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

August 25, 2026, 1:00-3:00 p.m. ET (12:00-2:00 p.m. CT)
Location: Council offices, 100 Airport Road, Frankfort, KY – Conf Rm AB
Livestream: https://www.youtube.com/@KentuckyCPE/streams

MEETING MINUTES

Draft for review/approval on August 25, 2026

Who:	Kentucky Council on Postsecondary Education
Type:	Postsecondary Education Working Group on Performance Funding
Date:	July 31, 2026
Time:	10:00 a.m. ET
Location:	CPE Offices, 100 Airport Road, Frankfort, KY – Conf Rm AB

CALL TO ORDER

The Postsecondary Education Working Group on Performance Funding met Friday, July 31, 2026, at 10:00 a.m. ET. The meeting took place at the Council offices in Frankfort, with an option to attend virtually. The meeting was livestreamed to the CPE YouTube page. Chair Aaron Thompson presided.

ATTENDANCE

There was a quorum of 20 members in attendance.

- Dr. Aaron Thompson, Chairman – in person
- Dr. Koffi Akakpo – in person
- Representative Chad Aull – in person
- Senator Mays Bledsoe - virtual
- Dr. Gerry Bradley – in person
- Representative Josh Bray – in person
- Dr. Tim Caboni - virtual
- Angie Martin, designee for Dr. Eli Capilouto – in person
- Senator David Givens – in person
- John Hicks – in person
- Representative Bobby McCool – in person
- Senator Chris McDaniel – in person (left at 12:00 p.m.)
- Dr. David McFaddin – in person
- Dr. Jay Morgan – in person
- Senator Gerald Neal – in person (left at 12:00 p.m.)
- Dr. Ron Patterson – in person
- Representative Steve Rudy – did not attend
- Todd Kilburn, designee for Dr. Ryan Quarles – in person
- Dr. Cady Short-Thompson - virtual
- Representative James Tipton – in person
- Senator Steve West – virtual (attended 10:10 a.m.-12:00 p.m.)

The following CPE staff members facilitated and presented at the meeting:

- Adam Blevins, Executive Director of Finance Policy & Programs
- Dr. Bill Payne, Vice President of Finance Policy & Programs
- Greg Rush, Associate Vice President of Finance Policy & Programs

Brent Floyd, Senior Associate of Finance Policy & Programs, served as recorder of the meeting minutes.

NEW MEMBER ORIENTATION (CONTINUATION OF JUNE 25 MEETING)

Mr. Blevins provided background information regarding the prior meetings of the Postsecondary Education Work Group.

- In 2020, the group established a ground floor, discontinued stop-loss carveouts, and required that general fund appropriations be recurring to the performance fund, not the institutions. For the University model, the 2023 convening increased the premium for low-income bachelor's degrees, decreasing the course completion component as a result, added an adult learner metric, eliminated degree efficiency weighting, increased small school adjustments for Kentucky State and Morehead State Universities, and increased the weightings for nonresident credit hours earned.
- For the KCTCS model, the 2023 convening added a new adult learner metric and the use of a Community Needs Index, reduced the weighting of progression and credential metrics, increased the weighting of URM, underprepared, low income, and transfer metrics, merged overlapping metrics, and implemented a 3-year average for most data points.
- The 2024 convening met with the sole purpose of defining "underrepresented students" as first-generation college students and slightly adjusted some of the metrics to accommodate this change.

Mr. Blevins also provided an overview of how performance funding allocations have been distributed since its inception as well as information on funding parity as it relates to historical state funds for educating students.

Finaly, Mr. Blevins provided the parameters of the current model as well information regarding year-over-year changes in distributions. The Performance Funding Scorecard was presented, which gives an overview of which sector outcomes an institution has been above the sector average or not. Mr. Blevins discussed the alignment between outcomes and funding, recognizing that the changes in funding have been very gradual.

BACKGROUND INFORMATION

Dr. Gary Ransdell, President Emeritus of Western Kentucky University, presented on the impetus behind adopting the original performance fund model, the development process, and how consensus was reached among the original members. Following the presentation, he answered the following questions:

- Representative Tipton asked about adding a workforce metric, for which Dr. Ransdell stated it may difficult to obtain data to support a robust metric.
- Representative Tipton next asked about removing weightings and noted that doctoral degrees are being increasingly added to comprehensive institutions. Dr. Ransdell stated if weightings are removed, he believes it is time to add a graduate degree metric, adding that as a former university president he would see this as a charge to focus on those areas. Senator Givens noted that adding a graduate degree metric may shift focus from bachelor's degrees to graduate degrees for all institutions.
- Senator Givens asked what other states with models are doing wrong or right. Dr. Thompson stated consultants will be at a future meeting to answer this question.

2026 FUNDING MODEL WORK GROUP

Mr. Rush reviewed the charge of the working group and presented to the proposed future meeting dates:

- Tuesday, August 25, 1:00-3:00 p.m. ET
- Tuesday, September 22, 1:00-3:00 p.m. ET
- Tuesday, October 27, 1:00-3:00 p.m. ET
- Tuesday, November 10, 10:00 a.m.–12:00 p.m. ET

MOTION: Representative Aull moved the working group adopt the proposed meeting dates. The motion was seconded by Dr. McFaddin.

VOTE: The motion was approved.

Following the vote, Mr. Rush introduced Mr. Will Carroll, Principal of State Policy and Finance at HCM Strategists. HCM Strategists will provide consultation services and identify and report interstate challenges that are related to performance funding.

Finally, Chair Thompson requested action be taken regarding rules and procedures for the meetings of the working group.

MOTION: President Bradley moved the working group adopt the Roberts's Rules of Order to conduct meetings, with the clarification that a majority of work group members (11) is required for any motion to carry, regardless of how many members are in attendance. Representative Tipton seconded the motion.

VOTE: The motion passed.

GUIDING PRINCIPLES

Dr. Payne reviewed the current principles of the work group. He further reviewed survey responses provided by institutional presidents regarding proposed changes to those guiding principles.

Following that, a robust discussion was held regarding which principles should be kept, changed, removed, or adopted moving forward. Comments and remarks in this discussion included:

- President Thompson stated that there would ideally be 4-6 principles.
- Senator McDaniel acknowledged that only institutions were given a survey, while the legislators were not. It was clarified that staff did not initially provide the survey to legislators due to many of the questions being institution-focused, but it was decided to share the results of the survey so that legislators may formulate their own suggestions for principles and goals for the next meeting.
- Representative Tipton reminded members that they need to approach the principles and goals from the perspective of what the Commonwealth wants to achieve with higher education, which was echoed by Senator Givens.
- Senator Givens also reminded the legislators that their proposed principles may be more policy focused than those the campuses propose.

President Thompson stated the working group will revisit this subject at the next scheduled meeting.

ADJOURNMENT

The meeting adjourned at 12:10 p.m. ET.

Guiding Principles

Guiding Principles
Development Process

- In a survey conducted this past June, campus presidents were asked two basic questions about guiding principles:
  1) whether any of the existing principles should be changed; and
  2) whether any new principles should be considered
- Responses to these questions were shared at the July 31 work group meeting and group members discussed general concepts regarding suggested changes or additions to the principles
- In the weeks that followed CPE staff and HCM Strategists staff used feedback received from stakeholders to develop a draft set of principles for work group consideration

Guiding Principles
Proposed Principles

- *Recognize Mission Differences*

  The funding model will account for differences in mission, capacity, students served, and community contexts and provide pathways for all institutions to be rewarded based on outcomes that reflect their unique roles and contributions

- *Outcomes Based*

  The funding model will provide incentives for improved institutional and student performance by establishing an explicit link between the attainment of desired state outcomes and allocation of available resources

- *Reasonably Stable*

  The funding model will provide reasonably stable, predictable, and transparent funding allocations that support institutional planning and capacity-building regardless of fluctuations in overall state appropriations

Guiding Principles
Proposed Principles (Cont'd)

- ***Data Driven***

  The funding model will rely on data that are valid and reliable, readily available, and can be verified when necessary

- ***Public Value***

  The funding model will incentivize outcomes that advance Kentucky's workforce, economy, civic well-being, and long-term competitiveness

- ***Opportunity***

  The funding model will provide every institution an opportunity to earn performance funding based on outcomes produced

The questions below were included in a survey of postsecondary institution presidents that was conducted by CPE staff in June 2026. State policymakers are encouraged to review these questions and come prepared to suggest changes or deletions to existing principles (see Attachment A) or to propose new guiding principles at the August 25 work group meeting.

➔ Guiding Principles

In 2015, a Funding Strategy Steering Committee comprised of Council members, the president of the Council, and nine postsecondary institution presidents achieved consensus on a set of principles that would be used to guide development of a new funding mechanism and form the basis for the Council's 2016-2018 institutional operating funds request. In 2016, those principles were shared with, and ultimately adopted by, the Postsecondary Education Working Group, where they provided a framework for construction of Kentucky's performance funding model.

Those same principles were reviewed and discussed by both the 2020 and 2023 working groups as part of statutorily required funding model reviews. No changes to the guiding principles were made during either of those reviews. See Attachment A for the list of guiding principles.

Q24: Should any of the guiding principles that were used to develop Kentucky's performance funding model be modified or eliminated going forward?

☐ Yes ☐ No

[It may be useful to refer to Attachment A, when responding to this and subsequent questions].

If yes, please identify any suggested changes or deletions to the guiding principles for work group consideration in the space below. Insert additional rows as needed.

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Q25: Should the 2026 working group consider any new guiding principles as part of their comprehensive review of Kentucky's performance funding model?

- Yes
- No

If yes, please identify any suggested new guiding principles for work group consideration in the space below. Insert additional rows as needed.

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The questions below were included in the survey that was sent to postsecondary institution presidents this past June. Policymakers are encouraged to review these questions and come prepared to suggest changes or deletions to state goals (see Attachment B) or propose new state goals at the August 25 work group meeting.

➔ State Goals

The 2016 performance funding work group identified four state goals that the funding model was designed to achieve: (1) increase retention and progression of students toward timely completion; (2) increase the number of degrees and credentials earned by all students; (3) produce more degrees and credentials in fields that garner higher wages upon completion (STEM+H, high-demand, and targeted industries); and (4) close achievement gaps by growing degrees and credentials earned by underrepresented, underprepared, and low-income students.

Q18: To what extent is increasing retention and progression of students toward timely completion still a relevant goal for Kentucky's funding model going forward?

- Not at All
- A Little
- Moderately
- Quite a Bit
- Very Much

Q19: To what extent is increasing the number of degrees and credentials earned by all students still a relevant goal for Kentucky's funding model going forward?

- Not at All
- A Little
- Moderately
- Quite a Bit
- Very Much

Q20: To what extent is producing more degrees and credentials in fields that garner higher wages upon completion still a relevant goal for Kentucky's funding model going forward?

☐ Not at All ☐ A Little ☐ Moderately ☐ Quite a Bit ☐ Very Much

Q21: To what extent is closing achievement gaps by growing degrees and credentials earned by underrepresented, underprepared, and low-income students still a relevant goal for Kentucky's funding model going forward?

☐ Not at All ☐ A Little ☐ Moderately ☐ Quite a Bit ☐ Very Much

Additional survey questions were included regarding whether the working group should consider modifying or eliminating any existing goals and whether the group should consider adding any new goals.

Q22: Should any of the existing goals for Kentucky's performance funding model be modified or eliminated going forward?

☐ Yes ☐ No

If yes, please identify any suggested changes or deletions to the goals for work group consideration in the space below. Insert additional rows as needed.

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Q23: Should the 2026 working group consider any new goals for Kentucky's performance funding model going forward?

☐ Yes ☐ No

If yes, please identify any suggested new goals for work group consideration in the space below. Insert additional rows as needed.

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Guiding Principles

During the Council on Postsecondary Education's 2016-18 budget development process, a Funding Strategy Steering Committee comprised of Council members, the president of the Council, and nine postsecondary institution presidents developed and achieved consensus on a set of guiding principles that would be used to facilitate construction of a new funding distribution mechanism and form the basis for the Council's 2016-18 institutional operating funds request.

On July 19, 2016, that set of principles was presented to the Postsecondary Education Working Group for review and discussion, along with a request from Council staff for any suggested changes. No changes were proposed by work group members at either the July 19 meeting or September 7 meeting, and that final set of principles, listed below, provided the framework for construction of Kentucky's performance funding models.

- **Mission Sensitive** – The distribution mechanism will be based on shared recognition that dissimilar institutional missions require different levels of funding.
- **Outcomes Based** – The distribution mechanism will provide incentives for improved institutional and student performance by establishing an explicit link between the attainment of desired state outcomes (e.g., increased degree production, closing achievement gaps, reduced time to degree, research productivity) and allocation of available resources.
- **Completion Driven** – The impact of differing levels of earned credit hours, variations in program mix, residency status, and dissimilarities in disciplines and course offerings across institutions will be considered in the development of the distribution mechanism.
- **Easily Communicated** – The distribution mechanism will be based on relatively few key metrics and be easy to understand and communicate.
- **Reasonably Stable** – The distribution mechanism will not permit large, annual shifts in funding to occur.
- **Sustainable** – The distribution mechanism will continue to provide incentives for improved institutional and student performance, regardless of whether state appropriations for postsecondary education increase, decrease, or remain stable.
- **Data Driven** – The distribution mechanism will rely on data that are valid and reliable, readily available, and can be verified when necessary.

Guiding Principles (Cont'd)

- **Flexible** – The distribution mechanism will not limit future budget requests. The Council will be free to recommend additions to base funding and supplemental requests, such as appropriations for Strategic Investment and Incentive Trust Fund programs or other unique activities that are not common across institutions, provided such requests do not circumvent or otherwise diminish the integrity of the distribution mechanism.
- **Allow Appropriate Exclusions** – The distribution mechanism will exclude mandated public service, medical, agriculture, and research programs, which are not student credit hour generating, as well as other programs that the Council may deem as appropriate for exclusion, from the allocable resources that will be distributed by the funding mechanism.
- **Efficient** – The distribution mechanism and overall funding recommendation will provide the postsecondary institutions maximum fiscal and management flexibility to be effective, efficient, and meet the needs of Kentucky, including continuing provision of lump sum appropriations with necessary accountability requirements.

State Goals

The goals for Kentucky's comprehensive funding model for the public postsecondary education system are enumerated in statute (KRS 164.092, Section 2). Excerpts from Section 2 are provided below.

(2) The General Assembly hereby 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:

(a) Increasing the retention and progression of students toward timely credential or degree completion;

(b) Increasing the number and types of credentials and degrees earned by all types of students;

(c) Increasing the number of credentials and degrees that garner higher salaries upon graduation, such as science, technology, engineering, math, and health, and in areas of industry demand;

(d) Closing achievement gaps by increasing the number of credentials and degrees earned by low-income students, underprepared students, underrepresented students, and nontraditional age students; and

(e) Facilitating credit hour accumulation and transfer of students from KCTCS to 8 four (4) year postsecondary institutions.

