➔ Model Operating as Expected

1. Overall, to what extent has the performance funding model functioned as expected?

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

2. What aspects of the performance funding model have operated as expected? Please provide your written response in the space below. Add rows as needed.

____

____

____

____

➔ Unintended Consequences

3. Overall, to what extent has the adoption of performance funding resulted in unintended consequences?

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

4. What unintended consequences have occurred due to the implementation of performance funding in Kentucky? Please provide your written response in the space below. Insert additional rows as needed.

____

____

____

____

➔ Recommended Changes

5. What adjustments to the funding model would you recommend? Please provide your response in the space below. Insert additional rows as needed.

____

____

____

____

➔ Impetus for Model

Kentucky designed and implemented performance funding models for several reasons, including: (1) to accelerate progress toward attainment of state goals for postsecondary education; (2) to address shortcomings of the previous funding method; (3) to rectify funding disparities among institutions that had developed over time; and (4) to respond to a legislative mandate to convene the working group and develop the model.

Accelerate Progress

6. Overall, to what extent has the adoption of performance funding accelerated progress toward attainment of state goals for postsecondary education?

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

7. To what extent have the financial incentives imbedded in the funding model motivated your institution to focus attention on state goals for postsecondary education?

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

8. To what extent has your institution incorporated pursuit of state goals for postsecondary education in strategic planning processes?

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

9. To what extent has your institution adopted or modified internal budget allocation models to facilitate pursuit of state goals?

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

10. To what extent has the adoption of performance funding increased alignment between state goals for postsecondary education and institutional goals?

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

Address Shortcomings

11. Overall, to what extent has the adoption of performance funding addressed the shortcomings of the previous base plus, base minus funding method?

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

12. To what extent has the performance funding model recognized changes in enrollment, program mix, and student outcomes?

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

13. To what extent has the performance funding model provided financial incentives for achieving desired state goals for postsecondary education?

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

Rectify Funding Disparities

For about a decade, leading up to 2016, NKU and WKU argued that they were less well funded on a per student basis than other comprehensive universities. Differing rates of enrollment growth and historical disparities in state funding had resulted in large differences in per student funding among institutions. One of the main objectives of the performance funding model was to rectify these disparities.

14. To what extent has the adoption of performance funding helped move the comprehensive universities toward funding parity?

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

[For the purposes of this question, parity is defined as a narrowing of the gap in state funds for educating students per full-time equivalent student. It may be useful to refer to Attachment A, Chart 1, when responding to this question].

➔ Key Features

A key design feature of the funding model is that, for any given metric, if an institution achieves a growth rate above the sector average growth rate, then its share of funding for that metric will increase. The more metrics for which an institution achieves growth rates above the sector average, the better chance it has of increasing its overall share of funding.

15. Has the funding model operated as intended in terms of institutions being afforded the opportunity to increase their share of funding for a given metric, if they achieve a growth rate that exceeds the sector average?

    ▭ Yes ▭ No

    If not, please describe in the space below, in what way the funding model has <u>not</u> operated as intended in terms of providing institutions with the opportunity to increase their share of funding for a given metric by achieving above average growth rates. Insert additional rows as needed.

    ____

    ____

    ____

    ____

    In 2016, one of the agreed-upon principles that guided model development was that the distribution mechanism should <u>not</u> permit large annual shifts in funding to occur. Toward that end, the working group included elements in the model, such as use of three-year rolling averages of metric data, to ensure that any changes in funding among institutions would be incremental. In addition, subsequent working groups phased in changes to the model, so any resulting shifts would be gradual.

16. For the most part, have changes over time in the share of state funds for educating students among institutions been incremental?

    ▭ Yes ▭ No

    [It may be useful to refer to Attachment A, Chart 2, when responding to this question].

    If not, please describe in the space provided below, in what way changes in the share of state funds for educating students among institutions have <u>not</u> been incremental. Insert additional rows as needed.

