



State Performance Funding Model Update

**Faculty Senate Meeting
October 3, 2018**

State Performance Funding Model

Performance Funding Allocation Process

Performance Funding Model has two steps:

1. Establishment of model through redistribution of **Allocable Resources** (equilibrium)
2. Calculation of each institution's portion of annual **Performance Funding** pool

Metrics for component areas support key state goals for postsecondary education:

- Increase retention and progression of students toward timely completion
- Increase numbers of degrees and credentials earned by all student types
- Produce more degrees and credentials that garner higher wages upon completion:
 - STEM+H fields, high-demand fields, and targeted industries
- Increase numbers of degrees and credentials earned by minority, low income, and underprepared students



State Performance Funding Model

Allocable Resources: Redistribution

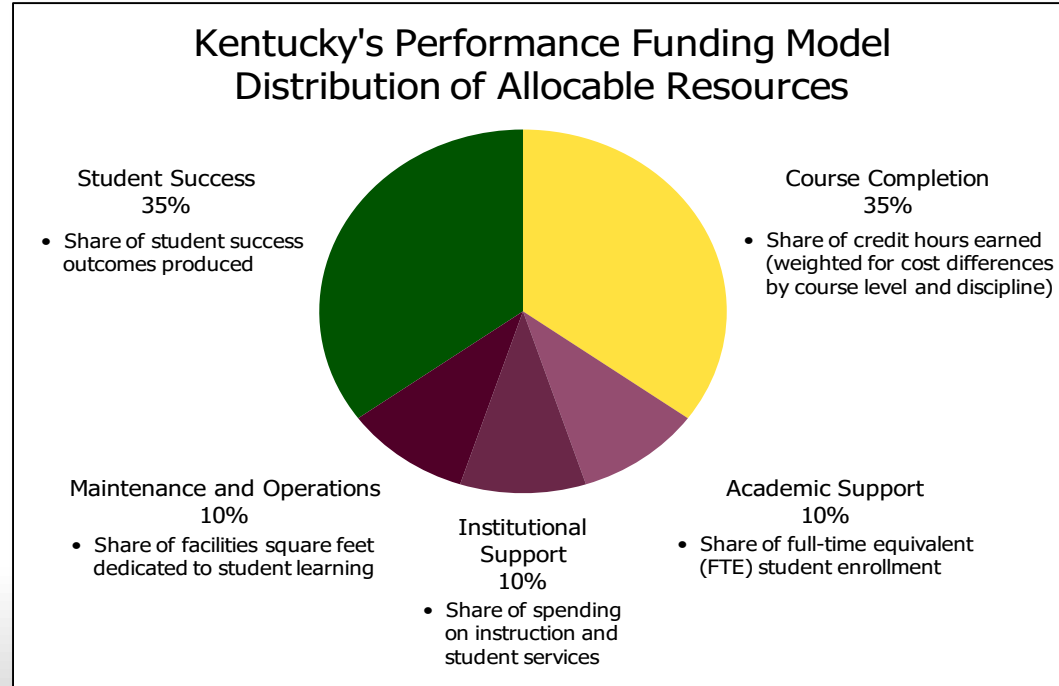
Allocable resources distribution recalculated based on reported data.

70% Outcomes-based

- Student Success
- Credit Hour Generation

30% Operational Support

- Square Footage
- Direct Cost
- Student FTE





State Performance Funding Model Update

Step 2: Funding Distribution



State Performance Funding Model

Performance Funding Distribution, AY18-19

Kentucky Performance Funding Model
Distribution of Postsecondary Education Performance Funds
Fiscal Year 2018-19

<u>Institution</u>	<u>Distribution</u>
University of Kentucky	\$9,119,000
University of Louisville	2,507,100
Eastern Kentucky University	3,387,300
Kentucky State University	0
Morehead State University	0
Murray State University	557,800
Northern Kentucky University	4,837,200
Western Kentucky University	3,748,600
KCTCS	6,843,000
Total	<u>\$31,000,000</u>