Kentucky Performance Funding Model
Survey of Postsecondary Institution Presidents

Questions Pertaining to Guiding Principles *(i.e., Questions 24 and 25)*

➔ Guiding Principles

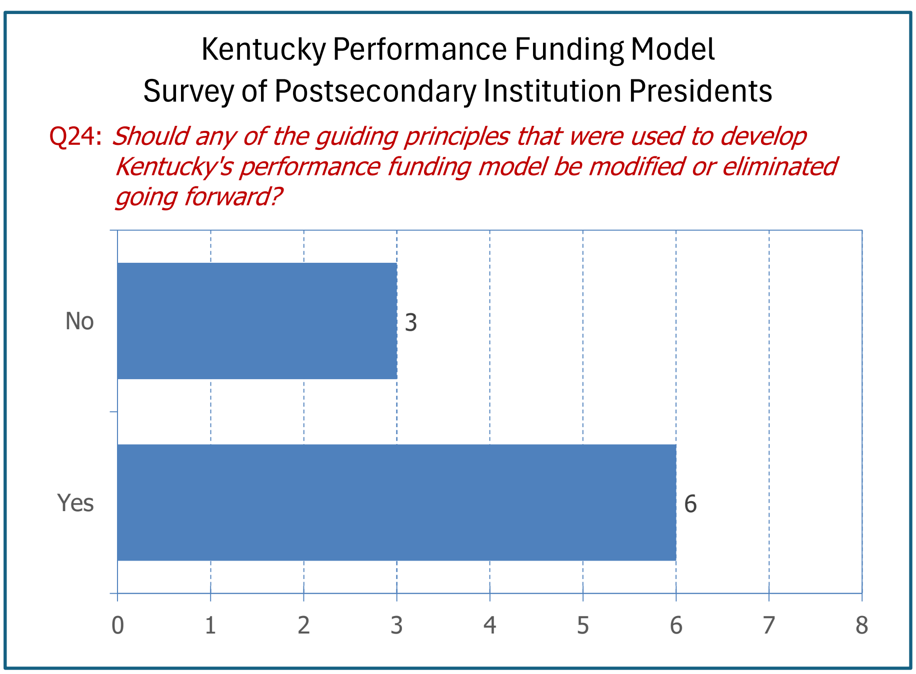
In 2015, a Funding Strategy Steering Committee comprised of Council members, the president of the Council, and nine postsecondary institution presidents achieved consensus on a set of principles that would be used to guide development of a new funding mechanism and form the basis for the Council's 2016-2018 institutional operating funds request. In 2016, those principles were shared with, and ultimately adopted by, the Postsecondary Education Working Group, where they provided a framework for construction of Kentucky's performance funding model.

Those same principles were reviewed and discussed by both the 2020 and 2023 working groups as part of statutorily required funding model reviews. No changes to the guiding principles were made during either of those reviews. See Attachment B for the list of guiding principles.

Q24: Should any of the guiding principles that were used to develop Kentucky's performance funding model be modified or eliminated going forward?

☐ Yes ☐ No

[It may be useful to refer to Attachment B, when responding to this and subsequent questions].



If yes, please identify any suggested changes or deletions to the guiding principles for work group consideration in the space below. Insert additional rows as needed.

UK – No

- No suggested changes or deletions.

UofL – No

- No suggested changes or deletions.

EKU – Yes

- Mission Sensitive: As currently implemented, this principle has been interpreted to justify applying differential weight factors to every metric across all institution types. This produces a model that is not merely mission sensitive, but structurally mission determinative, where institutional classification drives funding outcomes as much as performance. The principle should be clarified to mean that the model accounts for genuine, documented mission difference (e.g., R1 research graduate programs) in a targeted and transparent way, rather than applying broad multipliers across all metrics regardless of whether a mission difference is relevant to the specific outcome being measured. The R1s have argued that due to the higher cost of their research graduate programs, weights are necessary. But this argument is disingenuous. All public universities have academic programs that are more costly to offer, some at the undergraduate level and some at the graduate level. In many cases, the R1s charge higher tuition for their graduate programs and also receive federal and other funding for their research mission. Comprehensive universities are offering doctoral programs and also have undergraduate programs that are more costly to offer - i.e. EKU's Aviation program, yet comprehensive universities are not given weights to offset those costs.
- Completion Driven: This principle should also be strengthened to ensure the model rewards student completion outcomes, not just activity metrics such as square footage and direct costs that have been included in the rationale.
- Easily Communicated and Understood: One of the original aims was to have a simple formula that could be explained in a basic way, that in its current form is completely untenable and has grown to a high level of complexity.

KSU – Yes

- Guiding principles did not incorporate institutional sizes.

MoSU – Yes

- The model should clearly focus on graduation rates (not volume) – the model should not focus on increased volume of degrees produced but rather the percentage of students enrolled who graduate (i.e., retention and graduation rate improvements).

MuSU – Yes

- Although the guiding principles are sufficient, the actions produced by the model do not necessarily align with the principles upon the running of the model. The completion driven aspect of the model in which given disciplines receive higher weights should be removed.

NKU – Yes

- Mission sensitive should be removed – if we remain focused upon undergraduate student performance, all missions and costs are highly similar.
- If "easily communicated" is a guiding principle, the metrics are easy, the rest isn't.

WKU – No

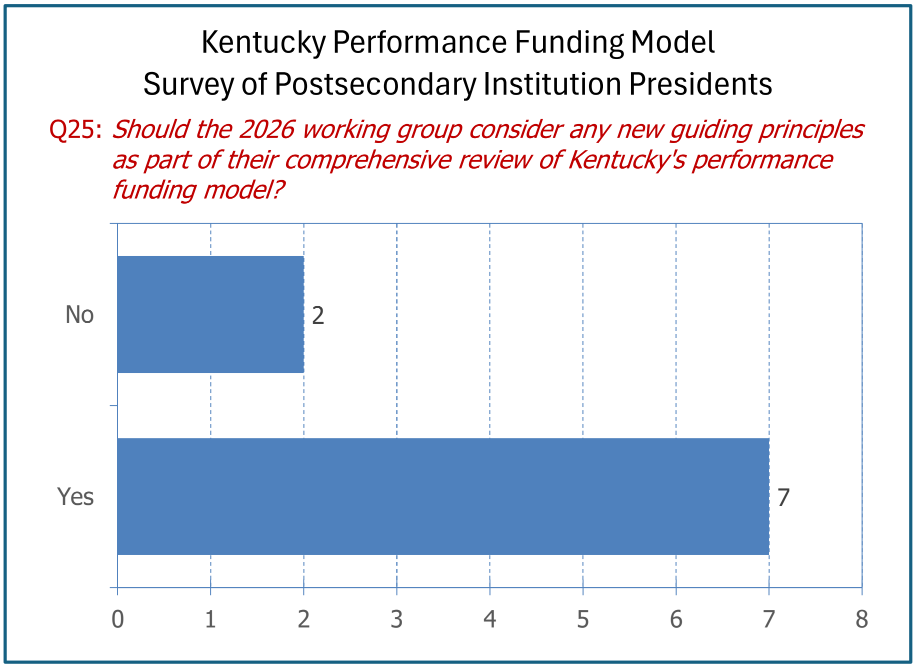
- No suggested changes or deletions.

KCTCS – Yes

- The existing guiding principles remain generally appropriate and should not be eliminated. However, the 2026 work group should clarify several principles so they fully reflect the statutory two-sector structure.
- "Mission Sensitive" should explicitly recognize the distinct role of KCTCS, including workforce and technical education, transfer, adult learners, regional access, and service to communities with different economic conditions.
- "Outcomes Based" should include high-value credentials, industry training, employment outcomes, transfer success, and post-completion success.
- "Reasonably Stable" and "Sustainable" should address the limitations of nonrecurring performance distributions and the need for predictable base funding.

Q25: Should the 2026 working group consider any new guiding principles as part of their comprehensive review of Kentucky's performance funding model?

☐ Yes ☐ No



If yes, please identify any suggested new guiding principles for work group consideration in the space below. Insert additional rows as needed.

UK – Yes

UK's preference is to engage in the full process of evaluating the guiding principles, existing metrics and goals with the PEWG prior to making recommendations. Those principles should be consistent and in alignment with the priorities policymakers are articulating – specifically, how is postsecondary education playing an important and positive role in growing the state's population and economy.

Additional guiding principles follow:

- Add "Public Value"

  Public Value – The model should incentivize outcomes that advance Kentucky's workforce, economy, civic well-being, and long-term competitiveness.

  Many legislators discussed taxpayer return, workforce outcomes, adult learners, and retention of graduates in Kentucky. Nationally, states increasingly connect funding formulas to labor-market outcomes, workforce shortages, and economic development needs.

- Add "Predictability"

  Predictable – Funding outcomes should be sufficiently visible and foreseeable to support responsible institutional planning and investment.

- Add "Clarity"

Clarity – Institutions, policymakers, and taxpayers should be able to clearly understand how outcomes are measured and how funding decisions are made.

- Add "Continuous Improvement"

  Continuous Improvement – The model should be periodically reviewed and refined to address unintended consequences, evolving state priorities, and emerging evidence.

- Add “Build Capacity”

  Build Capacity – The model should provide meaningful incentives while preserving institutional stability, predictability, and strengthening institutions’ capacity for long-term planning and investment. CPE staff acknowledged that UK, NKU, and others rely increasingly on non-recurring performance dollars because earned performance distributions do not become recurring institutional base funds.

UofL – No

- No suggested changes or deletions.

EKU – Yes

- Fair Opportunity: The distribution should be designed so that every institution, regardless of size, location, or Carnegie classification, has a genuine and structurally fair opportunity to earn performance funding based on its student outcomes. No institution should be structurally precluded from receiving a performance distribution due to weight factor advantages or pool composition effects that operate independently of actual performance.
- Proportionality of Differential Treatment: Where differential weight factors of sector specific adjusts are applied, they should be limited to metrics where institutional mission difference are directly and demonstrably relevant to the cost of nature of the outcome being measured. Blanket multipliers applied across all metrics are inconsistent with a performance funding philosophy.
- Transparency of Parameters: All weight factors, component weights, and allocation rules should be expressed in plain language that non-technical stakeholders and the public can understand, verify, and evaluate.

KSU – Yes

- Please incorporate institutional sizes in the model, for example if the funding model is based on achieved metric rather than volume.

MoSU – Yes

- Employment of graduates in the Commonwealth of Kentucky should become a focus to ensure that taxpayer dollars are going to work for the

Commonwealth and not to benefit other states. This will ensure that every university is responsive to the employer's needs within its service region and the state.

- Additionally, the poverty level of each university's service region and the percentage of students enrolled from the university's service region should also become a factor.

MuSU – Yes

- A guiding principle should be that performance of each institution to produce graduates should be valued. An institution that has enhanced progression from a previous year, increased graduate numbers, etc. should receive increased funds for their improvements, even if it does not rise to a level that overrides those with larger volume of students.

NKU – No

- No suggested changes or deletions.

WKU – Yes

- The funding model should recognize differences in institutional mission while ensuring that all institutions have a realistic opportunity to earn performance funding through measurable improvement.

KCTCS – Yes

- The work group should consider adding a contextual performance principle.
- This principle should ensure statewide comparisons include KCTCS, recognize differences in institutional mission and community context, and provide colleges serving rural, economically challenged, or smaller-population regions with a meaningful opportunity to benefit from performance funding.
- In addition, the model should recognize and respect other state and federal accountability metrics to which higher education is and will be held. Those metrics do not necessarily need to be adopted outright, but respecting the fidelity of other accountability metrics will help institutions align priorities and achieve performance. For example, elements of workforce outcomes as included in both the new Workforce Pell and STATS Accountability framework.

Guiding Principles

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Guiding Principles (Cont'd)

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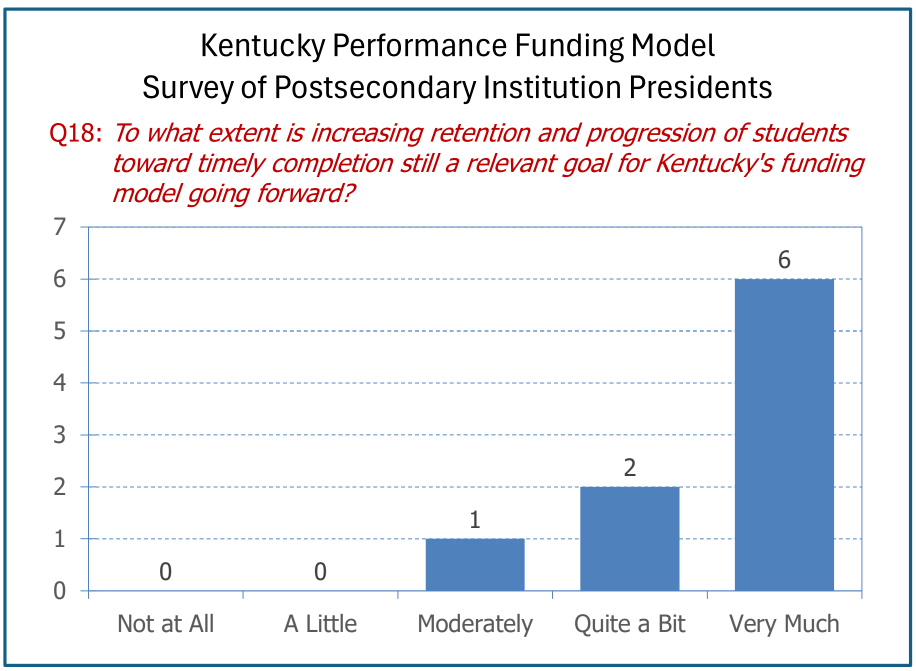
Kentucky Performance Funding Model
Survey of Postsecondary Institution Presidents

Questions Pertaining to Funding Model Goals

➔ State Goals

The 2016 performance funding work group identified four state goals that the funding model was designed to achieve: (1) increase retention and progression of students toward timely completion; (2) increase the number of degrees and credentials earned by all students; (3) produce more degrees and credentials in fields that garner higher wages upon completion (STEM+H, high-demand, and targeted industries); and (4) close achievement gaps by growing degrees and credentials earned by underrepresented, underprepared, and low-income students.

Q18: To what extent is increasing retention and progression of students toward timely completion still a relevant goal for Kentucky's funding model going forward?