    ____

____

____

____

17. To what extent has the use of three-year rolling averages of metric data and the phasing in of changes to the funding model helped to ensure that changes in the share of state funds for educating students among institutions have been incremental?

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

➔ 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.

18. 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

19. 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

20. 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

21. 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

22. 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.

____

____

____

____

23. 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.

____

____

____

____

➔ 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.

24. 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.

____

____

____

____

25. 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.

____

____

____

____

➔ Potential Issues for Consideration

Over the past few months, campus officials have reached out to CPE staff to identify several issues that they see as potentially important for consideration by the 2026 performance funding work group, including use of a common funding pool for research and comprehensive universities, application of differential metric weightings between sectors, disproportionate reliance on performance funds at some institutions, and lack of performance distributions at some institutions. Listed below are survey questions that will help identify sentiments of campus officials toward these issues.

Common Funding Pool

As part of the 2023 funding model review process, several campus presidents argued that including both research and comprehensive sector institutions in the same funding pool placed comprehensive universities at a competitive disadvantage. Along those lines, they recommended establishing a three-tier model, one for research universities, one for comprehensive universities, and one for KCTCS. Several institutions have indicated that this is still an important issue for the work group to consider as part of the 2026 funding model review.

26. To what extent is including both research and comprehensive universities in the same funding pool problematic?

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

Please provide a written explanation for your response in the space below. Insert additional rows as needed.

____

____

____

____

27. Should the common funding pool issue be placed on the agenda for consideration by the 2026 performance funding work group?

☐ Yes ☐ No

Differential Weightings Between Sectors

Over the past two years and during the 2024 off-cycle funding model review, several campus presidents argued that differential weightings between sectors within the university funding model place comprehensive universities at a competitive disadvantage. Several have indicated to CPE staff that this is an issue they would like the performance funding work group to address as part of the 2026 comprehensive funding model review.

28. To what extent is the application of differential weightings between research and comprehensive sectors problematic?

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

Please provide a written explanation for your response in the space below. Insert additional rows as needed.

____

____

____

____

29. Should the differential weightings between sectors issue be placed on the agenda for consideration by the 2026 performance funding work group?

☐ Yes ☐ No

Disproportionate Reliance on Performance Funds

State funds for educating students are comprised of two components: (1) <u>recurring</u> adjusted net General Fund appropriations; and (2) <u>nonrecurring</u> performance distributions. Over the past few years, several institutions have become increasingly reliant on <u>nonrecurring</u> performance dollars as part of their overall operating funds, and two have indicated they would like the 2026 working group to consider this issue.

30. To what extent is the disproportionate reliance on nonrecurring performance funds at some institutions problematic?

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

[It may be useful to refer to Attachment A, Chart 3, when responding to this question].

Please provide a written explanation for your response in the space below. Insert additional rows as needed.

____

____

____

____

31. Should the issue of disproportionate reliance on performance funds at some institutions be put on the agenda for consideration by the 2026 performance funding work group?

- [ ] Yes - [ ] No

Lack of Performance Distributions

Since the funding model's inception, smaller institutions and those located in rural, economically challenged regions have found it difficult to compete with larger institutions and those located in urban areas. For example, KSU has not received a distribution from the Performance Fund and in the one year that MoSU received a distribution it was relatively small. Similarly, four community colleges have not received a performance distribution for multiple years. KSU, MoSU, and KCTCS officials have indicated that they would like this issue to be reviewed and discussed by the 2026 working group.

32. To what extent is the ongoing lack of performance distributions at some institutions problematic?

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

Please provide a written explanation for your response in the space below. Insert additional rows as needed.

____

____

____

____

33. Should the lack of performance distributions issue be placed on the agenda for consideration by the 2026 performance funding work group?

☐ Yes ☐ No

Other Potential Issues

34. Are there any other potential issues that should be placed on the agenda for consideration by the 2026 performance funding work group?

☐ Yes ☐ No

If yes, please identify other issues that should be reviewed and discussed by the 2026 working group in the space below. Insert additional rows as needed.

____

____

____

____