KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION
POSTSECONDARY EDUCATION WORKING GROUP ON
PERFORMANCE FUNDING

October 28, 2024, 2:00–3:30 p.m., ET
Virtual meeting: https://www.youtube.com/@KentuckyCPE

I. Call to Order and Roll Call

II. KCTCS Funding Model

    A. KCTCS Recommendation
        1. Define Underrepresented Students as First-Generation College Students *(Metric is Credentials)*
        2. Align allocation percentages for the following metrics @ 4.0% each:
- First-Generation College Student Credentials
- Low-Income Student Credentials
- Underprepared Student Credentials
- Nontraditional Age (25+) Student Credentials

    B. *Tentative:* Action to define "underrepresented students" and align four credential metrics @ 4.0% each in the KCTCS Funding Model

III. University Funding Model

    A. Potential Definitions for Underrepresented Students
    B. Additional Requested Scenarios 2
        1. Low-Income Student Enrollment (Weighted)
        2. First-Gen Bachelor's @ 1.50%, Low-Income Student Enrollment @ 1.50%
    C. Proposal for Consideration
    D. Decision Points
    E. *Tentative:* Action to define "underrepresented students" in the University Funding Model

Remarks and slides provided by Dr. Eli Capilouto 7
Slides presented by Dr. Bill Payne 10

IV. Adjournment

Funding Model for the Public Universities   October 28, 2024

Comparison of Actual and Hypothetical Performance Distributions   Table 1

Fiscal Year 2024-25

Low-Income Student Enrollment Metric (@3.0%)

| | | Scenario 15 No Sector Weighting | | Scenario 17 With Sector Weighting | |
| | Actual Fiscal Year 2024-25 | Low-Income Enrollment | | Low-Income Enrollment | |
Institution	Distribution	Distribution [1]	Difference	Distribution [2]	Difference
UK	$34,737,000	$34,413,700	($323,300)	$36,557,100	$1,820,100
UofL	18,752,200	18,514,200	(238,000)	20,434,900	1,682,700
EKU	4,769,400	5,427,500	658,100	4,198,100	(571,300)
KSU	0	0	0	0	0
MoSU	214,400	1,061,900	847,500	274,400	60,000
MuSU	4,759,800	4,507,800	(252,000)	4,010,000	(749,800)
NKU	13,224,300	12,168,100	(1,056,200)	11,699,000	(1,525,300)
WKU	5,460,300	5,824,200	363,900	4,743,900	(716,400)
Total	$81,917,400	$81,917,400	$0	$81,917,400	$0

[1] Hypothetical distribution that replaces the 3.0% URM student bachelor's degree metric with a new 3.0% student enrollment metric comprised of full-time, first-time, resident undergraduate degree or certificate seeking students who receive Title IV federal aid and have income levels between $0 - $30,000.

[2] Hypothetical distribution that uses the same low-income student enrollment metric as used in *Scenario 15* , but headcount data are weighted to account for cost and mission differences between sectors.

Funding Model for the Public Universities   October 28, 2024
Comparison of Actual and Hypothetical Performance Distributions   Table 2
Fiscal Year 2024-25

First-Generation Student Bachelor's Degrees (@ 1.50%)
Low-Income Student Enrollment (@ 1.50%)

Institution	Actual Fiscal Year 2024-25 Distribution	Scenario 18 No Sector Weighting		Scenario 19 With Sector Weighting	
		First-Gen Bachelor's Low-Income Students Distribution [1]	Difference	First-Gen Bachelor's Low-Income Students Distribution [2]	Difference
UK	$34,737,000	$34,467,600	($269,400)	$36,548,100	$1,811,100
UofL	18,752,200	18,608,200	(144,000)	20,489,200	1,737,000
EKU	4,769,400	5,132,400	363,000	4,011,100	(758,300)
KSU	0	0	0	0	0
MoSU	214,400	643,700	429,300	0	(214,400)
MuSU	4,759,800	4,633,500	(126,300)	4,103,000	(656,800)
NKU	13,224,300	12,807,600	(416,700)	12,145,500	(1,078,800)
WKU	5,460,300	5,624,400	164,100	4,620,500	(839,800)
Total	$81,917,400	$81,917,400	$0	$81,917,400	$0

[1] Hypothetical distribution that replaces the 3.0% underrepresented minority (URM) student bachelor's degree metric with a 1.50% first-generation college student bachelor's degree metric and a 1.50% low-income student enrollment metric. In *Scenario 17*, sector weightings are set to 1.0 for each replacement metric.