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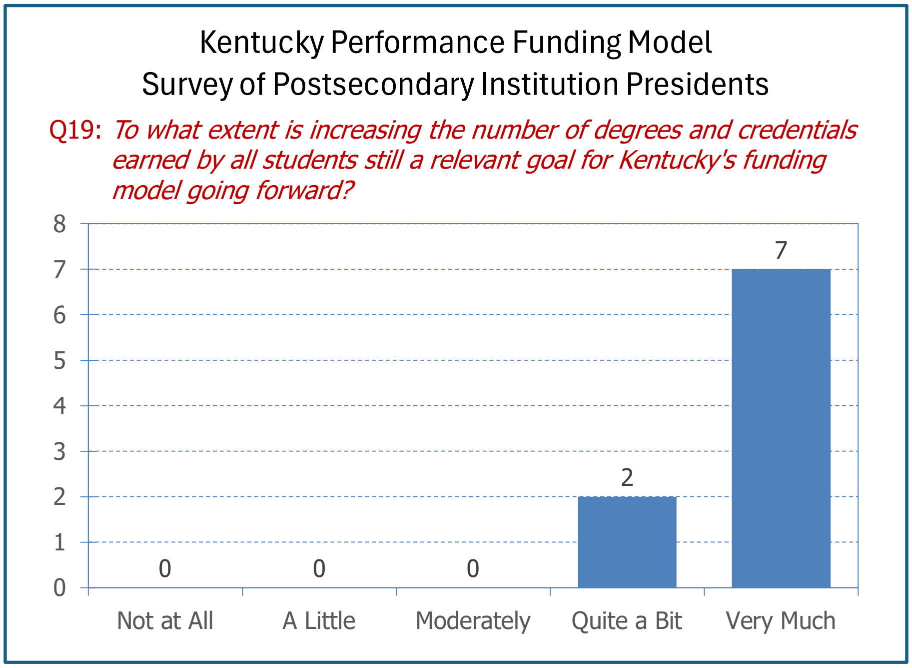
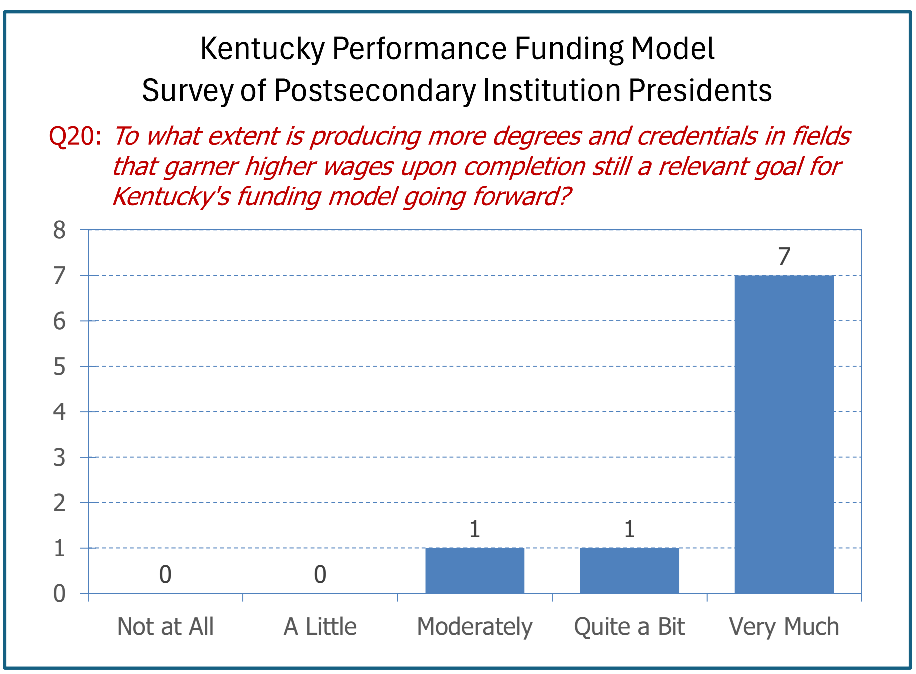
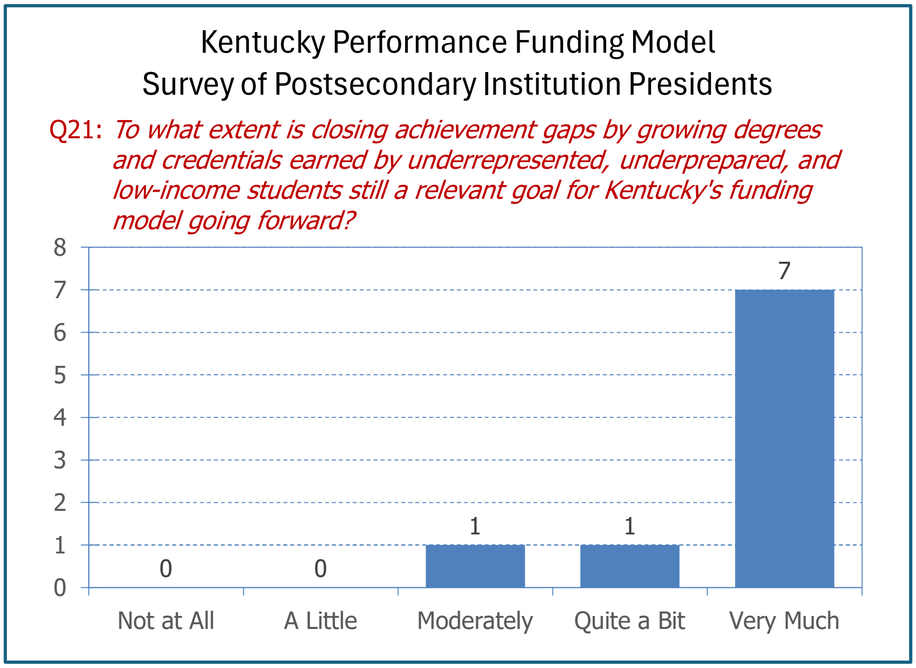


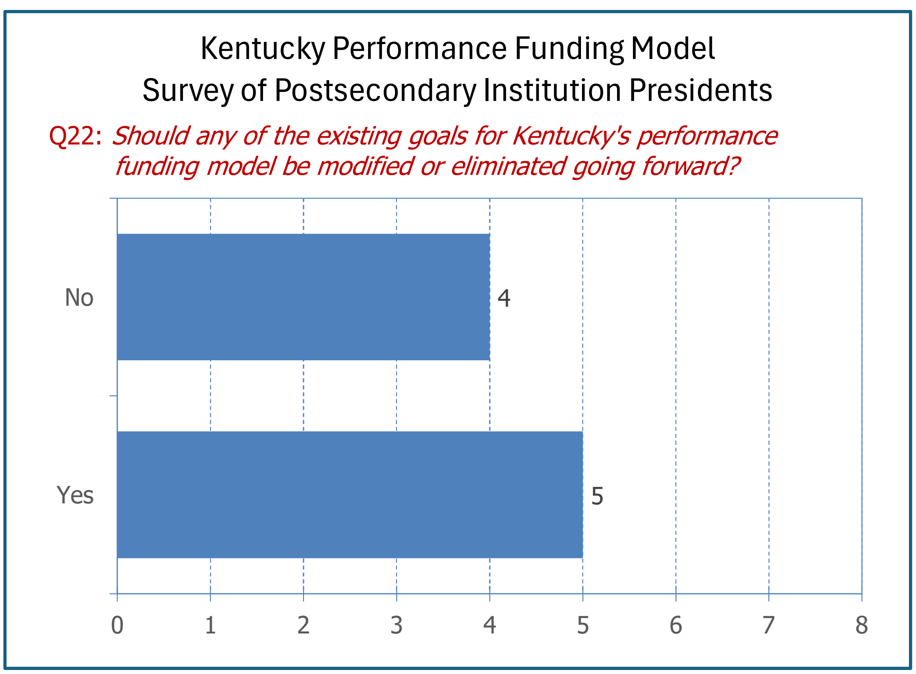
Q20: To what extent is producing more degrees and credentials in fields that garner higher wages upon completion still a relevant goal for Kentucky's funding model going forward?



Q21: To what extent is closing achievement gaps by growing degrees and credentials earned by underrepresented, underprepared, and low-income students still a relevant goal for Kentucky's funding model going forward?



Q22: Should any of the existing goals for Kentucky's performance funding model be modified or eliminated going forward?



If yes, please identify any suggested changes or deletions to the goals for work group consideration in the space below. Insert additional rows as needed.

UK – No

- No suggested changes or deletions.

UofL – No

- No suggested changes or deletions.

EKU – Yes

- The three progression metrics at 30, 60, and 90 credit hours should be removed from the Student Success component. Degree completion is the most direct and comprehensive evidence that a student was retained and progressed through to completion. Retaining separate progression metrics along with degrees awarded is redundant, and because they are volume-based counts rather than rates, they function as additional enrollment-size metrics that further compound the structural advantage held by larger institutions.
- The sub-metrics of degrees awarded (STEM+H, First Generation, Low Income) could also be reconsidered. While the underlying goals of closing achievement gaps and producing workforce ready graduates are valid, operationalizing them as additional degree count sub-metrics creates two related problems. First, it counts the same degree multiple times which adds layers of emphasis without having genuinely independent measures of performance. Second, because these sub-metrics are volume-based, larger institutions will naturally produce higher raw counts degrees. As a result, the metrics reward scale rather than institutional commitment to serving these populations. An alternative would be to measure the share/percentage of the sub-metric degrees to total degrees awarded.
- All operational support metrics (Facilities Square Feet and Instruction and Student Services Direct Costs) should be removed entirely. These components measure the size of an institution's physical plant and the cost of its administrative structure, neither of which is a measure of what an institution achieves for its students and is inconsistent with the model's primary purpose.

KSU – No

- No suggested changes or deletions.

MoSU – No

- No change to existing goals needed, however the model must change to ensure goals are being met.

MuSU – Yes

- Please see the recommendations noted on pages 2 and 3 of [MuSU's survey responses] document.

NKU – Yes

- Modify STEM+H [goal] to include additional industry sectors of greatest demand (i.e.: education, logistics/supply chain, financial services, etc.)
- Add dual credit enrollment population into calculations to reflect goal of timely completion

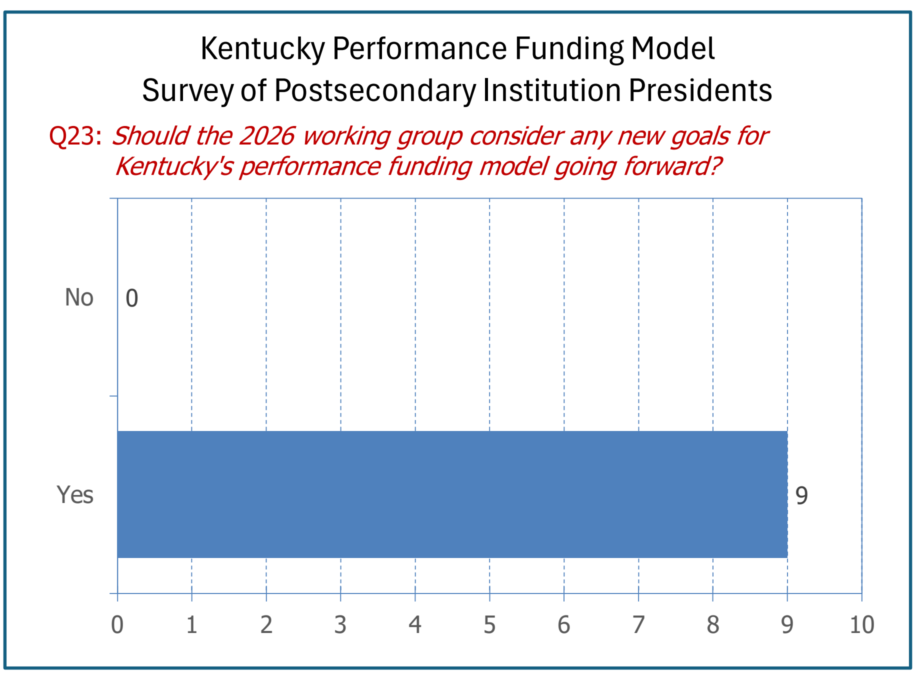
WKU – Yes

- Expand goal #2 (increase the number of degrees and credentials earned by all students) to include undergraduate credential recognition beyond bachelor's degrees to better align with workforce outcomes. Undergraduate credentials, including certificates and associates degrees, are primary entry points into the workforce.

KCTCS – Yes

- The existing goals remain relevant and should not be eliminated, but they should be modified in a separate KCTCS model to more explicitly recognize KCTCS's workforce mission. The goal related to producing degrees and credentials in higher-wage fields should be retained, but it should be refined so that workforce value is not defined solely by wage level. For KCTCS, workforce impact includes high-value credentials, workforce and technical education (including non-credit), industry-recognized training, employment outcomes, transfer success, adult learner success, and responsiveness to regional labor market needs.

Q23: Should the 2026 working group consider any new goals for Kentucky's performance funding model going forward?



If yes, please identify any suggested new goals for work group consideration in the space below. Insert additional rows as needed.

UK – Yes

- UK's preference is to engage in the full process of evaluating the guiding principles, existing metrics and goals with the PEWG prior to making recommendations. Those goals should be consistent and in alignment with the priorities policymakers are articulating – specifically, how is postsecondary education playing an important and positive role in growing the state's population and economy.
- Summary Statement: Kentucky's performance funding goals should continue to reward students' progress and completion, but the PEWG may determine it is in the Commonwealth's best interests to modernize the principles, goals, metrics and the model calculations to better embrace workforce importance, adult learner success, transfer pathways, mission-specific contributions, and research and professional education. The model should preserve accountability while ensuring that each institution has a clear and mission-appropriate opportunity to contribute to state goals.
- Add a Kentucky Workforce Retention / Brain Gain Goal. Increase the number of graduates (resident and nonresident) who remain in Kentucky and contribute to the state's workforce, tax base, and civic life. Legislators have asked about return on investment for adult learners and out-of-state students, including whether Kentucky tracks if nonresident graduates remain in the state. This aligns directly with taxpayer ROI concerns raised during the initial PEWG meeting. It also provides a more nuanced way to discuss nonresident students—not simply whether they should count in the model, but whether they become part of Kentucky's workforce after graduation.
- Add Goal Related to Attainment Increase the number of working-age Kentuckians with a postsecondary degree or credential in alignment with the state's 60 by 30 goal.
- Add Goal Related to Value. Increase the number of Kentuckians earning high-quality degrees and credentials that improve economic mobility, meet employment demand, and generate public return on investment. The existing model already emphasizes more degrees and credentials, but national trends are moving toward asking whether credentials have labor-market value, align with high-demand sectors, and produce measurable returns for students and taxpayers.
- Add Goal Related to Access – Expand access and completion for students historically underrepresented in postsecondary education while ensuring

institutions are rewarded for serving, retaining, and graduating these students. National research finds that outcomes-based funding can have unintended access consequences if institutions are rewarded only for completions and not for serving higher-need populations.

