Council on Postsecondary Education
Funding Strategy Steering Committee

Goal and Guiding Principles

The first meeting of the Funding Strategy Work Group was held on May 28, 2014. At that meeting, campus chief budget officers, chief academic officers, and institutional research directors discussed the broad goals they have for adopting a new funding strategy, as well as, the basic principles that will be used to guide the funding strategy development process. The main outcome of those discussions was a suggestion by work group members that CPE staff draft an initial list of goals and principles for review and discussion by the Funding Strategy Steering Committee.

The purpose of this document is to identify a draft set of goals and guiding principles that when finalized by the Steering Committee will direct development of a new funding distribution mechanism, which will form the basis for the Council's 2016-18 and subsequent institutional operating recommendations. The draft set of goals and principles is provided below.

Goal

Develop a postsecondary education funding distribution mechanism that aligns state General Fund appropriations for higher education operations with public policy goals and objectives of the *Postsecondary Education Improvement Act of 1997* (HB1) and the Council's *Strategic Agenda for Postsecondary and Adult Education*.

Guiding Principles

- **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.

- **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.

- **Reasonably Stable** – The distribution mechanism will not permit large, annual shifts in funding to occur.

- **Data Driven** – The distribution mechanism will rely on data that are valid and reliable, readily available, and can be verified when necessary.

- **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.