[2] Same metric used in *Scenario 17*, but weighted to account for cost and mission differences between sectors.

Funding Model for the Public Universities   October 28, 2024
Comparison of Actual and Hypothetical Performance Distributions   Table 3
Fiscal Year 2024-25

Bachelor's Degrees Awarded to First-Generation College Students (@ 3.0%)

Institution	Actual Fiscal Year 2024-25 Distribution	Scenario 3 No Sector Weighting		Scenario 20 Half Sector Weighting		Scenario 4 Full Sector Weighting	
		First-Generation Bachelor's Degree Distribution [1]	Difference	First-Generation Bachelor's Degree Distribution [2]	Difference	First-Generation Bachelor's Degree Distribution [3]	Difference
UK	$34,737,000	$34,521,600	($215,400)	$35,690,800	$953,800	$36,439,300	$1,702,300
UofL	18,752,200	18,701,900	(50,300)	19,775,800	1,023,600	20,478,800	1,726,600
EKU	4,769,400	4,837,400	68,000	4,229,900	(539,500)	3,794,900	(974,500)
KSU	0	0	0	0	0	0	0
MoSU	214,400	225,600	11,200	0	(214,400)	0	(214,400)
MuSU	4,759,800	4,759,200	(600)	4,420,700	(339,100)	4,176,600	(583,200)
NKU	13,224,300	13,446,900	222,600	12,933,100	(291,200)	12,563,400	(660,900)
WKU	5,460,300	5,424,800	(35,500)	4,867,100	(593,200)	4,464,400	(995,900)
Total	$81,917,400	$81,917,400	$0	$81,917,400	$0	$81,917,400	$0

[1] Hypothetical distribution that defines "underrepresented students" as first-generation college students, assigns 3.0% of allocable resources in the public university funding model to bachelor's degrees earned by such students, and does not apply a weighting to account for cost and mission differences between sectors.

[2] Hypothetical distribution generated using the same first-generation college student, bachelor's degree metric applied to 3.0% of allocable resources as used in *Scenario 3*, but calculates and applies a sector weighting at the midpoint between no weighting and full weighting.

[3] Hypothetical distribution generated using the same first-generation college student, bachelor's degree metric applied to 3.0% of allocable resources as used in *Scenario 3*, but calculates and applies full weighting to account for cost and mission differences between sectors.

Institution	URM @ 3.0% Distribution [1]	Low Inc @ 1.5% 1st Gen @ 1.5% Distribution [2]	Difference	First-Generation Bachelor's Degree Distribution [3]	Difference
		Actual 2024-25 Distribution No Sector Weighting		*Scenario 20* Half Sector Weighting	
UK	$36,841,900	$34,737,000	($2,104,900)	$35,690,800	($1,151,100)
UofL	20,653,100	18,752,200	(1,900,900)	19,775,800	(877,300)
EKU	3,346,800	4,769,400	1,422,600	4,229,900	883,100
KSU	0	0	0	0	0
MoSU	0	214,400	214,400	0	0
MuSU	3,869,100	4,759,800	890,700	4,420,700	551,600
NKU	12,416,500	13,224,300	807,800	12,933,100	516,600
WKU	4,790,000	5,460,300	670,300	4,867,100	77,100
Total	$81,917,400	$81,917,400	$0	$81,917,400	$0

[1] Hypothetical distribution that assumes retention of the URM metric in fiscal year 2024-25.

[2] Actual performance distribution for fiscal year 2024-25, which replaced the URM student bachelor's degree metric with underlined low-income and first generation student bachelor's degree metrics.

[3] Hypothetical distribution that defines "underrepresented students" as first-generation college students, assigns 3.0% of allocable resources in the public university funding model to bachelor's degrees earned by such students, and calculates and applies a sector weighting at the midpoint between no weighting and full weighting to partially account for cost and mission differences between sectors.

Comparison of Actual and Hypothetical Performance Distributions   Table 5
Fiscal Years 2023-24, 2024-25, and 2025-26