- Add an Adult Learner and Re-Enrollment Goal – Increase credential completion, re-enrollment, and workforce advancement among adult learners, stop-outs, and working-age Kentuckians with some college but no credential. Adult learners came up in the June 25 discussion, including questions about whether adult learners remain in Kentucky's workforce and how the model recognizes their outcomes.
- Add a Transfer and Pathways Goal Across Sectors – Strengthen affordable, efficient pathways between KCTCS and public universities that increase bachelor's completion and reduce time and cost to degree. KCTCS already has transfer-related measures, but the university model could more explicitly reward successful transfer pathways, especially if Kentucky wants better alignment across the public system.

UofL – Yes

- To better align the formula with the evolving priorities of Kentucky's students and economy, the working group should consider incorporating metrics that incentivize the following goals:
- *Student Debt and Affordability* – The current model heavily rewards the raw volume of degrees produced or credit hours earned. Introducing an affordability metric—such as average debt load of graduates—would ensure that institutions do not achieve higher completion numbers at the expense of student financial stability.
- *Efficiency Toward Degree* – While the model tracks credit hour accumulation and progression milestones, it does not explicitly disincentivize excess credits. Evaluating the "time-to-degree" or degrees per FTE would help account for efficiency.
- *Long-Term Workforce Outcomes* – The current formula utilizes "STEM+H" degree production as a proxy for economic alignment. The working group should explore tracking actual post-graduation success—leveraging longitudinal data to measure graduate employment rates and/or median wage post-graduation—ensuring the degrees funded are yielding measurable economic mobility within the Commonwealth.

EKU – Yes

- The working group should consider adding a Kentucky talent retention goal that measures the percentage of graduates who remain employed or residing in Kentucky three years after degree completion (as reported through KYSTATS). This goal addresses keeping educated workers in Kentucky and would reward institutions whose graduates contribute to the state's economy.

- The working group should also consider an affordability goal that recognizes institutions that maintain lower in-state tuition relative to sector peers. This is an indication of institutional commitment to access, not just completion.

KSU – Yes

- In order to be in alignment with the proposed negotiated rules of AIM and anticipated related changes to accreditation standards regarding job placement rates, this metric might be considered to capture the data at all levels.

MoSU – Yes

- Employment of graduates in the Commonwealth of Kentucky should become a focus to ensure that taxpayer dollars are going to work for the Commonwealth and not benefit other states. This will ensure that every university is responsive to the employer's needs within its service region and the state.
- Additionally, the poverty level of each university's service region and the percentage of students enrolled in the university's service region should also become a factor.

MuSU – Yes

- If the model wants to truly recognize valuable aspects, then [a] dual credit hours [goal] should be included to reflect the benefit we are offering Kentuckians to move toward degrees at a lower cost.

NKU – Yes

- Broaden goals to include professional graduate degrees and certificate completion because they meet workforce needs

WKU – Yes

- Consider adding measures that recognize institutional efficiency, educational quality, and mission differentiation. The current model primarily rewards volume but does not recognize institutions that achieve excellent outcomes while efficiently utilizing public resources or pursuing distinctive institutional missions.

KCTCS – Yes

- The work group should consider adding a distinct workforce outcomes goal for KCTCS. This goal should directly recognize workforce and technical education, high-value credentials, industry training, employment outcomes, transfer success, adult learner success, and responsiveness to regional labor market needs.

- While degrees and credentials in higher-wage fields should remain an important priority, the model should recognize that workforce value includes more than wage level alone. KCTCS serves students, employers, and communities through multiple workforce pathways, including short-term credentials, technical programs, customized industry training, transfer pathways, and programs aligned to local and regional labor market needs.
- Additional metrics relevant to KCTCS's mission but not included in the current model are adult education (GED), non-credit training, and dual credit.

Principle	Proposed Language	Basis for Recommendation
Recognize Mission Differentiation	The funding model will account for differences in mission, capacity, students served, and community contexts and provide pathways for all institutions to be rewarded based on outcomes that reflect their unique roles and contributions.	Strengthens the existing mission-sensitive principle in response to survey feedback and approaches used in other states.
Outcomes Based	The funding model will provide incentives for improved institutional and student performance by establishing an explicit link between the attainment of desired state outcomes and allocation of available resources.	Retains the core principle while moving specific outcomes to the metrics rather than embedding them in the guiding principles.
Reasonably Stable	The funding model will provide reasonably stable, predictable, easily communicated, and transparent funding allocations that support institutional planning and capacity-building regardless of fluctuations in overall state appropriations.	Combines the existing stability and sustainability principles and responds to calls for predictability and capacity-building.
Data Driven	The funding model will rely on data that are valid and reliable, readily available, and can be verified when necessary.	Retain as a guiding principle.
Public Value	The funding model will incentivize outcomes that advance student success, affordability, Kentucky's workforce, economy, civic well-being, and long-term competitiveness.	Adds an explicit principle responding to stakeholder feedback.
Opportunity	The funding model will provide every institution an opportunity to earn performance funding based on outcomes produced.	Adds an explicit principle responding to stakeholder feedback that all institutions should have a meaningful opportunity to earn funding.

Performance-Based Funding Working Group
Consensus Comprehensive Universities Policy Recommendations
August 2026

The intent of the Performance Funding Model was to establish a framework of shared priorities that would allocate funding to institutions based on their ability to deliver on those priorities. Since the inception of the formula, it has been clear that value is centered on student success outcomes. However, for most of Kentucky's public universities, institutional success through the currently established model has not been rewarded due to the complex addition of criteria and weights that dilute the impact of true performance.

Policy makers and higher education proponents recognize that higher education is an economic mobility driver. Performance funding metrics must weigh institutional efforts to keep costs low. To enhance access, limit tuition increases, maximize scholarships, and improve completion, the performance funding model can enhance the commitment to institutional affordability with campuses evaluated on measures that open pathways to upward mobility. Two approaches below create avenues to make this a reality.

The Practical Approach:

The comprehensive universities are proposing three practical priority changes outlined below to begin to address the inequities and performance efficacy of the current model.

1. **Kentucky Workforce Outcome Addition**–Add a workforce talent-retention metric tracking bachelor's recipients residing or working in Kentucky three years post-graduation, using data currently available in KYSTATS for Graduates Remaining in Kentucky three years after graduation. This metric should replace the 10% square footage metric which does not reward outcomes or efficiency.
2. **Small School Adjustment**–Reconfigure the small school adjustment to a sliding scale that provides the smallest institution with the largest adjustment and the largest institution with no adjustment.
3. **Level Playing Field**–Remove all institutional metric weights in the model. The funding model should reward what institutions do, not what they are. Comprehensive universities serve more low-income and first-generation students, yet lose ground on these metrics due to the weights built into the formula. Removal of the weights improves transparency and rewards outcomes. This approach actually measures comparative performance of institutions rather than measuring the weighted difference between the same activity at different institutions.

The Preferred Approach:

The changes proposed above will create a model that better achieves the original goals by focusing on meaningful student success outcomes that are measured equitably across all institutions. Those changes alone however do not fully accomplish the transition to a model that focuses on and rewards performance. The additional steps below would move us toward a preferred approach that helps achieve this goal in a more equitable, transparent and simple way.

1. **Measure Outcomes Only**
    - Reduce the current metric set to include: bachelor's degrees, high-demand (STEM+H) degrees, graduates remaining in Kentucky (3-year post-graduation), Low Income Degrees, First Generation Degrees and unweighted student credit hours (all credit hours including dual credit).
2. **Simplify the Model**
    - Performance outcomes only—no open the doors money, distribute the performance pool across the metrics referenced in the bullet above.
    - New money only—no calculation of allocable resources. Using only new dollars would eliminate the need for the model to adjust for equilibrium, weighting, small school adjustments, and a stop loss.
3. **Restore the Base**
    - If the model were simplified to allocate only the performance pool of funds available, policy makers could opt to return the base funding reduction from 2017 of $33,864,100 to the institutions based on their respective reductions from that period.

    **NOTE: FY26 Performance Distribution was $89,702,900. The original 2017 cut was $33,864,100.*
4. **Affordability**
    - Based on clear and consistent feedback from key stakeholders and our own institutional leadership we fundamentally believe any performance-based funding model in Kentucky should measure, evaluate and reward institutions that prioritize affordability. While the current model does not address this metric there is unwavering support from the comprehensive institutions to create and implement an affordability metric for any new or reformed performance funding formula.

UNIVERSITY OF
LOUISVILLE

T. Gerard Bradley
President

Dear Performance Funding Work Group Members,

Please review the proposed principles for this iteration of the working group.

1. Simplicity & Clarity
The formula and its underlying metrics should be easy to understand, monitor, and communicate across all levels of university leadership (from presidents down to department heads) to effectively drive behavior. By reducing metrics and eliminating redundant or sequential data points, the model relies on a focused set of key indicators that directly align with state priorities.

2. Transparency
Calculations, weights, and data sources should be contextualized and publicly accessible to ensure trust among institutions, policymakers, and taxpayers. Adopting public dashboards and publishing methodologies builds greater understanding, which leads to improved performance and outcomes. To date, institutions have not been able to assess their performance compared to other universities until final numbers are released. Providing public dashboards and scheduled preliminary model runs enables campuses to model their own results continuously, driving early operational predictability and mid year strategic adjustments.

3. Balancing Share of Output with Performance Improvement
The model should balance the existing share of outcomes approach (rewarding share of total output) with a Performance Improvement component (rewarding institutional progress against a university's own baseline or goals). Shifting from a purely volume-driven formula ensures institutions of all sizes and missions have a fair opportunity to earn performance funds. Metrics and calculations should account for variations in program mix, instructional costs, and institutional scope (recognizing that research universities with broader missions require more state support) while ensuring campuses have a fair, structural opportunity to earn performance funds.

4. Fiscal Stability & Predictability
Funding outcomes should support long-term institutional planning to protect universities from drastic year-over-year appropriation changes. Maintaining a three-year rolling average and allowing earned performance distributions to roll into institutional base appropriations provides fiscal stability and moves base appropriations toward a justifiable, formula-driven appropriations. This approach prevents funding cliffs while gradually correcting historical base funding inequities across campuses.

5. Workforce Alignment & Affordability
The funding mechanism should incentivize the production of degrees and credentials that support Kentucky's economic development needs including addressing skilled labor shortages. Additionally, it should promote an educated workforce, encourage student affordability, and support talent recruitment to help offset the demographic cliff and retain skilled professionals within the Commonwealth.

Thank you,

T. W. Bradley

Gerry Bradley
President

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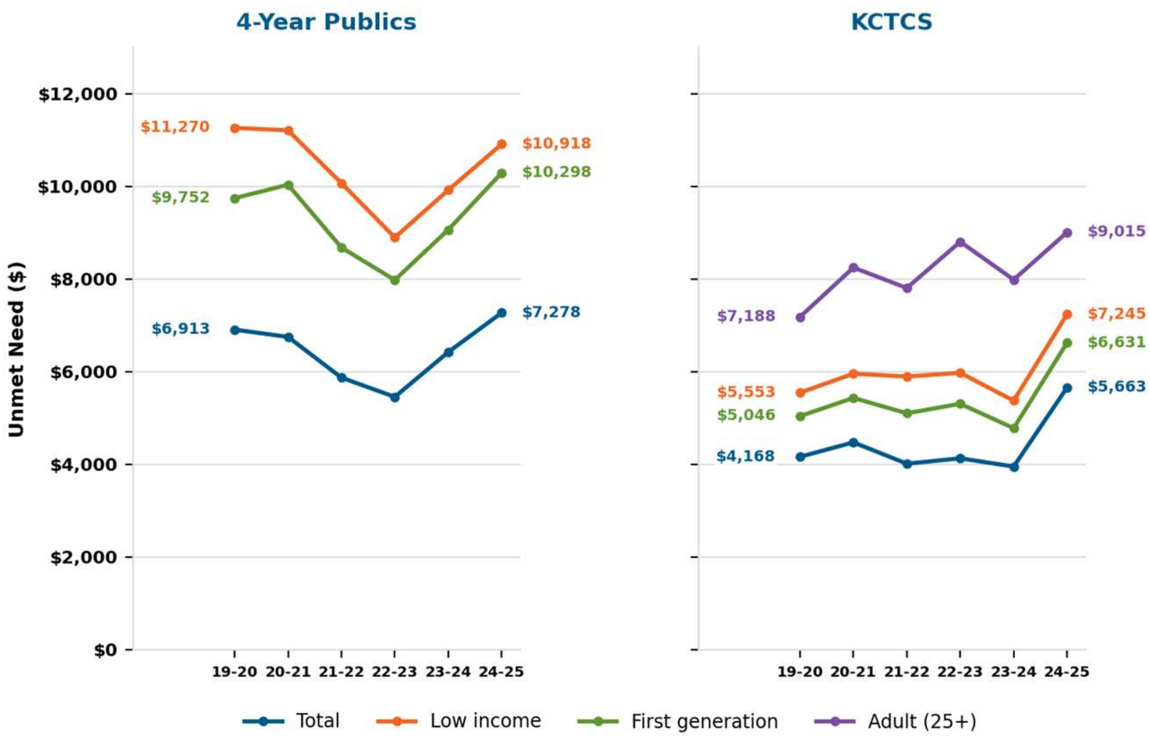
Student Success Outcomes

Unmet Financial Need for First-Time Students

▼ Lower is better



Source: Kentucky Postsecondary Education Data System (KPEDS).

TAKEAWAY

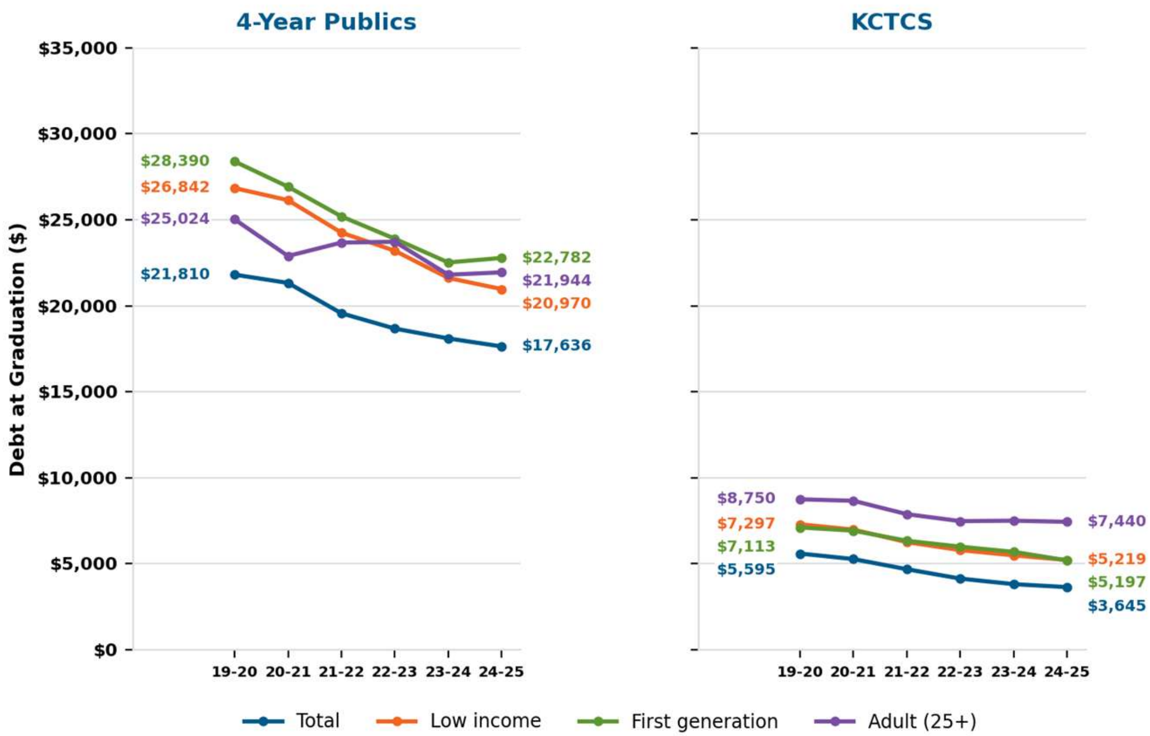
Unmet need fell steadily through the middle of the period as stronger advising and expanded institutional aid programs for first-time students reduced student costs. The recent uptick reflects cost of attendance and general inflation rising faster than available aid rather than any pullback in aid itself. Low-income and first-generation students at four-year publics, and adult learners at KCTCS, continue to face the widest gaps.

