

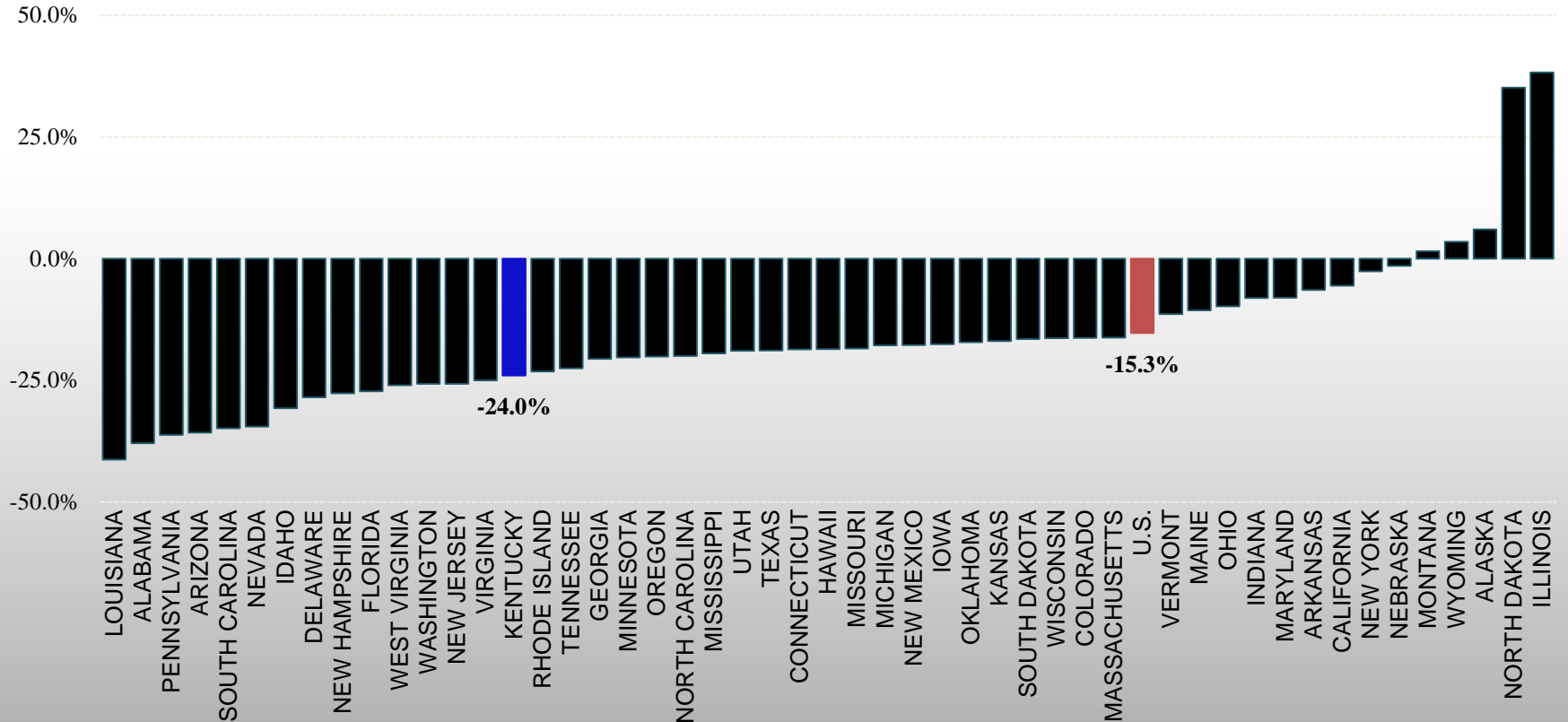


# Postsecondary Education Performance Funding



# Educational Appropriations Per FTE Student (Constant Dollars)

## Percent Change Since Recession Began, 2008-2015

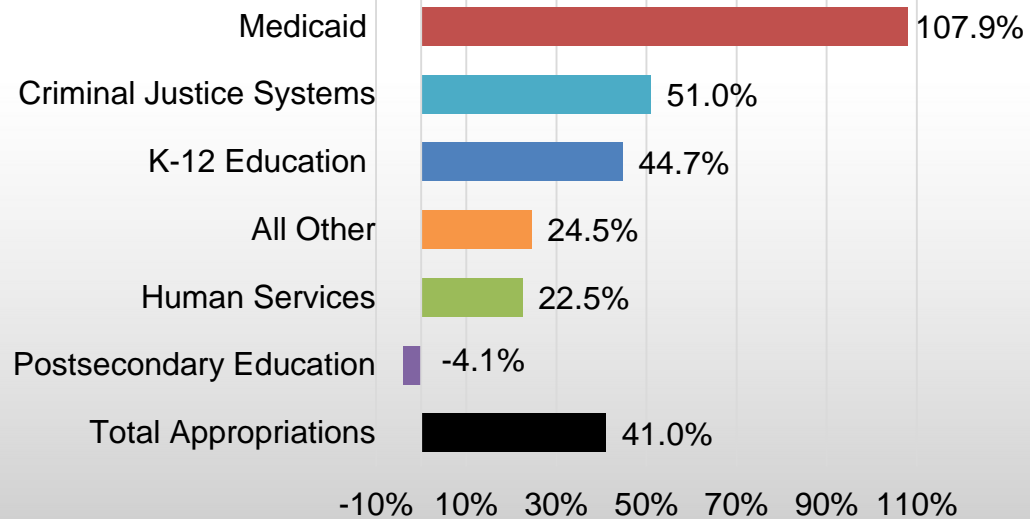
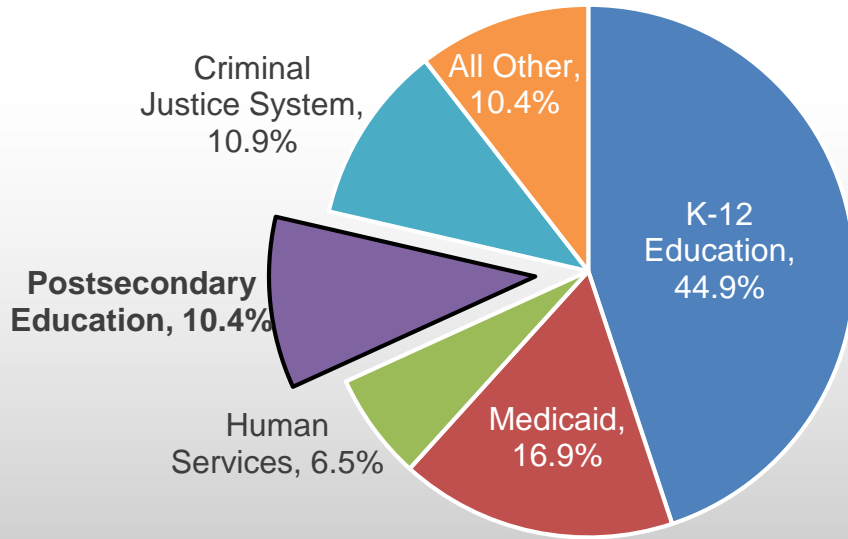




# Distribution of Kentucky General Fund Appropriations

2016-18 Biennium

Percent Change Since 2004-06



**From 2004-06 to 2016-18, Kentucky General Fund appropriations increased by \$6.5 billion, or 41%, to \$22.4 billion for the current biennium. Over the same period, Kentucky General Fund Appropriations to postsecondary education have decreased approximately \$100 million.**