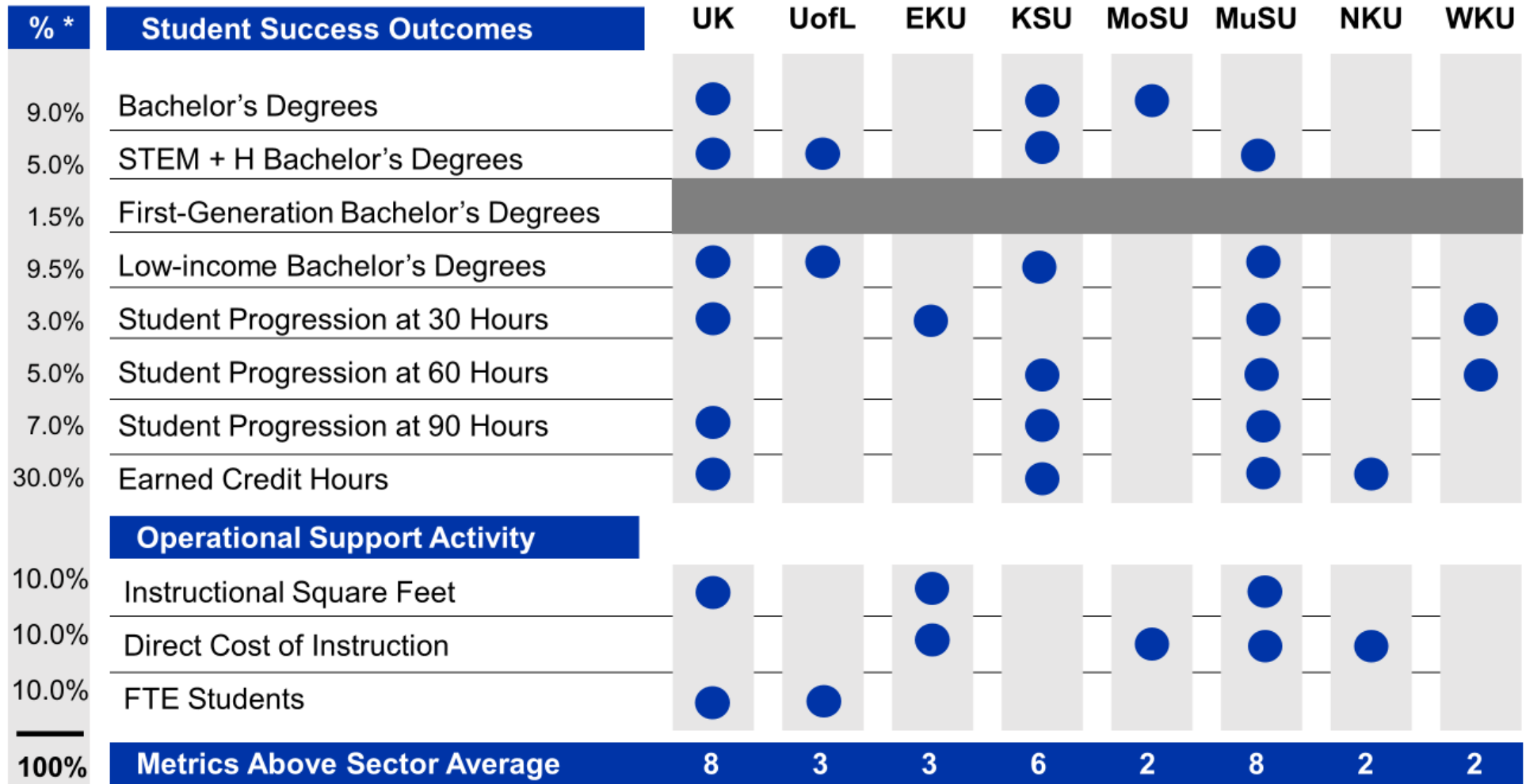|	A	B	(B - A) C	D	(D - B) E
				Scenario 21	
Institution	Actual Fiscal Year 2023-24 Distribution	Actual Fiscal Year 2024-25 Distribution	One-Year $ Change	Hypothetical Fiscal 2025-26 Distribution [1]	One-Year $ Change
UK	$33,338,500	$34,737,000	$1,398,500	$38,405,200	$3,668,200
UofL	17,594,600	18,752,200	1,157,600	21,531,800	2,779,600
EKU	3,222,900	4,769,400	1,546,500	5,033,700	264,300
KSU	0	0	0	0	0
MoSU	0	214,400	214,400	311,900	97,500
MuSU	3,095,000	4,759,800	1,664,800	4,957,400	197,600
NKU	12,683,900	13,224,300	540,400	13,711,700	487,400
WKU	5,858,400	5,460,300	(398,100)	5,767,300	307,000
Total	$75,793,300	$81,917,400	$6,124,100	$89,719,000	$7,801,600

[1] Hypothetical distribution that defines "underrepresented students" as first-generation college students, assigns 3.0% of allocable resources in the public university funding model to bachelor's degrees earned by such students, calculates and applies a sector weighting at the midpoint between <u>no</u> weighting and <u>full</u> weighting to partially account for cost and mission differences between sectors, and is run using 2025-26 operating funds, mandated program, and performance fund appropriations (i.e., *Scenario 21*).