$7,278

Four-year public unmet need, 2024-25 (first gen: $10,298)

Debt at Graduation

▼ Lower is better



Source: Kentucky Postsecondary Education Data System (KPEDS).

TAKEAWAY

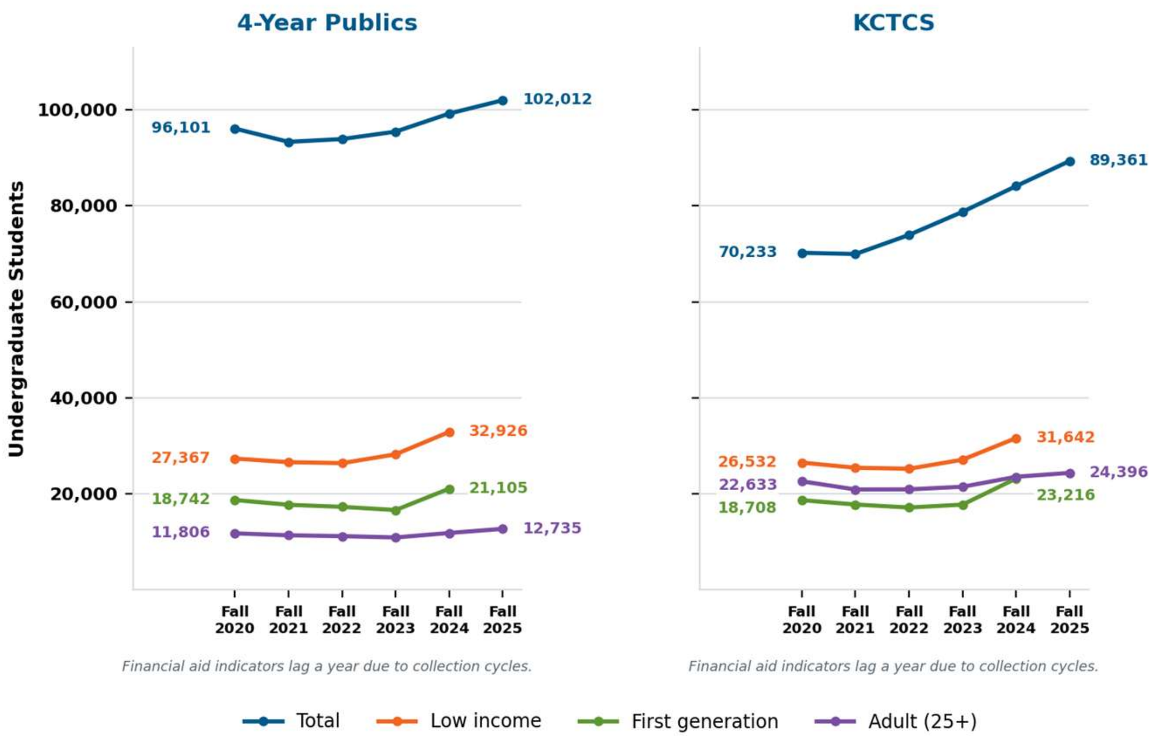
Borrowing is down for every group in both sectors, and the declines are steady rather than driven by any single year. Greater participation in early postsecondary opportunities, shorter time to degree, and increased institutional aid are all contributing to the trend. At KCTCS, adult learners remain the group with the most room to gain and represent the clearest opportunity for targeted aid and advising to move the number further.

-19%

Decline in four-year public debt at graduation since 2019-20

Undergraduate Enrollment

▲ Higher is better



Source: Kentucky Postsecondary Education Data System (KPEDS).

TAKEAWAY

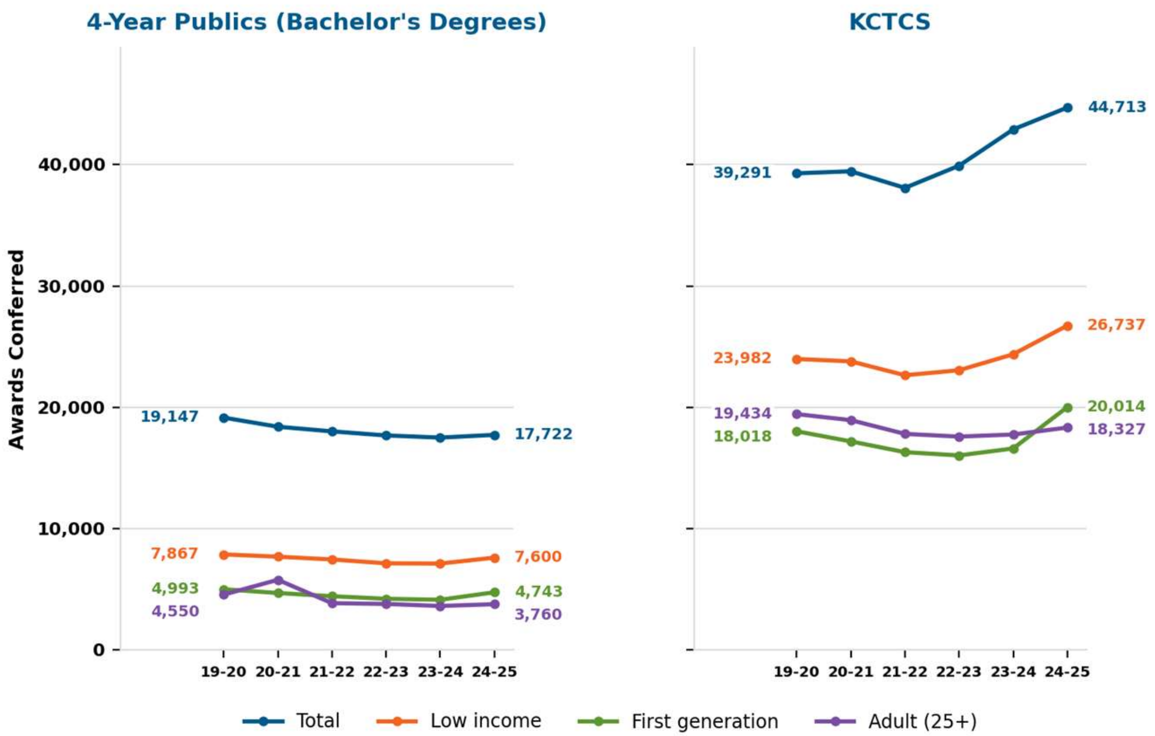
Enrollment bottomed out during the pandemic but has risen since, with KCTCS growing fastest. Growth is broad rather than concentrated, and the subgroup lines turn upward in the most recent years, with the sharpest movement among first-generation students in both sectors.

+27%

KCTCS undergraduate growth since Fall 2020 (publics: +6%)

Undergraduate Degrees and Credentials

▲ Higher is better



Source: Kentucky Postsecondary Education Data System (KPEDS).

TAKEAWAY

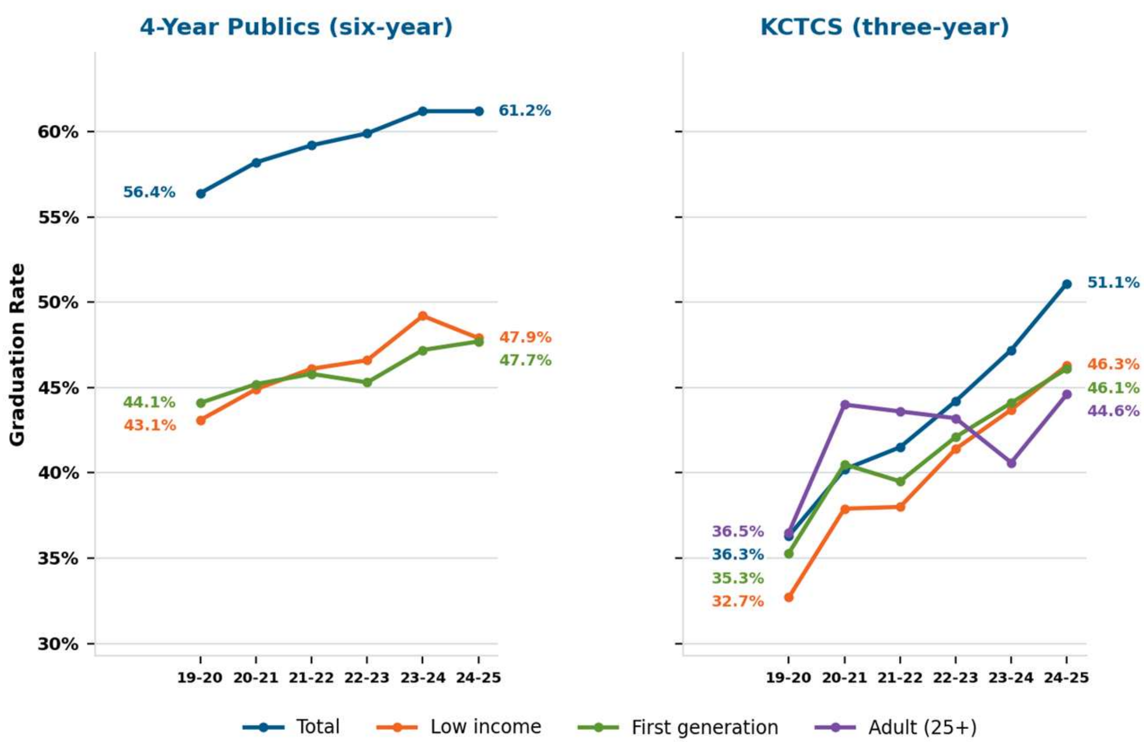
Undergraduate credential production diverges by sector. KCTCS has grown steadily since its low point, with gains across every group, while bachelor's degree production at four-year publics declined for several years before turning upward in the most recent year. Stronger advising and shorter time to degree are helping students reach completion, and first-generation students posted the sharpest gains in both sectors.

44,713

KCTCS degrees and credentials awarded, 2024-25

150% Graduation Rates

▲ Higher is better



Source: Kentucky Postsecondary Education Data System (KPEDS).

TAKEAWAY

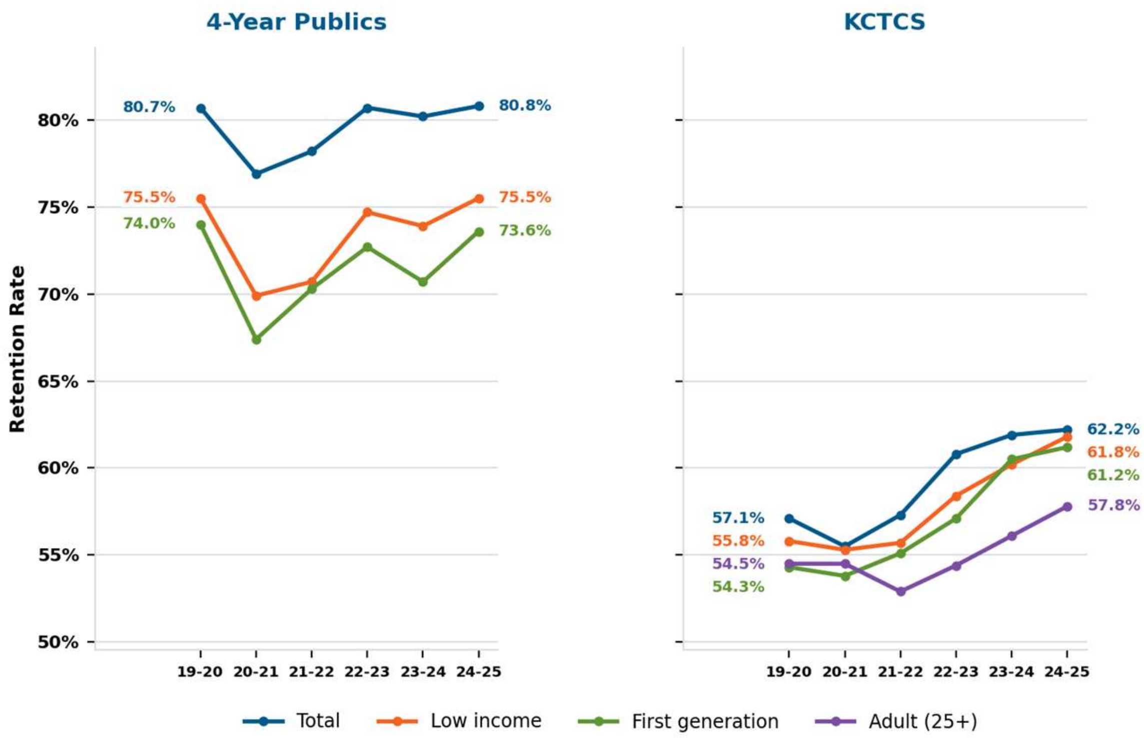
Completion is rising across the board, with KCTCS improving faster than four-year publics. Improved advising, institutional aid supports, and shorter time to degree are lifting outcomes for every group, particularly low-income and first-generation students.

+14.8pp

Gain in the KCTCS three-year graduation rate since 2019-20

First-to-Second-Year Retention

▲ Higher is better



Source: Kentucky Postsecondary Education Data System (KPEDS).

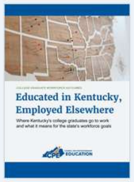
TAKEAWAY

Retention dipped during the pandemic and has recovered in both sectors. Stronger first-year supports, advising, institutional aid, and attention to program quality are reflected in the trend. At KCTCS the picture is one of convergence, with first-generation students gaining fastest and closing most of the gap with the sector average.