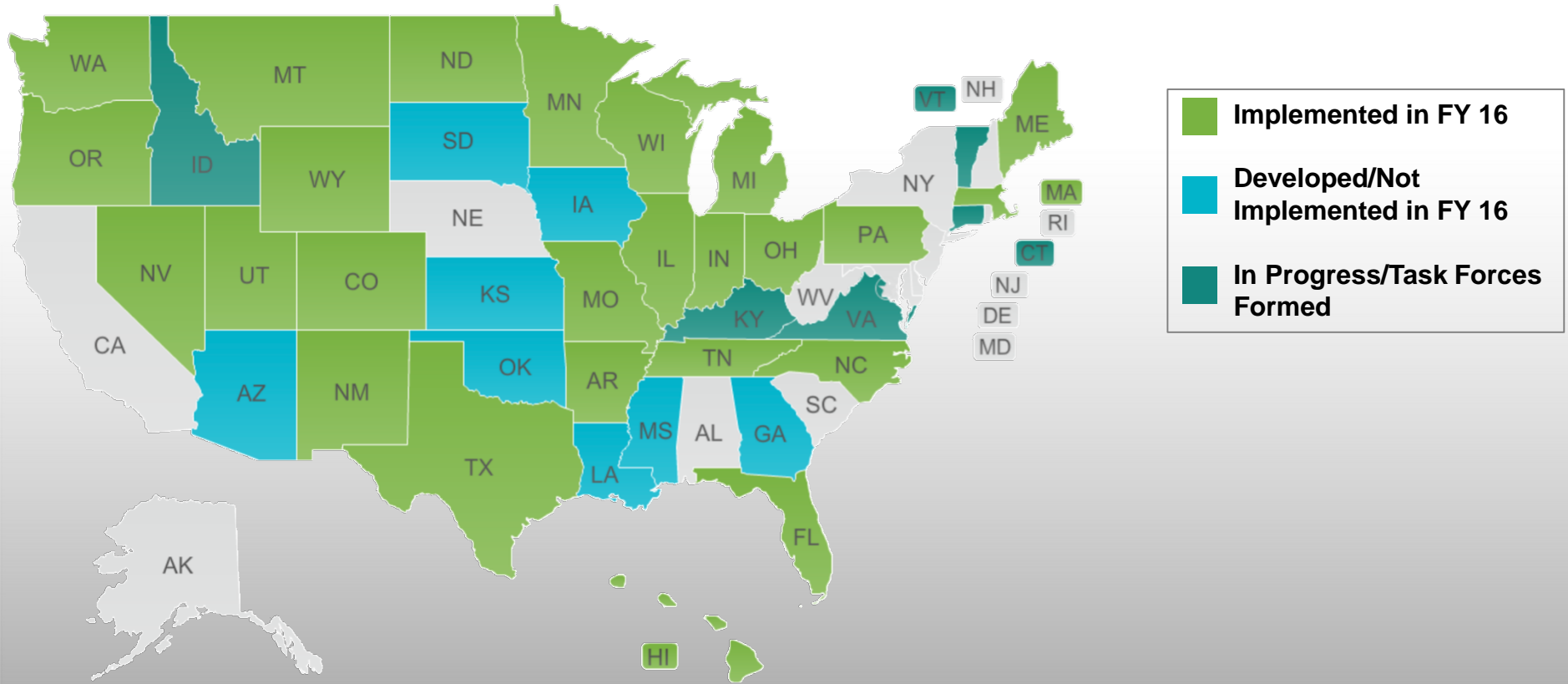


## Comparing Kentucky's Performance to Other States

Percent Change Relative to Other States	2000-09	2009-13
Six-Year Graduation Rate at Four-Year Institutions	1 <sup>st</sup>	41 <sup>st</sup>
Three-Year Graduation Rate at Two-Year Institutions	3 <sup>rd</sup>	44 <sup>th</sup>
Age 25-44 with at least an Associate's Degree	2 <sup>nd</sup>	24 <sup>th</sup>