Kentucky Performance Funding Model

Metrics where rates of growth exceeded sector average between FY 2023-24 and FY 2024-25

* Performance funding metric shares

% *	Student Success Outcomes	UK	UofL	EKU	KSU	MoSU	MuSU	NKU	WKU
9.0%	Bachelor's Degrees	●			●	●			
5.0%	STEM + H Bachelor's Degrees	●	●		●		●		
1.5%	First-Generation Bachelor's Degrees								
9.5%	Low-income Bachelor's Degrees	●	●		●		●		
3.0%	Student Progression at 30 Hours	●		●			●		●
5.0%	Student Progression at 60 Hours				●		●		●
7.0%	Student Progression at 90 Hours	●			●		●		
30.0%	Earned Credit Hours	●			●		●	●	
	Operational Support Activity								
10.0%	Instructional Square Feet	●		●			●		
10.0%	Direct Cost of Instruction			●		●	●	●	
10.0%	FTE Students	●	●						
100%	**Metrics Above Sector Average**	**8**	**3**	**3**	**6**	**2**	**8**	**2**	**2**

State Funds for Educating Students per Full-Time Equivalent Student
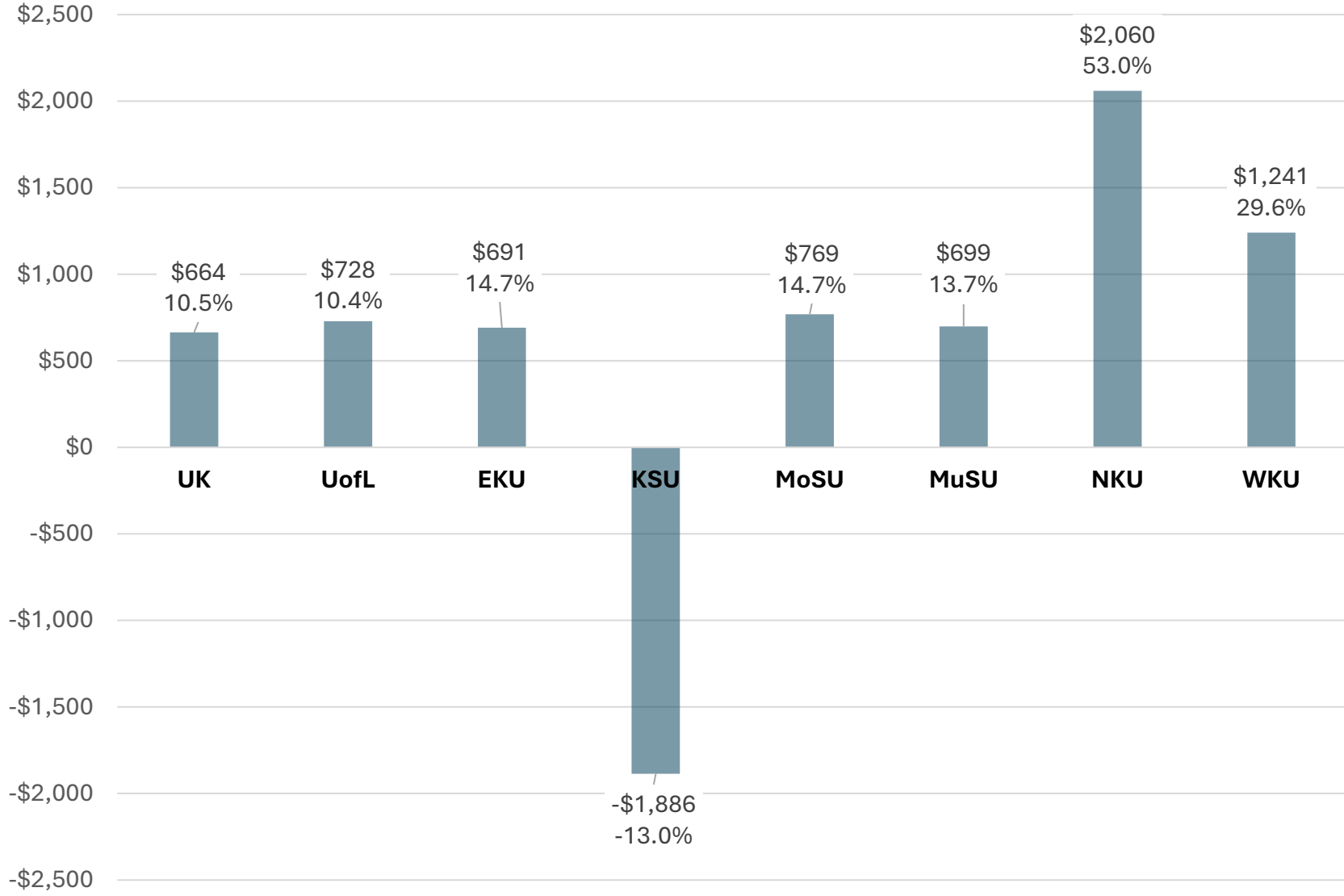**Fiscal Years 2016-17 and 2023-24**
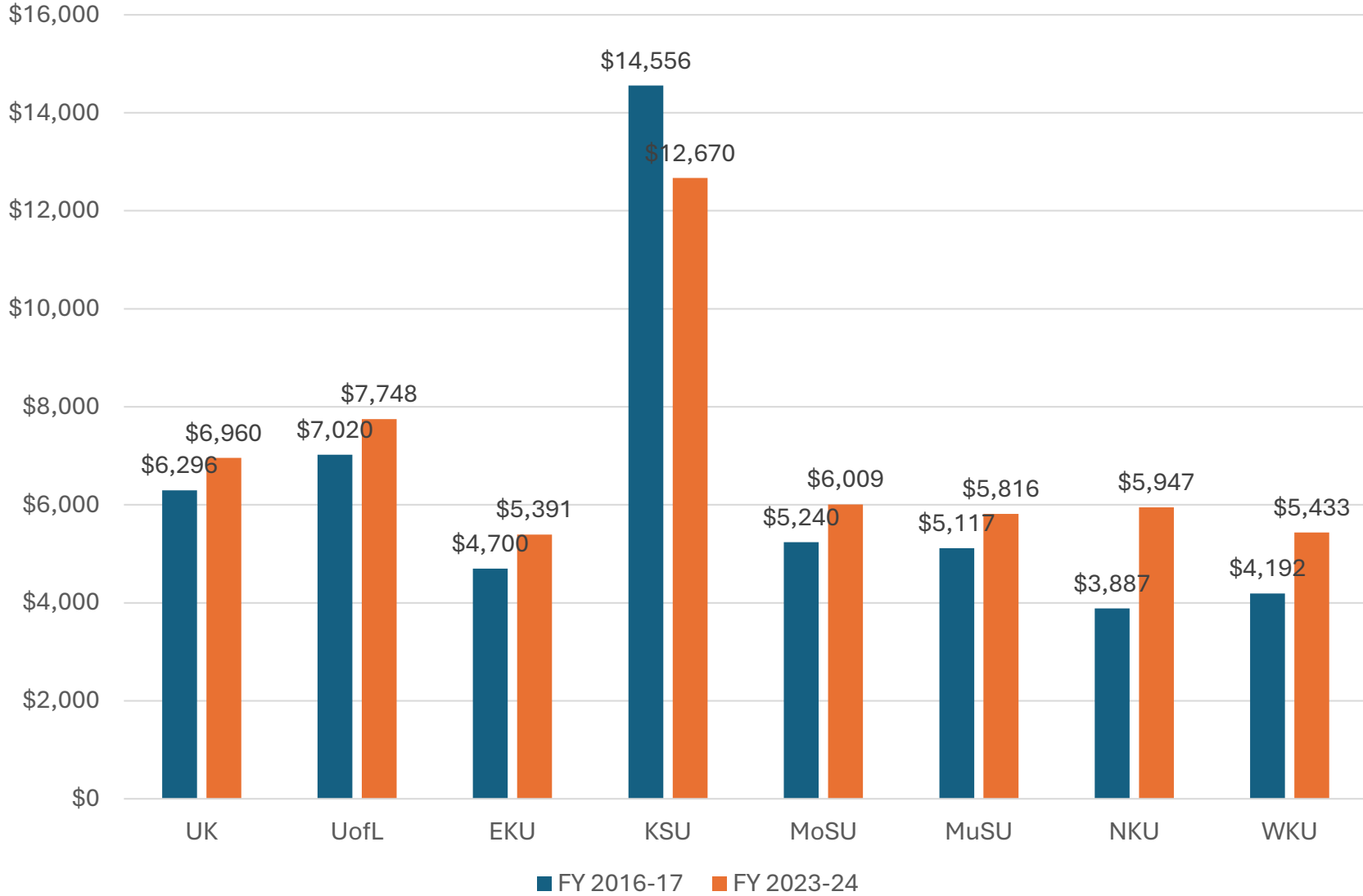
Notes:
- Regular General Fund appropriation minus debt service and mandated program funding, plus performance funding distribution.
- Source: KY Council on Postsecondary Education, Finance and Budget Unit and Data and Advanced Analytics Unit