80.8%

Four-year public retention, 2024-25 (KCTCS: 62.2%)

Recent Student Success Research at CPE



Educated in Kentucky, Employed Elsewhere

Graduate migration and workforce outcomes | 2026

Tracks how many Kentucky graduates are working in the Commonwealth a year after completion, by credential level and field, and where retention breaks down.

A State-Level Framework for Re-engaging Adult Learners

Some College, No Credential | 2026

Profiles Kentucky's stopped-out adults by credit load and demographics, and sets out state and campus strategies for bringing them back.

Beyond Participation

Dual credit delivery and postsecondary enrollment | 2026

Tests whether dual credit raises college-going and how course modality changes the size of that effect.

Source: Kentucky Postsecondary Education Data System (KPEDS).

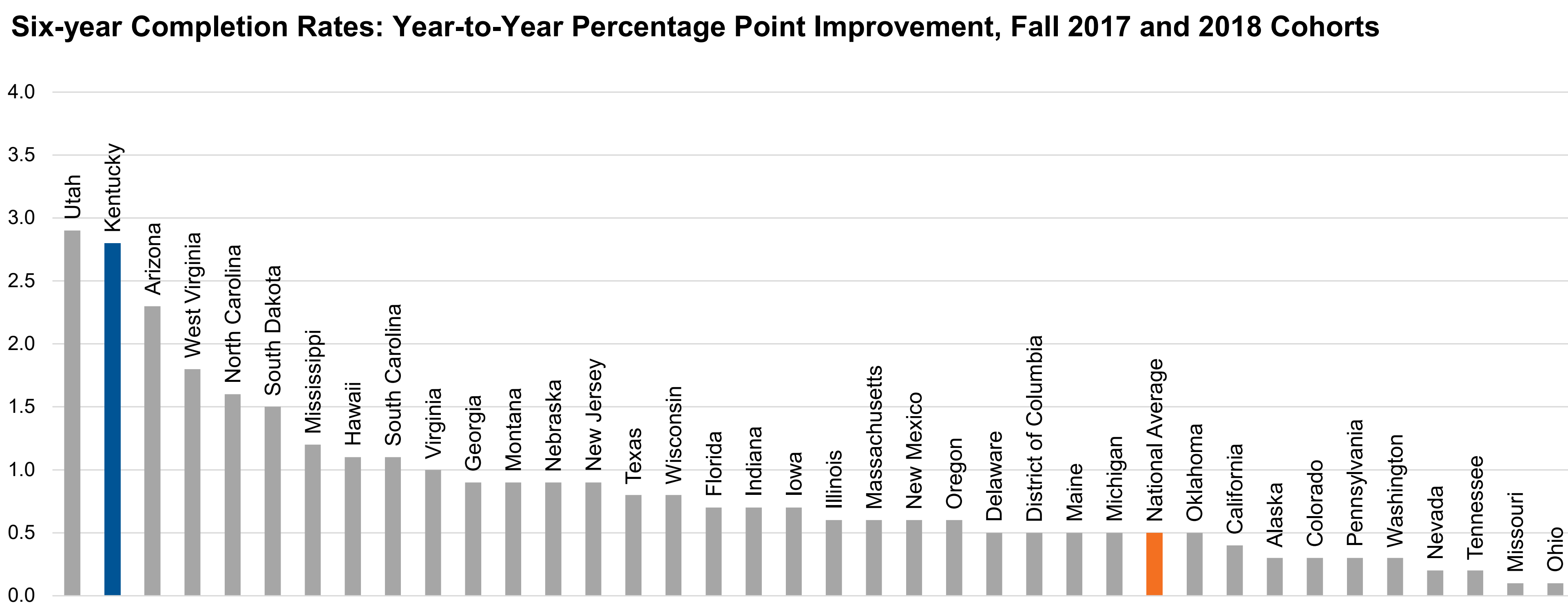
WHY IT MATTERS

CPE pairs the statewide indicators with inferential research that tests what actually moves student outcomes. Current work focuses on strengthening workforce opportunity for Kentucky graduates, re-engaging adults who left without a credential, and improving how dual credit is delivered so that early college experience translates into enrollment and completion.

3 reports

Published in 2026 by CPE Data and Advanced Analytics

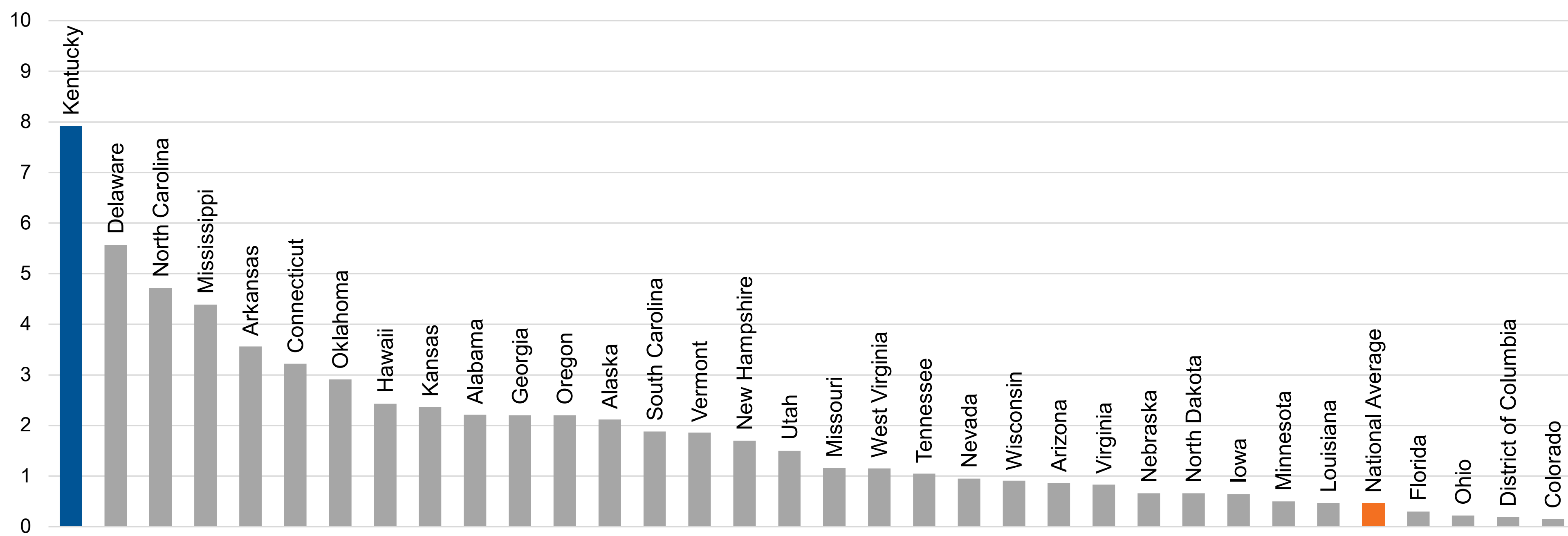
Second for Six-year Completion Rate Improvement



Source: National Student Clearinghouse

First in the Nation for Retention Rate Improvement

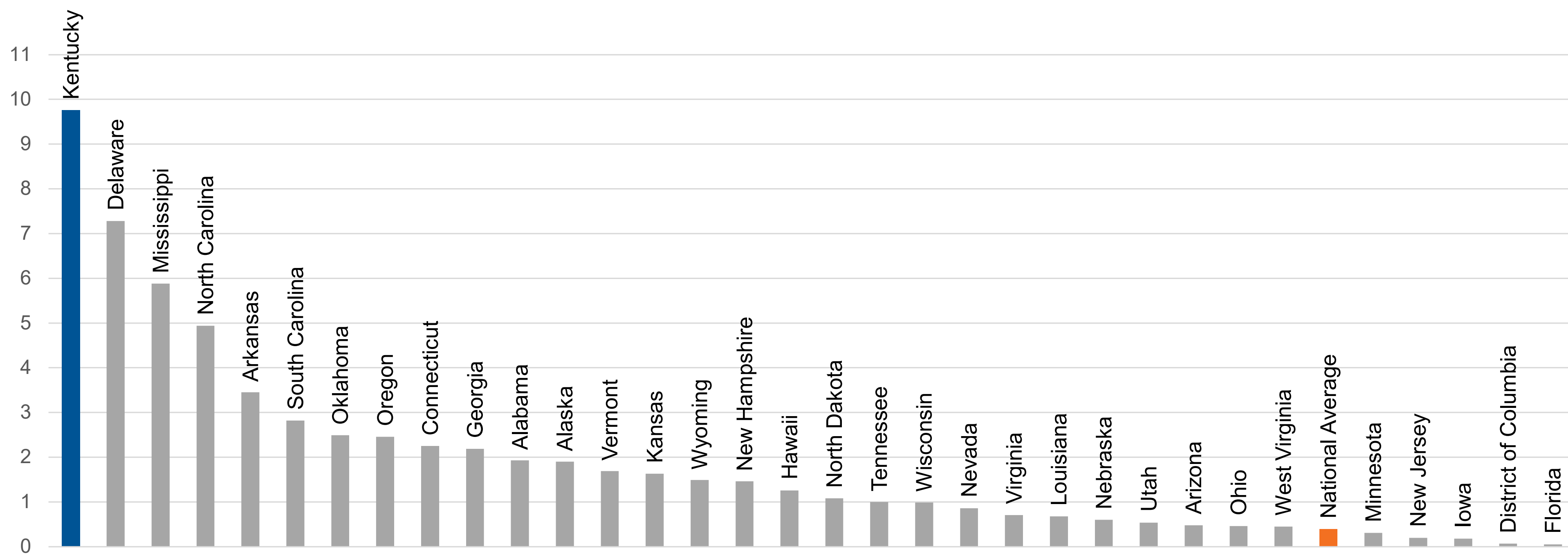
Retention Rates: Year-to-Year Percentage Point Improvement, Fall 2022 and 2023 Cohorts



Source: National Student Clearinghouse

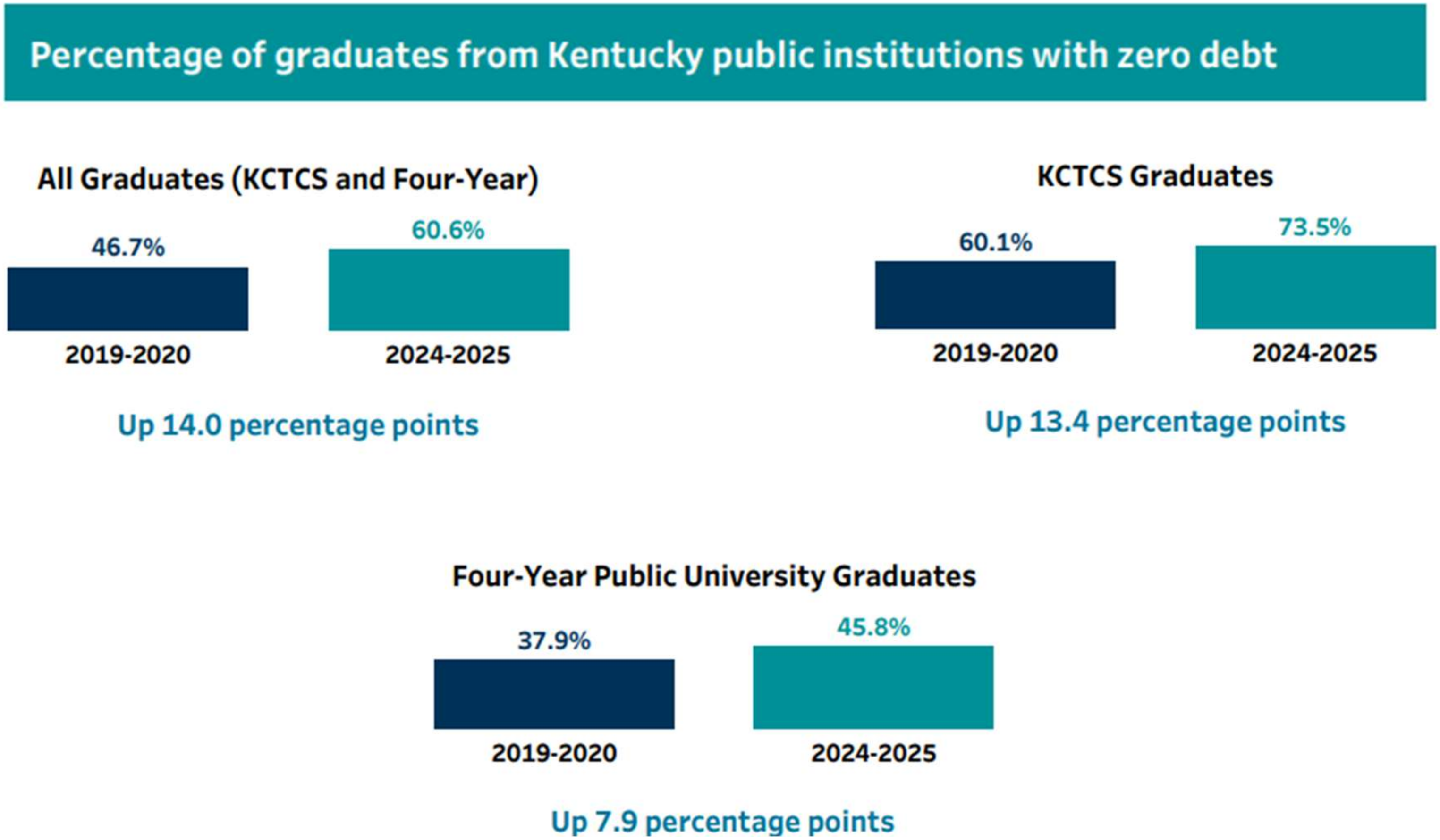
First in the Nation for Persistence Rate Improvement

Persistence Rates: Year-to-Year Percentage Point Improvement, Fall 2022 and 2023 Cohorts