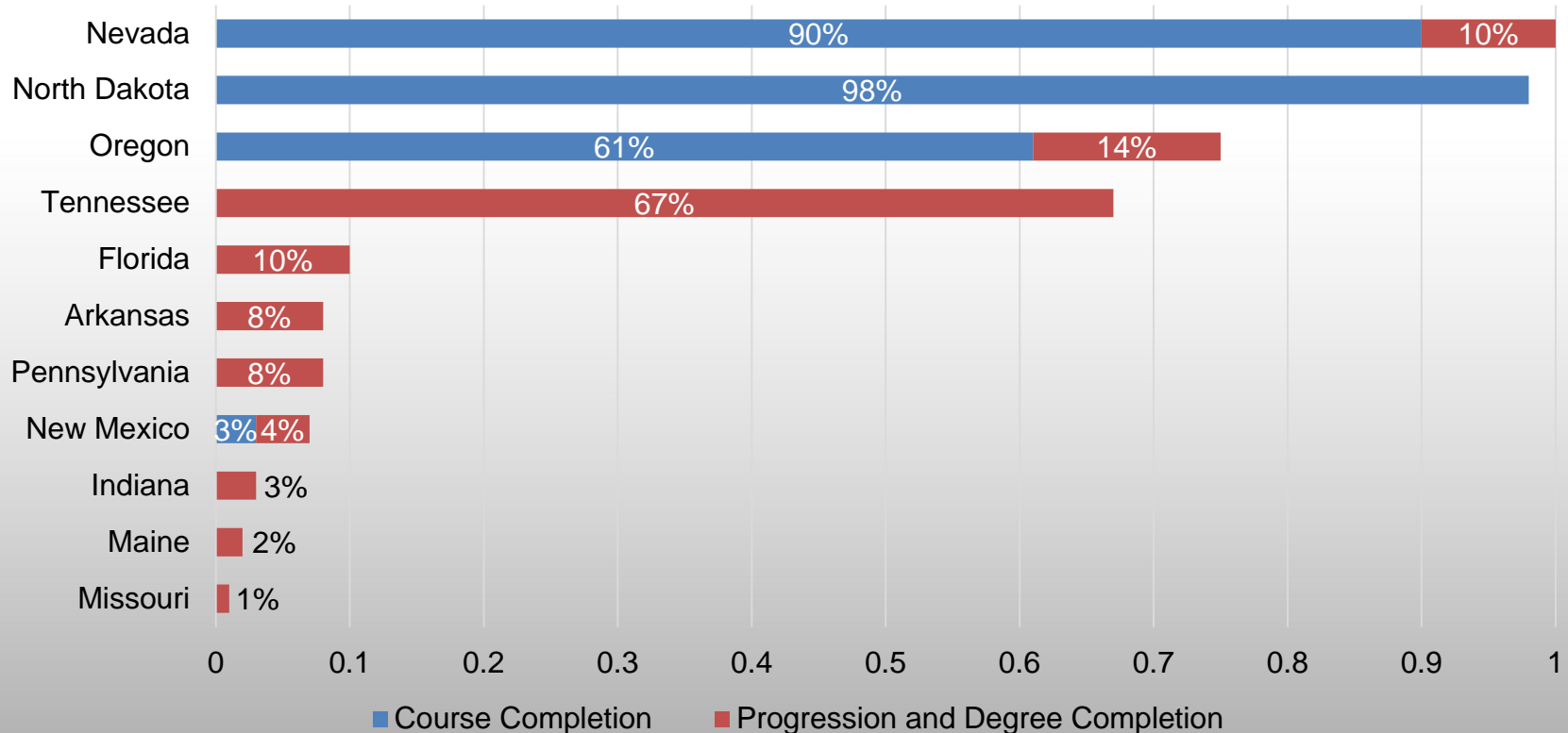


# Outcomes-Based Funding (OBF) in States, FY 2016





## Outcomes-Based Funding for Four-Year Universities as Percentage of Overall State Support, FY 2016





## 2016-18 Budget of the Commonwealth (HB 303)

### **House Bill 303:**

- “...there is a need for the development of a comprehensive funding model that aligns the Commonwealth’s investments in postsecondary education with the Commonwealth’s postsecondary education policy goals and objectives...”
  - Transferred 5% of the FY 2017-18 state funds of the public universities and colleges, excluding Kentucky State University, to a Postsecondary Education Performance Fund
  - Created a working group – made up of representatives from the Governor, Kentucky House and Senate, the Council on Postsecondary Education, and public postsecondary education presidents -- to develop a comprehensive model and submit its recommendations no later than December 1, 2016



# 2017 Session of the Kentucky General Assembly

## Senate Bill 153 An Act Relating to Postsecondary Funding

“...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:

- Increasing retention and progression of students toward timely credential or degree completion;
- Increasing the number and types of credentials and degrees earned by all types of students;
- Increasing the number of credentials and degrees that garner higher salaries upon graduation, such as science, technology, engineering, math, and health (STEM+H); and in areas of industry demand;
- Closing achievement gaps by increasing the number of credentials and degrees earned by low-income students, underprepared students, and underrepresented minority students; and
- Facilitating credit hour accumulation and transfer of students from KCTCS to four-year institutions.”





# 2017 Session of the Kentucky General Assembly

## Senate Bill 153 An Act Relating to Postsecondary Funding

### Public Universities Performance Funding Model:

- Recognizes differences in missions and cost structures between the research universities and the comprehensive universities by weighting degree types
- Excludes funding for mandated programs and state supported debt, while adding a small school adjustment