2

Change in State Funds for Educating Students per Full-Time Equivalent Student
From Fiscal Year 2016-17 to Fiscal Year 2023-24

Notes:
- Regular General Fund appropriation minus debt service and mandated program funding, plus performance funding distribution.
- Source: KY Council on Postsecondary Education, Finance and Budget Unit and Data and Advanced Analytics Unit

Public University Funding Model Underrepresented Student Metric

Postsecondary Education Working Group
October 28, 2024

Overview

- Potential Metrics

- Additional Requested Scenarios
  - Low-Income Student Enrollment (Weighted)
  - First-Generation Student Bachelor's (@ 1.50%), Low-Income Student Enrollment (@ 1.50%)

- Proposal for Consideration

- Decision Points

2

Potential Metrics

Potential Metrics

➢ The working group is currently considering five metrics to replace the URM bachelor's degree metric in the university funding model:

- Low-Income Student Bachelor's Degrees

- First-Generation College Student Bachelor's Degrees

- Underprepared Student Bachelor's Degrees

- High-Need High School Student Bachelor's Degrees

- Low-Income Student Enrollment (Income $0 - $30,000)

➢ The rationale for each metric and its estimated fiscal impact were shared at prior meetings

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Additional Requested Scenarios

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Requested Scenarios
Low-Income Student Enrollment (Weighted)

Scenario Impacts:

- Allocating 3.0% to a low-income student enrollment metric shifts funds from NKU, UK, MuSU, and UofL to MoSU, EKU, and WKU

- When sector <u>weights</u> are applied, the research sector shifts from $561k negative to $3.50 M positive

- EKU and WKU change from $658k and $364k positive to $571k and $716k negative, respectively

- MuSU and NKU are negative in both scenarios (more so with weighting)

Funding Model for the Public Universities   Table 1
Comparison of Actual and Hypothetical Performance Distributions
Fiscal Year 2024-25

Low-Income Student Enrollment Metric (@3.0%)

| | | Scenario 15 | | Scenario 17 | |
| | | No Sector Weighting | | With Sector Weighting | |
Institution	Actual Fiscal Year 2024-25 Distribution	Low-Income Enrollment Distribution [1]	Difference	Low-Income Enrollment Distribution [2]	Difference
UK	$34,737,000	$34,413,700	($323,300)	$36,557,100	$1,820,100
UofL	18,752,200	18,514,200	(238,000)	20,434,900	1,682,700
EKU	4,769,400	5,427,500	658,100	4,198,100	(571,300)
KSU	0	0	0	0	0
MoSU	214,400	1,061,900	847,500	274,400	60,000
MuSU	4,759,800	4,507,800	(252,000)	4,010,000	(749,800)
NKU	13,224,300	12,168,100	(1,056,200)	11,699,000	(1,525,300)
WKU	5,460,300	5,824,200	363,900	4,743,900	(716,400)
Total	$81,917,400	$81,917,400	$0	$81,917,400	$0

[1] Hypothetical distribution that replaces the 3.0% URM student bachelor's degree metric with a new 3.0% enrollment metric comprised of full-time, first-time, resident undergraduate degree/certificate seeking students who receive Title IV federal aid and have income levels between $0 - $30,000.

[2] Hypothetical distribution that uses the same low-income student enrollment metric as used in *Scenario 15*, but headcount data are weighted to account for cost and mission differences between sectors.

Requested Scenarios
First-Gen Bachelor's and Low-Income Enrollment

Scenario Impacts:

- Allocating 1.5% to first-generation bachelor's degrees and 1.5% to low-income student enrollment on an <u>unweighted</u> basis does <u>not</u> shift much funding among institutions

- When sector <u>weights</u> are applied, the research sector changes from $413k negative to $3.55 M positive

- EKU, MoSU, and WKU shift from marginally positive to negative

- MuSU and NKU are negative in both scenarios (more so with weighting)

Funding Model for the Public Universities — Table 2
Comparison of Actual and Hypothetical Performance Distributions
Fiscal Year 2024-25

First-Generation Student Bachelor's Degrees (@ 1.50%)
Low-Income Student Enrollment (@ 1.50%)