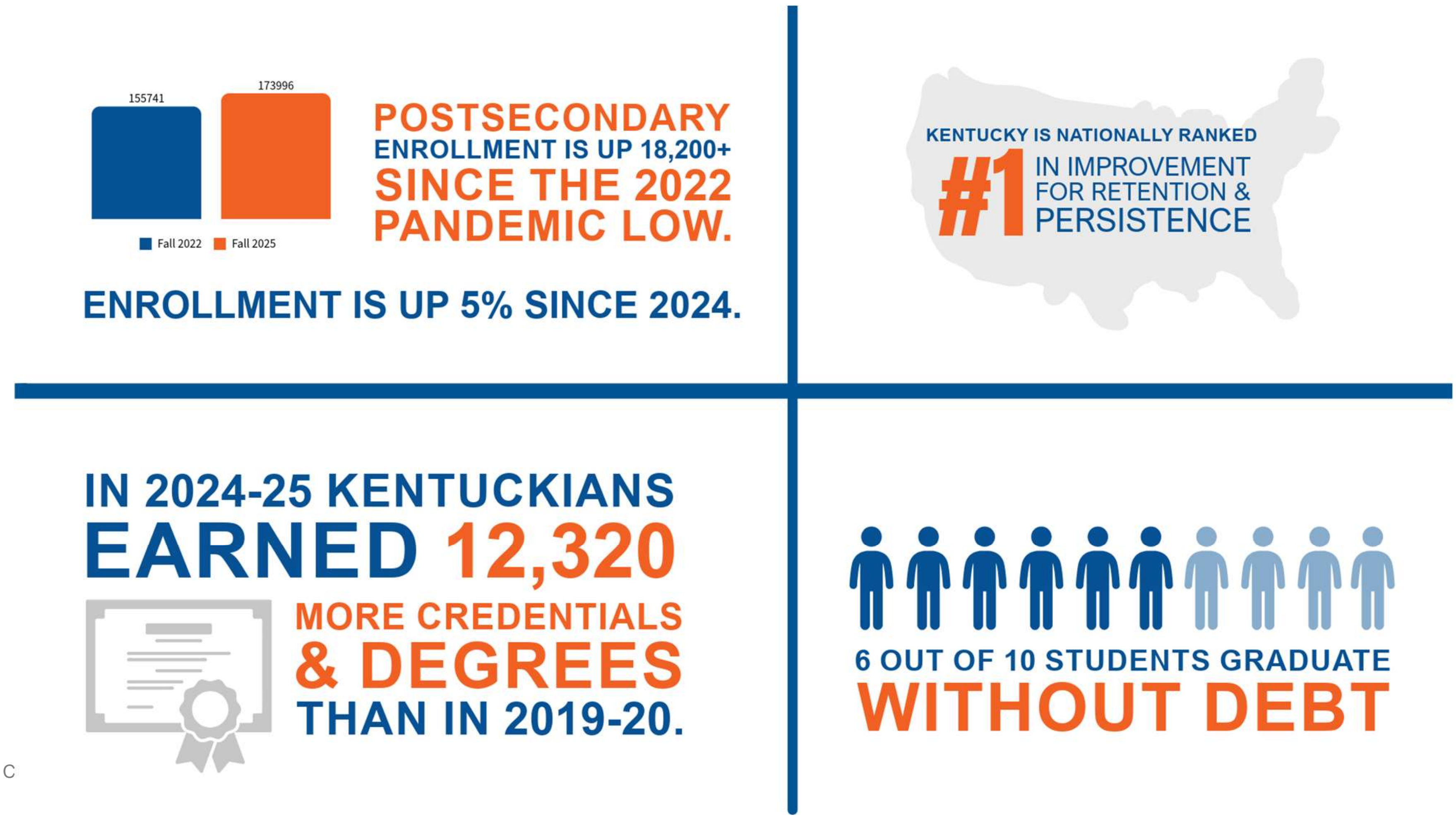


Source: National Student Clearinghouse

Six Out of 10 Graduate Debt-Free



Kentucky’s Brag Points



National Landscape of Higher Education Funding Formulas

Kentucky Performance Funding Workgroup meeting

August 25, 2026

Overview

1. HCM Strategists Introduction
2. National Landscape of Performance Funding
3. State Examples of Approaches to Higher Education Funding
    - Core Costs
    - Enrollment
    - Progression & Outcomes
    - Mission Differentiation
4. Other Topics for Consideration

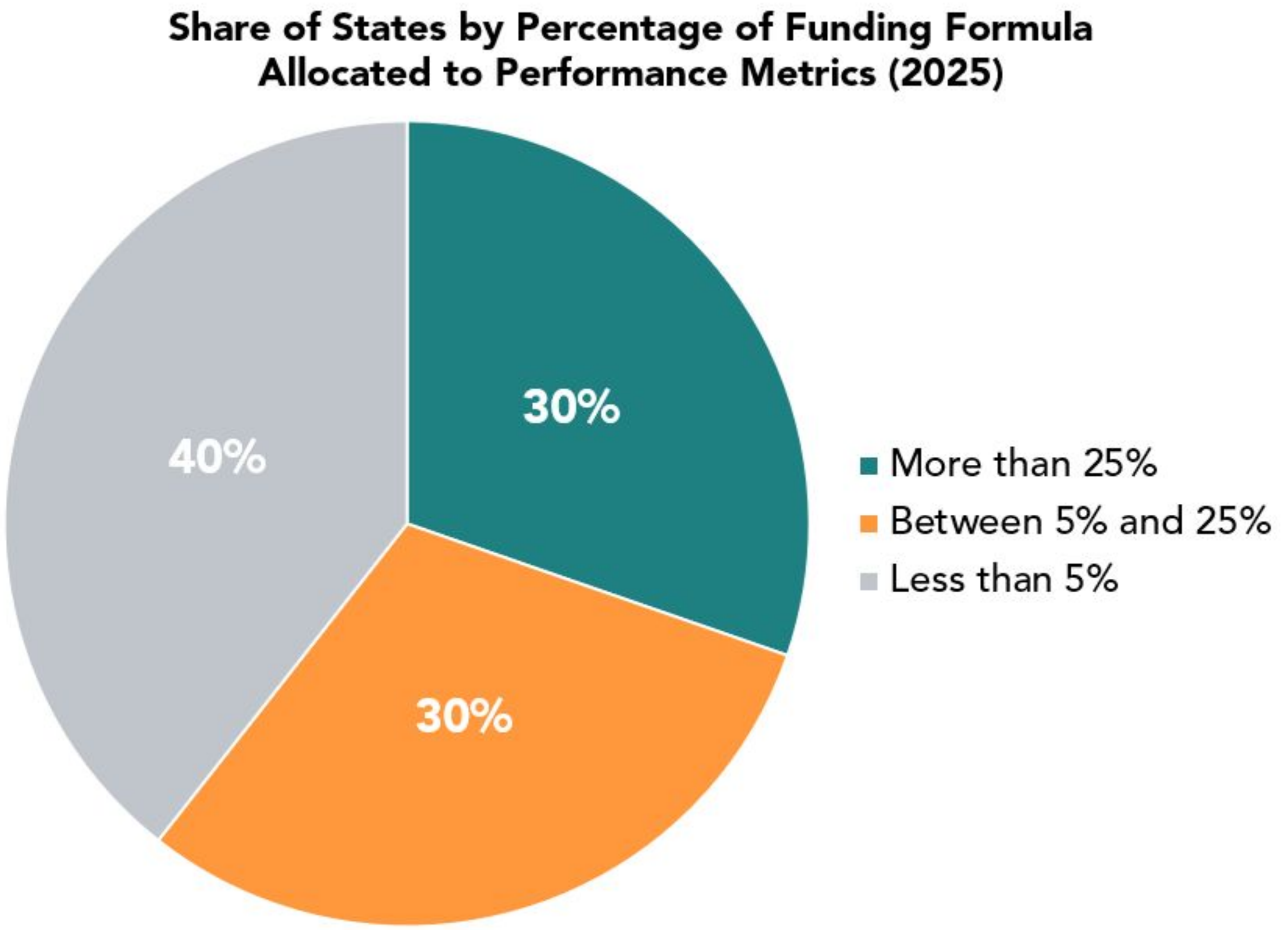
Introductions

Tom Allison
Director of State Policy and Finance

Rachel Rivas
Associate Director

National Landscape of Performance Funding

- 35 states with performance funding formulas.
- 24 states with performance funding in both the two- and four-year sectors.
- Wide variation in metrics, weights, and size of components.
- About 40% states allocate less than 5% of total funding based on outcomes.



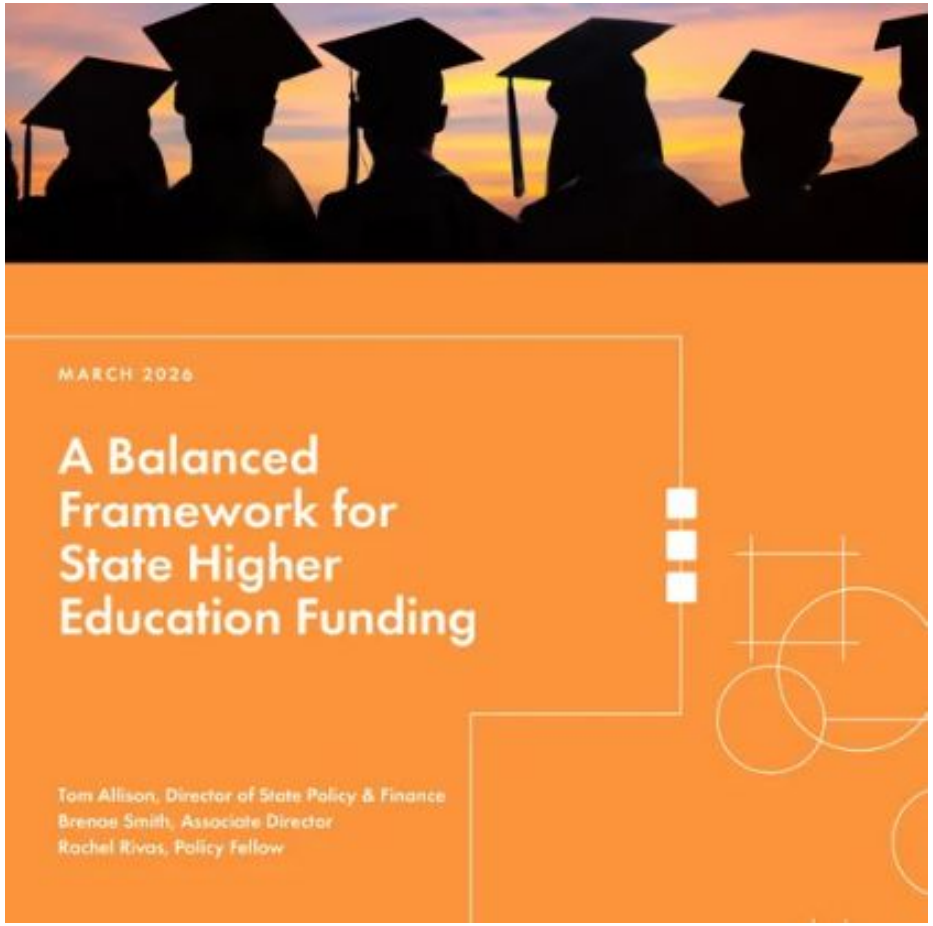
Data from SHEEO 2025 Performance-Based Funding Dataset, 2025

Allocation Approaches

Approach	Description	Illustration	State Example
Share of Outcomes	Funding is based on each institution's share of the total outcomes generated in the state. Metrics can be scaled and weighted as desired.	Institution A produces 15% of all outcomes, so it receives 15% of the OBF funds.	Kentucky Ohio
Relative Growth	Funding is based on how much an institution improves over its own baseline relative to others' improvement.	Institution A improves its outcomes by 10%. Others improve by 0-5%. Institution A receives a larger share of the OBF than it did last year.	Tennessee
Target-Based	Funding is based on whether an institution reaches set targets for its outcomes.	Institution A achieves 90% of its target outcomes; it receives 90% of its designated OBF funding. Institution B achieves 120% of its target; it receives 100% of its funding.	Florida

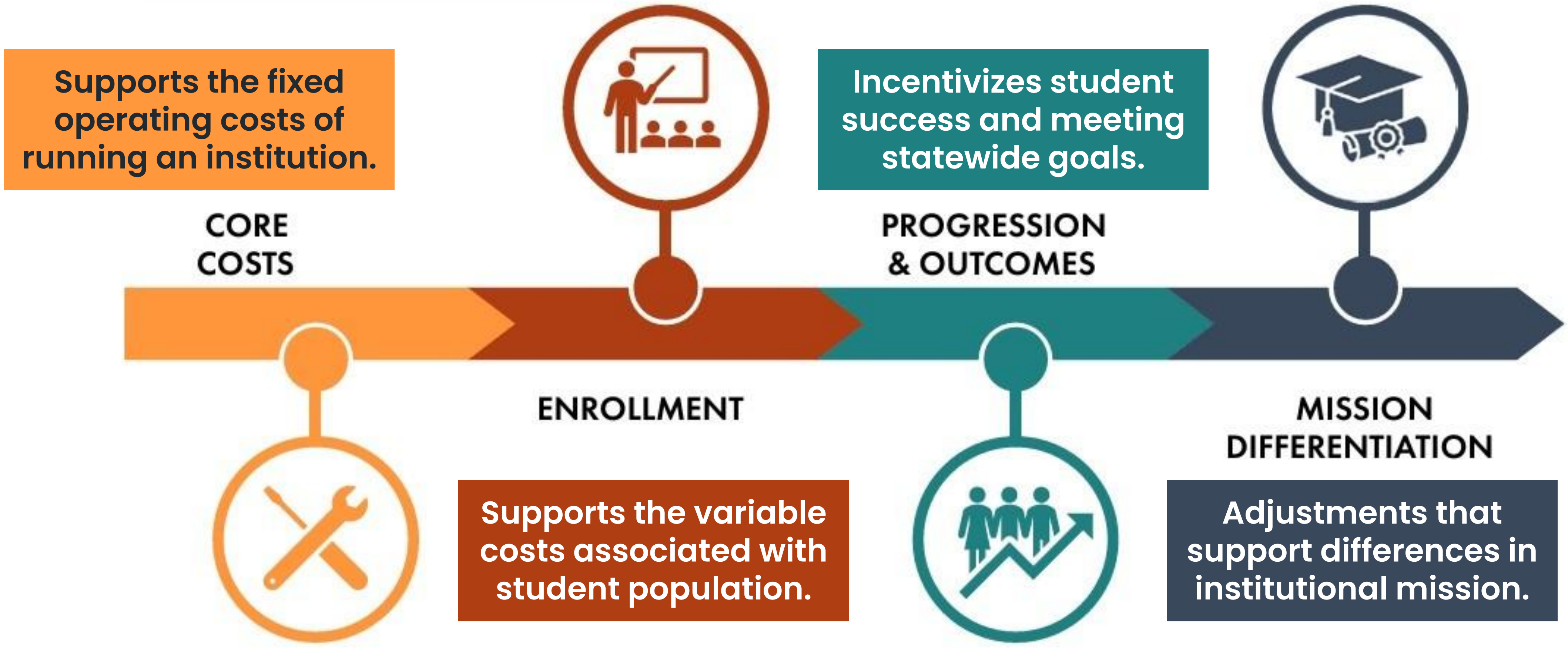
Principles of a Strong Postsecondary Finance System

- Advance a state's strategic goals
- Center student needs and success
- Align with institutional cost drivers



