

**MEMO OF RECORD**  
Council on Postsecondary Education

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Type: Postsecondary Education Working Group on Performance Funding  
Date: September 2, 2020  
Time: 9:00 a.m. ET  
Location: Virtual Meeting – Working group members by ZOOM, Public viewing hosted on CPE YouTube Page.

**CALL TO ORDER**

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The Postsecondary Education Working Group met Wednesday, September 2, 2020, at 9:00 a.m., ET. Pursuant to Executive Order 2020-243 and a memorandum issued by the Finance and Administration Cabinet dated March 16, 2020, and in an effort to prevent the spread of Novel Coronavirus (COVID-19), the Committee met utilizing a video teleconference. Members of the public were invited to view the meeting virtually on the CPE YouTube page:

<https://youtu.be/ReSWLtd9LVk>.

Chair Aaron Thompson presided.

**ATTENDANCE**

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Working Group Members in attendance:

- CPE President Aaron Thompson, Chair of the Working Group
- State Budget Director John Hicks, representing Governor Beshear
- Senate President Pro Tem David Givens, representing Senate President Robert Stivers
- Representative James Tipton, representing Speaker of the House David Osbourne
- EKU President David McFaddin
- KSU President M. Christopher Brown, II
- KCTCS President Jay Box
- MoSU President Jay Morgan
- MuSU President Robert Jackson
- NKU President Ashish Vaidya
- UK President Eli Capilouto
- UL President Neeli Bendapudi
- WKU President Tim Caboni

Speaking CPE staff members in attendance:

- Dr. Bill Payne, Vice President for Finance and Administration
- Heather Faesy, Senior Associate of Board Relations and Special Projects, who served as recorder of the memo of record.

## **OUTCOME-BASED FUNDING STATUS REPORT**

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Scott Boelscher, senior associate at HCM Strategists, presented a status update on the outcomes based funding model. On the national context, he discussed how the various state funding systems vary significantly in design, focus and sophistication and how the outcomes have played a role in the funding of those state institutions. He reviewed the reasoning of developing outcomes-based models and discussed ways other states are making adjustments during the pandemic to ensure states remain student-focused and ensure long-term sustainability in the funding model. Finally, he provided a series of recommendations that working group should consider as they complete their review.

Following his presentation, he answered several questions regarding the following areas:

- Existing models that include transfer student metrics or incentives for teacher preparation degrees.
- How individual institutional missions play a role in the calculations of other state models.
- How other states are modifying their performance funding calculations due to the COVID-19 pandemic.
- The impact of running the model with existing funding instead of additional funding.
- How regional considerations may be considered when determining a funding formula.

## **KCTCS FUNDING MODEL**

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Dr. Kris Williams, KCTCS Chancellor, provided a comprehensive review of KCTCS's mission, the type of students they serve, and the progress they have made in student success as a result of the metrics in the funding model.

Dr. Wendell Followell, KCTCS Vice President, provided suggested improvements to the 2-year funding model including the integration of a three-year weighted average on almost all metrics, the addition of a community need index, and the addition of adult students metric.

Following the presentation, they answered several questions regarding:

- The percentage of adults enrolled at KCTCS and the types of degrees being earned by those adults.
- The impact of dual credit courses and KCTCS's ability in increasing access and success among underrepresented minority, underprepared, and low income students.
- How a community/regional needs index can help provide data on what degrees and supports are needed to ensure economic growth in a particular area and how such an index could be incorporated in the performance funding model.

## **DISCUSSION AMONG WORKING GROUP**

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Before adjourning, members of the working group discussed the performance funding model as a whole, what has worked and causality of its impacts. Some of the comments shared included the following:

- The model is aligned with the state's goals and while the outcomes are the right ones, the entire model is challenged due to a lack of funding to support it.
- The inclusion of a metric on adult student completion should be considered for incorporation.
- Research is needed to find out how to account for potential adjustments for those institutions with higher numbers of underrepresented minority and low-income students.
- Potential unfair weighting issues on STEM+H degree production when a campus is naturally focused on liberal arts degree production.
- Potential incorporation of an efficiency measure in the model, and how pension liability plays a factor.

Potential future discussion topics requested include stop-loss scenarios, regional challenges from institutions, how institutions are adapting to the COVID changes and what efficiencies they are making as a result, broadband accessibility, if KERS pensions should impact performance funding, and proposed changes.

## **ADJOURNMENT**

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The working group adjourned at 11:00 a.m., ET.