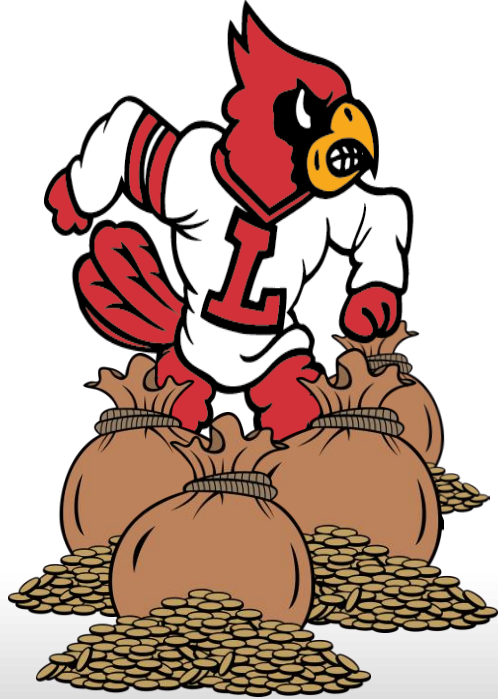


State Performance Funding Model Update

Opportunities

State Performance Funding Model

Maximizing Performance Funding Allocations



- Enroll and retain greater numbers of academically qualified, degree-seeking students
- Encourage students to take full course loads and provide support services to help them progress to timely completion
- Increase graduation rates and produce more degrees, especially among underserved student populations or in areas of pressing state need
- Beat the sector averages while gaining share.

State Performance Funding Model

Performance Metrics: Areas of Success

The six categories that UofL exceeded sector averages are heavily valued: 77% of the overall funding.

Undergraduate, graduate and professional all contribute to credit hours and FTE.

Earned Credit Hours alone is 35% of the funding calculation, and weighting favors targeted field (e.g. STEM+H), graduate, and professional hours.

Kentucky Performance Funding Model

Metrics Where Rates of Growth Exceeded Sector Average Between Fiscal Years 2017-18 and 2018-19

Performance Metric	UK	UofL	EKU	KSU	MoSU	MuSU	NKU	WKU
Student Success Outcomes								
Bachelor's Degrees	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
STEM+H Bachelor's Degrees	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
URM Bachelor's Degrees	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Low Income Bachelor's Degrees	<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"/>	<input type="checkbox"/>
Student Progression @ 30 Hours	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Student Progression @ 60 Hours	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Student Progression @ 90 Hours	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Earned Credit Hours	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Operational Support Activity								
Instructional Square Feet	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Direct Cost of Instruction	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FTE Students	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Metrics Above Sector Average	11	6	5	3	5	4	2	1



State Performance Funding Model

Allocable Resources: KY Resident Credit Hour Weights

Weighting favors in-state students, advanced coursework, and coursework in target fields of study.

Non-resident hours weighted at 0.5.

Graduate and professional growth key to UofL credit hour share (22.8%)

Weighted Average Instruction Costs per Credit Hour

By Course Level and Discipline (Average of FL, IL, & OH Cost Studies)

Student Credit Hour Cost Indices by Discipline and Level

Discipline	Course Level					
	Lower Division	Upper Division	Master's	Other Graduate	Doctoral I	Doctoral II
Liberal Arts, Math, Social Sciences	1.07	1.48	3.27	3.27	3.81	4.34
Basic Skills	1.00	1.22	2.19	2.19	3.17	4.16
Business	1.00	1.44	2.68	2.68	5.42	8.17
Education	1.17	1.47	2.32	2.32	3.28	4.24
Service	1.06	1.22	2.19	2.19	3.17	4.16
Visual and Performing Arts	1.36	2.24	4.49	4.49	4.50	4.51
Trades and Technologies	1.45	1.97	2.95	2.95	3.62	4.30
Sciences	1.18	1.86	4.70	4.70	4.74	4.79
Law	1.52	1.25	3.33	3.33	4.47	5.61
Engineering/Architecture	1.57	2.52	4.37	4.37	4.47	4.58
Health	1.44	1.76	4.13	4.13	4.66	5.19
Nursing	1.44	1.76	4.13	4.13	4.66	5.19
Other	1.00	1.22	2.19	2.19	3.17	4.16

¹ Three-year rolling average, normalized to a degree per 100 FTE student index.

Source: "Kentucky's Performance Funding Model for Postsecondary Education", CPE:King/Thompson, 8/30/18

State Performance Funding Model

Allocable Resources: Weights by Metric

Remember
this?

Many metric
weights are
greater for
research
schools,
multiplying
impact of
gains.