Institution	Actual Fiscal Year 2024-25 Distribution	Scenario 18 No Sector Weighting First-Gen Bachelor's Low-Income Students Distribution [1]	Difference	Scenario 19 With Sector Weighting First-Gen Bachelor's Low-Income Students Distribution [2]	Difference
UK	$34,737,000	$34,467,600	($269,400)	$36,548,100	$1,811,100
UofL	18,752,200	18,608,200	(144,000)	20,489,200	1,737,000
EKU	4,769,400	5,132,400	363,000	4,011,100	(758,300)
KSU	0	0	0	0	0
MoSU	214,400	643,700	429,300	0	(214,400)
MuSU	4,759,800	4,633,500	(126,300)	4,103,000	(656,800)
NKU	13,224,300	12,807,600	(416,700)	12,145,500	(1,078,800)
WKU	5,460,300	5,624,400	164,100	4,620,500	(839,800)
Total	$81,917,400	$81,917,400	$0	$81,917,400	$0

[1] Hypothetical distribution that replaces the 3.0% underrepresented minority (URM) student bachelor's degree metric with a 1.50% first-generation college student bachelor's degree metric and a 1.50% low-income student enrollment metric. In *Scenario 18*, sector weightings are set to 1.0 for each replacement metric.

[2] Same metric used in *Scenario 18*, but weighted to account for cost and mission differences between sectors.

Proposal for Consideration

Proposal for Consideration

➢ After engaging in discussions with policymakers, CPE developed the following proposal for consideration by the working group:

- Define "underrepresented students" as first-generation college students

- Adopt bachelor's degrees earned by such students as the metric

- Assign the full 3.0% of available allocable resources to this metric

- Calculate and apply a sector weighting to the data at the <u>midpoint</u> between <u>no</u> weighting and <u>full</u> weighting (i.e., half weighting)

➢ CPE staff believes this approach lends a statewide perspective to the discussion and represents a fair outcome for all stakeholders

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Proposal for Consideration
First-Generation Bachelor's Degrees (Half Weighted)

Scenario Impacts:

- Table 3, presents three scenarios using the same first-generation bachelor's degree metric (@ 3.0%), with the only variable being the degree of sector weighting applied

- As expected, at <u>half</u> weighting, distribution amounts fall in between <u>no</u> weighting and <u>full</u> weighting scenarios

Funding Model for the Public Universities   Table 3
Comparison of Actual and Hypothetical Performance Distributions
Fiscal Year 2024-25

Bachelor's Degrees Awarded to First-Generation College Students (@ 3.0%)

		Scenario 3 No Sector Weighting		*Scenario 20* Half Sector Weighting		*Scenario 4* Full Sector Weighting	
Institution	Actual Fiscal Year 2024-25 Distribution	First-Generation Bachelor's Degree Distribution [1]	Difference	First-Generation Bachelor's Degree Distribution [2]	Difference	First-Generation Bachelor's Degree Distribution [3]	Difference
UK	$34,737,000	$34,521,600	($215,400)	$35,690,800	$953,800	$36,439,300	$1,702,300
UofL	18,752,200	18,701,900	(50,300)	19,775,800	1,023,600	20,478,800	1,726,600
EKU	4,769,400	4,837,400	68,000	4,229,900	(539,500)	3,794,900	(974,500)
KSU	0	0	0	0	0	0	0
MoSU	214,400	225,600	11,200	0	(214,400)	0	(214,400)
MuSU	4,759,800	4,759,200	(600)	4,420,700	(339,100)	4,176,600	(583,200)
NKU	13,224,300	13,446,900	222,600	12,933,100	(291,200)	12,563,400	(660,900)
WKU	5,460,300	5,424,800	(35,500)	4,867,100	(593,200)	4,464,400	(995,900)
Total	$81,917,400	$81,917,400	$0	$81,917,400	$0	$81,917,400	$0

[1] Hypothetical distribution that defines "underrepresented students" as first-generation college students, assigns 3.0% of allocable resources in the public university funding model to bachelor's degrees earned by such students, and does <u>not</u> apply a weighting to account for cost and mission differences between sectors.

[2] Hypothetical distribution generated using the same first-generation college student, bachelor's degree metric applied to 3.0% of allocable resources as used in *Scenario 3*, but calculates and applies a sector weighting at the <u>midpoint</u> between <u>no</u> weighting and <u>full</u> weighting.

[3] Hypothetical distribution generated using the same first-generation college student, bachelor's degree metric applied to 3.0% of allocable resources as used in *Scenario 3*, but calculates and applies <u>full</u> weighting to account for cost and mission differences between sectors.

