 was introduced to effect changes in the performance funding statute
- SB 135 passed the House and Senate with no changes and was signed into law by the Governor on March 18
- The bill amended the Performance Funding Statute (KRS 164.092) based on Work Group recommendations
- CPE staff ran the 2021-22 iteration of the university funding model and shared the resulting preliminary distribution with campus CBOs
- Campus CBOs and IR Directors validated performance data and model calculations and the distribution was finalized on April 9

Performance Fund Distribution

Fiscal Year 2021-22

- The beginning base for this year's iteration of the public university and KCTCS performance funding models was \$889.9 million
- After subtracting mandated program funding, debt service, and a small school adjustment, allocable resources run through the university model totaled \$527.9 million
- These funds were distributed based on each institution's share of total student success outcomes produced and operational activity
- Detail regarding the distribution of \$3.8 million in performance funds allocated to KCTCS are available upon request

Institution	Fiscal 2021-22 Performance Distribution
UK	\$6,086,400
UofL	2,972,500
EKU	120,200
KSU	0
MoSU	0
MuSU	0
NKU	2,902,700
WKU	1,398,800
University Sector	\$13,480,600
KCTCS	3,826,500
Total Performance Fund	\$17,307,100

Performance Fund Distribution

Incentives for Above Average Performance

Performance Funding Model for the Public Universities

April 19, 2021

Table 7 - Change in Funding Model Metric Three-Year Rolling Averages **(Weighted Activity Volume)**
Between 2020-21 and 2021-22 Iterations

Student Success Component

Bachelor's Degrees (Normalized) Pool Size = \$47.7 M in 2021-22	2020-21 Iteration	2021-22 Iteration	Volume Change	Percent Change	Status	Institution	2020-21 Share	2021-22 Share
UK	8,191	8,568	377	4.6%	Above	UK	33.7%	34.7%
UofL	5,167	5,208	41	0.8%	Below	UofL	21.2%	21.1%
EKU	2,706	2,758	52	1.9%	Above	EKU	11.1%	11.2%
KSU	237	131	(107)	-45.0%	Below	KSU	1.0%	0.5%
MoSU	1,214	1,119	(95)	-7.9%	Below	MoSU	5.0%	4.5%
MuSU	1,733	1,722	(11)	-0.6%	Below	MuSU	7.1%	7.0%
NKU	2,161	2,153	(8)	-0.4%	Below	NKU	8.9%	8.7%
WKU	2,910	3,048	138	4.7%	Above	WKU	12.0%	12.3%
Sector	24,320	24,706	386	1.6%	Average		100.0%	100.0%
STEM+H Bachelor's Degrees Pool Size = \$26.5 M in 2021-22	2020-21 Iteration	2021-22 Iteration	Volume Change	Percent Change	Status	Institution	2020-21 Share	2021-22 Share
UK	2,950	3,068	118	4.0%	Above	UK	36.5%	37.1%
UofL	1,566	1,638	72	4.6%	Above	UofL	19.4%	19.8%
EKU	871	864	(7)	-0.8%	Below	EKU	10.8%	10.4%
KSU	51	36	(15)	-29.9%	Below	KSU	0.6%	0.4%
MoSU	375	368	(7)	-1.9%	Below	MoSU	4.6%	4.4%
MuSU	720	688	(31)	-4.4%	Below	MuSU	8.9%	8.3%
NKU	698	723	25	3.5%	Above	NKU	8.6%	8.7%
WKU	857	892	34	4.0%	Above	WKU	10.6%	10.8%
Sector	8,089	8,277	188	2.3%	Average		100.0%	100.0%

Performance Fund Distribution

University Metric Scorecard

Performance Funding Model for the Public Universities

April 19, 2021

Table 8 - Metrics Where Rates of Growth Exceeded Sector Average
Between Fiscal years 2020-21 and 2021-22

Performance Metric	UK	UofL	EKU	KSU	MoSU	MuSU	NKU	WKU
Student Success Outcomes								
Bachelor's Degrees	<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"/>
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 checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
URM Bachelor's Degrees	<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"/>
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 checked="" type="checkbox"/>
Student Progression @ 30 Hours	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Student Progression @ 60 Hours	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Student Progression @ 90 Hours	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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"/>
Operational Support Activity								
Instructional Square Feet	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Direct Cost of Instruction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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"/>
Metrics Above Sector Average	10	7	3	3	2	1	6	5