Council on Postsecondary Education
Funding Model for the Public Universities

Metric Weighting Chart

Funding Model Metrics	Research Universities	Comprehensive Universities
Bachelor's Degrees (Normalized)	1.67345	1.00000
STEM+H Bachelor's Degrees	1.54105	1.00000
URM Bachelor's Degrees	1.22322	1.00000
Low Income Bachelor's Degrees	2.35120	1.00000
Student Progression (@ 30 Credit Hours)	1.49386	1.00000
Student Progression (@ 60 Credit Hours)	1.45320	1.00000
Student Progression (@ 90 Credit Hours)	1.56076	1.00000
Student Credit Hours Earned (Weighted)	1.14208	1.00000
Facilities Square Feet	1.36134	1.00000
Instruction and Student Services Costs	0.90251	1.00000
FTE Student Enrollment	1.34278	1.00000



State Performance Funding Model

Narrowly below sector in some categories.

The five categories that UofL fell below sector averages are weighted toward research universities.

Per-volume amounts higher in target-population areas

- \$1,978, UG degree
- \$3,521, STEM+H
- \$6,286, URM

Target population degrees stack value.

Performance Metrics: Opportunities

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State Performance Funding Model

Stack It Up: The Value of a Unicorn (Senior-level, low-income, URM student in a STEM+H program)

For Example*:

Bach. Degree ≈ \$3,400

$1.67345 \times 1.03 \times \$1,978$

STEM+H ≈ \$5,400

$1.54105 \times \$3,521$

URM ≈ \$7,700

$1.22322 \times \$6,286$

Low-Income ≈ \$3,000

$2.35120 \times \$1,305$

30 UG Hours ≈ \$2,550

$1.86 \times 30 \times 1.14208 \times \40

≈ \$22,050

<u>Components</u>	<u>Allocation Percentages</u>	<u>Component Funding Pool</u>	<u>Volumes</u>	<u>Average Subsidy Per Volume</u>
Student Success				
Bach. Degrees (Norm.)	9%	\$ 45,439,500	22,975	\$ 1,978
STEM + H Degrees	5%	25,244,200	7,169	3,521
URM Degrees	3%	15,146,500	2,410	6,286
Low Income Degrees	3%	15,146,500	11,606	1,305
30-Hour Progression	3%	15,146,500	16,693	907
60-Hour Progression	5%	25,244,200	17,455	1,446
90-Hour Progression	7%	35,341,800	21,567	1,639
	<u>35%</u>	<u>\$ 176,709,200</u>		
Course Completion				
Weighted Credit Hours	35%	\$ 176,709,200	4,387,436	\$ 40

**Note: Intended for illustrative purposes only – performance metric calculations use rolling averages which result in approximate subsidy per volume amounts that vary from year to year.*

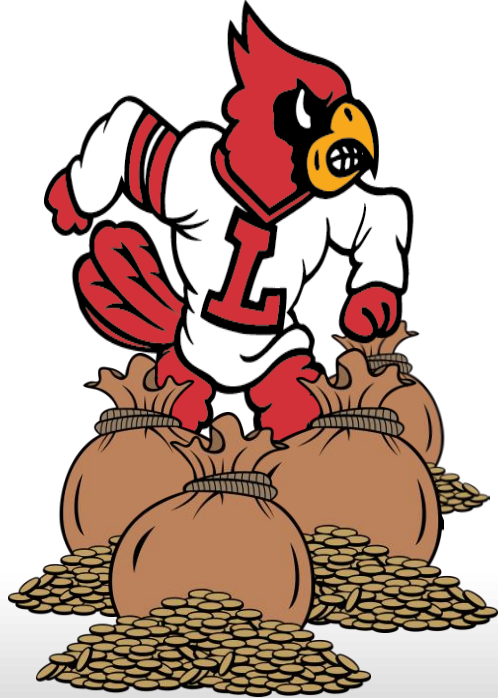
State Performance Funding Model

Concerns: Limitations and Considerations

- Facilities metric doesn't promote increased efficiencies in maintenance and operation.
- Different weighting for resident/non-resident credit hours conflicts with some growth strategies.
- Use of three-year rolling averages complicates calculating incremental impacts or short-term outcomes of programs and initiatives.
- Doesn't adequately differentiate institutional needs based on differing missions.
- Well-resourced institutions are better situated to be competitive for superior students. Exacerbates affordability and access issues for underserved populations.
- Allocation process is heavily enrollment-based.

State Performance Funding Model

Maximizing Performance Funding Allocations



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