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Proposal for Consideration
First-Generation Bachelor's Degrees (Half Weighted)

Scenario Impacts:

- Compared to a distribution where the URM metric is retained, the use of <u>unweighted</u> replacement metrics in 2024-25 shifted $4.0 M from research to comprehensive institutions

- If a first-generation bachelor's metric is used at half sector <u>weighting</u>, the research sector would still be below the hypothetical URM base by $2.0 M

- Weighting the degrees to partially account for cost & mission differences would restore 50% of funds given up by research sector in 2024-25

Funding Model for the Public Universities — Table 4
Comparison of Actual and Hypothetical Performance Distributions
Fiscal Year 2024-25

Institution	Hypothetical URM @ 3.0% Distribution [1]	*Actual 2024-25 Distribution* No Sector Weighting Low Inc @ 1.5% 1st Gen @ 1.5% Distribution [2]	Difference	*Scenario 20* Half Sector Weighting First-Generation Bachelor's Degree Distribution [3]	Difference
UK	$36,841,900	$34,737,000	($2,104,900)	$35,690,800	($1,151,100)
UofL	20,653,100	18,752,200	(1,900,900)	19,775,800	(877,300)
EKU	3,346,800	4,769,400	1,422,600	4,229,900	883,100
KSU	0	0	0	0	0
MoSU	0	214,400	214,400	0	0
MuSU	3,869,100	4,759,800	890,700	4,420,700	551,600
NKU	12,416,500	13,224,300	807,800	12,933,100	516,600
WKU	4,790,000	5,460,300	670,300	4,867,100	77,100
Total	$81,917,400	$81,917,400	$0	$81,917,400	$0

[1] Hypothetical distribution that assumes retention of the URM metric in fiscal year 2024-25.

[2] Actual performance distribution for fiscal year 2024-25, which replaced the URM student bachelor's degree metric with <u>unweighted</u> low-income and first generation student bachelor's degree metrics @ 1.50% each.

[3] Hypothetical distribution that defines "underrepresented students" as first-generation college students, assigns 3.0% of allocable resources in the public university funding model to bachelor's degrees earned by such students, and calculates and applies a sector weighting at the midpoint between <u>no</u> weighting and <u>full</u> weighting to partially account for cost and mission differences between sectors.

Proposal for Consideration
First-Generation Bachelor's Degrees (Half Weighted)

Scenario Impacts:

- Table 5 compares actual performance distributions over the past two years to each other and to a hypothetical 2026 distribution to determine the one-year change by institution and in total

- As can be seen in Column C, between 2024 and 2025, 6 out of 8 institutions registered a positive one-year change in performance funds

- Between this year and next, if the first-generation degree metric is adopted, it is expected that 7 out of 8 institutions will have a positive increase in funds

Funding Model for the Public Universities — Table 5
Comparison of Actual and Hypothetical Performance Distributions
Fiscal Years 2023-24, 2024-25, and 2025-26

	A	B	(B - A) C	D	(D - B) E
				Scenario 21	
Institution	Actual Fiscal Year 2023-24 Distribution	Actual Fiscal Year 2024-25 Distribution	One-Year $ Change	Hypothetical Fiscal 2025-26 Distribution [1]	One-Year $ Change
UK	$33,338,500	$34,737,000	$1,398,500	$38,405,200	$3,668,200
UofL	17,594,600	18,752,200	1,157,600	21,531,800	2,779,600
EKU	3,222,900	4,769,400	1,546,500	5,033,700	264,300
KSU	0	0	0	0	0
MoSU	0	214,400	214,400	311,900	97,500
MuSU	3,095,000	4,759,800	1,664,800	4,957,400	197,600
NKU	12,683,900	13,224,300	540,400	13,711,700	487,400
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Total	$75,793,300	$81,917,400	$6,124,100	$89,719,000	$7,801,600

[1] Hypothetical distribution that defines "underrepresented students" as first-generation college students, assigns 3.0% of allocable resources in the university funding model to bachelor's degrees earned by such students, applies a sector weighting at the midpoint between <u>no</u> weighting and <u>full</u> weighting to partially account for cost and mission differences between sectors, and is run using 2025-26 operating, mandated program, and performance fund appropriations (i.e., *Scenario 21*). 12

Decision Points

Decision Points

- How should the 2024 working group define the term "underrepresented student"?

- What metric should be used to replace the URM student bachelor's degree metric in the <u>university</u> funding model?

- Should the full 3.0% of available allocable resources be assigned to one metric?

- Should the replacement metric be weighted to account for cost and mission differences between sectors? If so, what weighting should be used?

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Discussion

Twitter: CPENews and CPEPres

Website: http://cpe.ky.gov

Facebook: KYCPE

CPE
Higher Education Matters