- Allocates funds in the Postsecondary Education Performance Fund regardless of whether state funding for postsecondary education institutions increases, decreases, or remains stable
- Contemplates funding equilibrium based on productivity as measured by the model



# Model Components & Distribution of Allocable Resources

## Outcomes-Based Components

**Student Success  
(35%)**

**Course Completion  
(35%)**

## Operational Support Components

**Maintenance &  
Operations  
(10%)**

**Institutional Support  
(10%)**

**Academic Support  
(10%)**



# Model Components & Distribution of Allocable Resources

## Outcomes-Based Components

**Student Success  
(35%)**

**Course Completion  
(35%)**

### Student Success (35%)

- Distributed based on each institution's share of sector's total student success outcomes:
  - Bachelor's Degrees
  - Degrees per 100 Undergraduate Full-Time Equivalent Students
  - STEM+H, Underrepresented Minority, and Low Income Degree recipients
  - Student Progression (30, 60, and 90 student credit hour thresholds)

### Course Completion (35%)

- Distributed based on each institution's share of sector's total student credit hours earned:
  - Weighted to account for cost differences by course level and discipline



# Model Components & Distribution of Allocable Resources

## Maintenance and Operations [M&O] (10%)

- Distributed based on each institution's share of square feet (net of research, non-class laboratory, and open laboratory space)

## Institutional Support (10%)

- Distributed based on each institution's share of sector's total instruction and student services spending (net of M&O)

## Academic Support (10%)

- Funding for academic support services, such as libraries and academic computing
- Distributed based on each institution's share of sector's total full-time equivalent student enrollment

## Operational Support Components

**Maintenance &  
Operations  
(10%)**

**Institutional Support  
(10%)**

**Academic Support  
(10%)**



# 2017 Session of the Kentucky General Assembly

## Senate Bill 153 An Act Relating to Postsecondary Funding

*Over the next two biennia, the Kentucky General Assembly may allocate new state funds and/or a percentage (0%-100%) of the institutions' existing allocable state funds to the Postsecondary Education Performance Fund for distribution based on the performance funding model.*