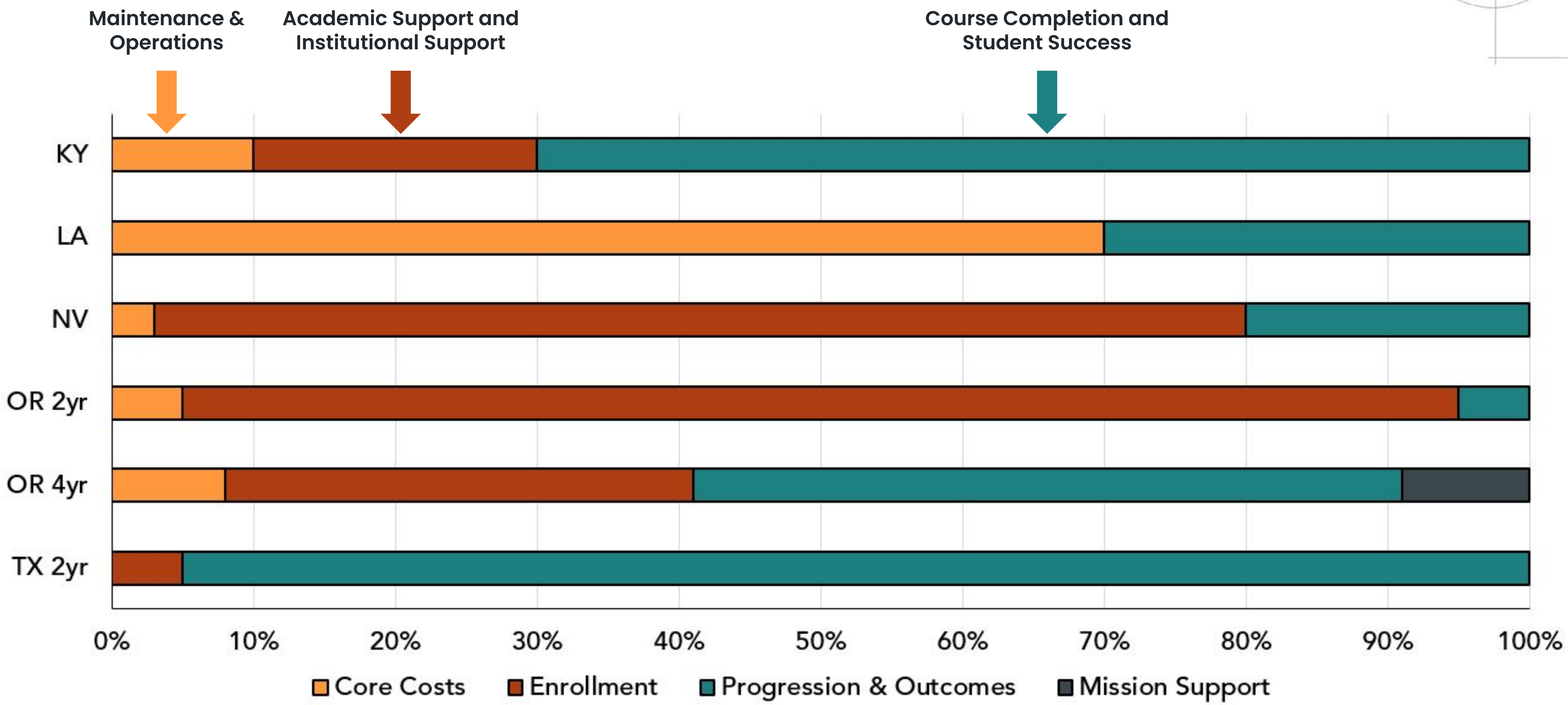
https://hcmstrategists.com/resources/the-balance ramework

The Balanced Framework for State Higher Education Funding

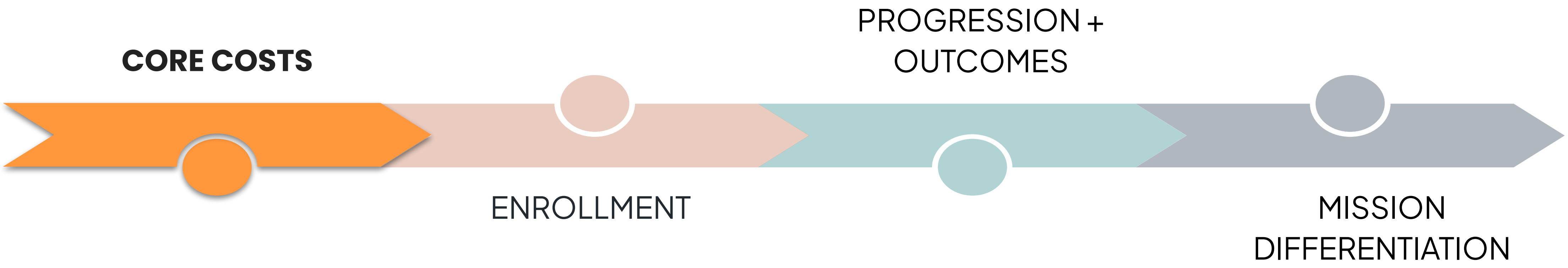


https://hcmstrategists.com/resources/the-balanced-framework

Combinations of Formula Components Across States



CORE COSTS: Supports the fixed operating costs of running an institution.

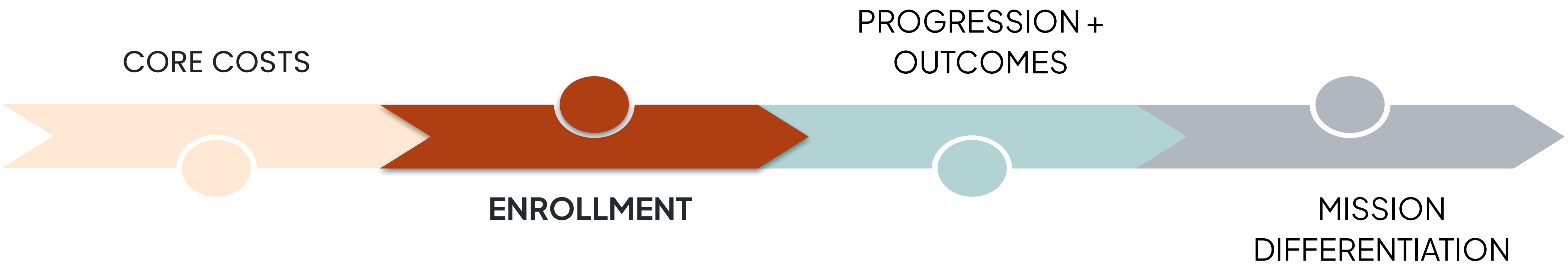


Current Practice in Kentucky	Other State Practices
• Maintenance & Operations allocation based on square footage of facilities • Small School Adjustment/CNI • Funding Floor	• Minimum $ per institution • Adjustments for size, geography, mission-specific

Approaches to Core Cost Funding

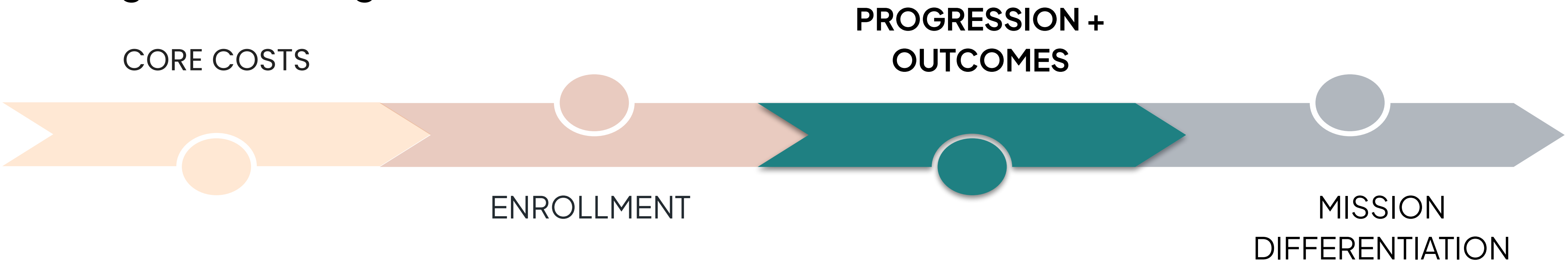
State Approaches	Pros	Cons	State Examples
Guaranteed minimum amount	Addresses core costs regardless of enrollment	Guaranteed amount is usually small - $3-$11 million	California Oregon Texas
Funding floor or hold harmless amount	Creates stability for institutions that know they will receive at least the minimum	Funding floors are time-specific and do not account for inflation	California Kentucky
Only appropriate new money through outcomes model (base remains constant)	Base funding is protected Every institution should receive a share of new funding	Once distributed, new money accounts for a small amount Some years there is no new money	Pennsylvania Hawaii
A portion of the formula is based on previous year's allocation	Possibility for incremental increases as performance funds get incorporated into the base	Possibility for decreasing the base when there is a loss of performance funding	Louisiana Minnesota New Mexico

ENROLLMENT: Supports the variable costs associated with student population.



Current Practice in Kentucky	Other State Practices
• Academic Support allocation based on share of FTE enrollment • Institutional Support based on share of spending on instruction and student services	• Weighted enrollment based on priority student populations • Weighted enrollment based on program or field of study

PROGRESSION & OUTCOMES: Incentivizes student success and meeting statewide goals.

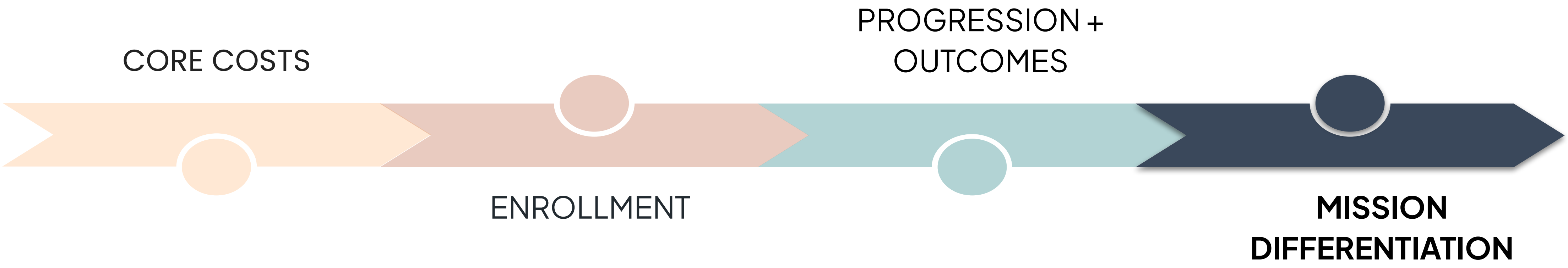


Current Practice in Kentucky	Other State Practices
• Course Completion allocation • Student Success allocation • Focus on low income and first-generation completions • Focus on STEM+H degrees	• Post-completion outcomes (job placement, wages, ROI) • Metrics or adjustments for high-priority programs • Graduate degree production

Approaches to Workforce and Talent Metrics

Approaches	Metric Examples	State Examples
Include post-completion metrics	Job Placement (in-state)	FL, WI, WV
	Wages/Earnings	CA, FL, OK, WV
	ROI	AR, TX
Weight SCH or degrees awarded in high-priority programs that align with statewide goals	Cost-Based (weight programs that are more expensive to produce)	NV, OH
	Strategy-Based (weight programs that are of strategic interest to the state, such as economic development)	KY, OR, VA
	Market-Based (weight programs that are high-demand based on labor market analysis)	LA, TX, UT

MISSION DIFFERENTIATION: Adjustments that support differences in institutional mission.



Current Practice in Kentucky	Other State Practices
• Sector differentiation - separate funding pools and metrics for universities and KCTCS • Small School Adjustment • Research university weights	• Within sector differentiation of metrics institutional characteristics • Institutional selection of metrics • Research-specific allocations • Rural-serving designations

Other Topics for Consideration

Adequacy

Determining the basic level of resources required to achieve desired outcomes

Affordability

Incorporating metrics and incentives to reduce cost, debt, or time-to-degree

Graduate Degrees

Including graduate education in outcomes metrics

Research Differentiation

Accounting for the differing missions between research and comprehensive institutions

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HCM STRATEGISTS

Current and Proposed Funding Model Goals

2016 Current Goals	Current Language	2026 Proposed Goals	Proposed Language	Rationale
Retention and Progression	Increase the retention and progression of students toward timely credential or degree completion	Retention and Progression	Increase the retention and progression of students toward timely credential or degree completion	(None needed, unchanged)
Degree and Credential Production	Increase the number and types of credentials and degrees earned by all types of students	Degree and Credential Production	Increase the number and types of credentials and degrees earned by all types of students	(None needed, unchanged)
Targeted Degrees and Credentials	Increase the number of credentials and degrees that garner higher salaries upon graduation, such as science, technology, engineering, math, and health, and in areas of industry demand	Targeted Degrees and Credentials	Increase the number of credentials and degrees in high-demand and high-wage fields that meet state and regional workforce needs	Removed specific example of STEM+H to broaden. Almost every survey response indicated a need to better address workforce alignment and talent development
Close Achievement Gaps	Close achievement gaps by increasing the number of credentials and degrees earned by low-income students, underprepared students, underrepresented students, and nontraditional age students	Close Gaps	Close gaps by increasing the number of credentials and degrees earned by low-income students, underprepared students, underrepresented students, and nontraditional age students	Remove word “achievement” because closing gaps can be more than just closing an achievement gap, for example closing access, opportunity, and completion gaps
Transfer Pathways	Facilitate credit hour accumulation and transfer of students from KCTCS to 8 four (4) year postsecondary institutions	Transfer Pathways	Facilitate credit hour accumulation and transfer of students from KCTCS to Kentucky public and private colleges and universities	Include private institutions in addition to public and simplify language

Current and Proposed Funding Model Goals

2016 Current Goals	Current Language	2026 Proposed Goals	Proposed Language	Rationale
(new Dual Credit Enrollment goal)		Dual Credit Enrollment	Increase dual credit enrollment and course completion to support reduced time to degree and generate cost savings for Kentucky students and their families	Addresses both affordability and efficiency, as well as stakeholder feedback
(new Workforce Outcomes and Retention goal)		Workforce Outcomes and Retention	Increase post-completion employment and in-state retention of students matriculating from Kentucky public and private colleges and universities	Reflects trend of recognizing importance of workforce outcomes and retaining talent in other state funding models and addresses feedback received from stakeholders
(new College Attainment goal)		College Attainment	Increase the number of Kentucky working-age adults, ages 25-64, with a postsecondary education credential or degree to support the state's 60x30 college attainment goal	Adds Kentucky's 60x30 college attainment goal to the state goals for Kentucky's performance funding model and addresses feedback received from stakeholders
(new Adult Learners goal)		Adult Learners	Increase enrollment, progression, and credential and degree completion among nontraditional age students	Focuses attention on the need to reengage, enroll, and graduate adult learners in order to make progress toward the 60x30 attainment goal
(new Affordability goal)		Affordability	Increase affordability by reducing the time, credits, and cost required for students to earn a degree or credential	Addresses ongoing need to maintain affordability and operational efficiency and addresses feedback received from stakeholders