

Performance Funding Update: 11-7-16 (EKU Budget Working Group)

- The performance working group has now met three times and is scheduled to meet two more times on November 15th and November 28th to finalize the working groups report and model design.
- A lot of ground has been covered as it relates to the models design but as we near the end of the process here are the design core principles that have come to anchor the model:
 - ***Outcomes based model that distributes 100% of allocable resources based on rational criteria:***
 - ***70% distributed based on performance (student success and course completion outcomes)***
 - ***30% allocated in support of vital campus operations (M&O of facilities, institutional support, and academic support)***
 - ***Includes all public four-year universities in performance pool, but includes safeguards to ensure that neither sector is advantaged or disadvantaged at implementation***
 - ***Contains small school adjustment to minimize impact on smaller campuses***
 - ***Makes use of hold harmless and stop loss provisions in early years of implementation***
 - ***The model awards 1.65 weighting to 1 for the R1 schools versus the comprehensive universities. The rationale is based on higher instructional cost.***
- Allocable resources are defined as General Fund appropriations net of mandated programs and a small school adjustment. For EKU that is now \$60 million for year zero of the model which is fiscal year 2017-2018.
- Recommended Phase In
 - Fiscal 2017-18 (Year Zero)
 - Run the model with additional year of data and use results to:
Distribute Postsecondary Education Performance Fund (5%)
Inform Council's 2018-20 biennial budget recommendation
 - Fiscal 2018-19 (Year One)
 - Apply hold harmless provision in first year of implementation
 - Request sufficient additional appropriations that when combined with hold harmless allocation will achieve equilibrium in first year
 - Fiscal 2019-20 (Year Two)
 - Transition to 1% stop loss in second year
 - Fiscal 2020-21 (Year Three)
 - Transition to 2% stop loss in third year and each year thereafter

Support Materials:

Allocable resources are defined as General Fund appropriations net of mandated programs and a small school adjustment:

| Campus | 2017-18 Net General Fund | Mandated Programs | Small School Adjustment | Allocable Resources |
|--------|-----------------------------|----------------------|----------------------------|------------------------|
| UK | \$267.0 | \$80.3 | \$18.7 | \$168.0 |
| UofL | 132.8 | 0.0 | 13.3 | 119.5 |
| EKU | 65.0 | 0.2 | 4.8 | 60.0 |
| KSU | 26.7 | 6.7 | 4.8 | 15.2 |
| MoSU | 42.0 | 2.9 | 4.8 | 34.3 |
| MuSU | 45.9 | 2.6 | 4.8 | 38.5 |
| NKU | 51.4 | 1.5 | 4.8 | 45.2 |
| WKU | 74.5 | 5.6 | 4.8 | 64.2 |
| Sector | \$705.3 | \$99.9 | \$60.5 | \$544.9 |

Outcomes Based Components:

- **Student Success (35% of allocable resources)**
 - Distributed based on each institution's share of sector total student success outcomes produced
 - Bachelor's Degrees
 - Degrees per 100 UG FTE Students
 - STEM+H, URM, and Low Income Degrees
 - Student Progression (@ 30, 60, and 90 credit hour thresholds)
 - Educational Opportunity (under consideration)
- **Course Completion (35% of allocable resources)**
 - Distributed based on each institution's share of sector total student credit hours earned (weighted to account for cost differences by degree level and discipline)

Operational Support Components

Maintenance and Operations (10% of allocable resources)

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

Institutional Support (10% of allocable resources)

- Distributed based on share of sector total instruction and student services spending, net of M&O

Academic Support (10% of allocable resources)

- Funding for academic support services, such as libraries and academic computing
- Distributed based on share of FTE student enrollment