

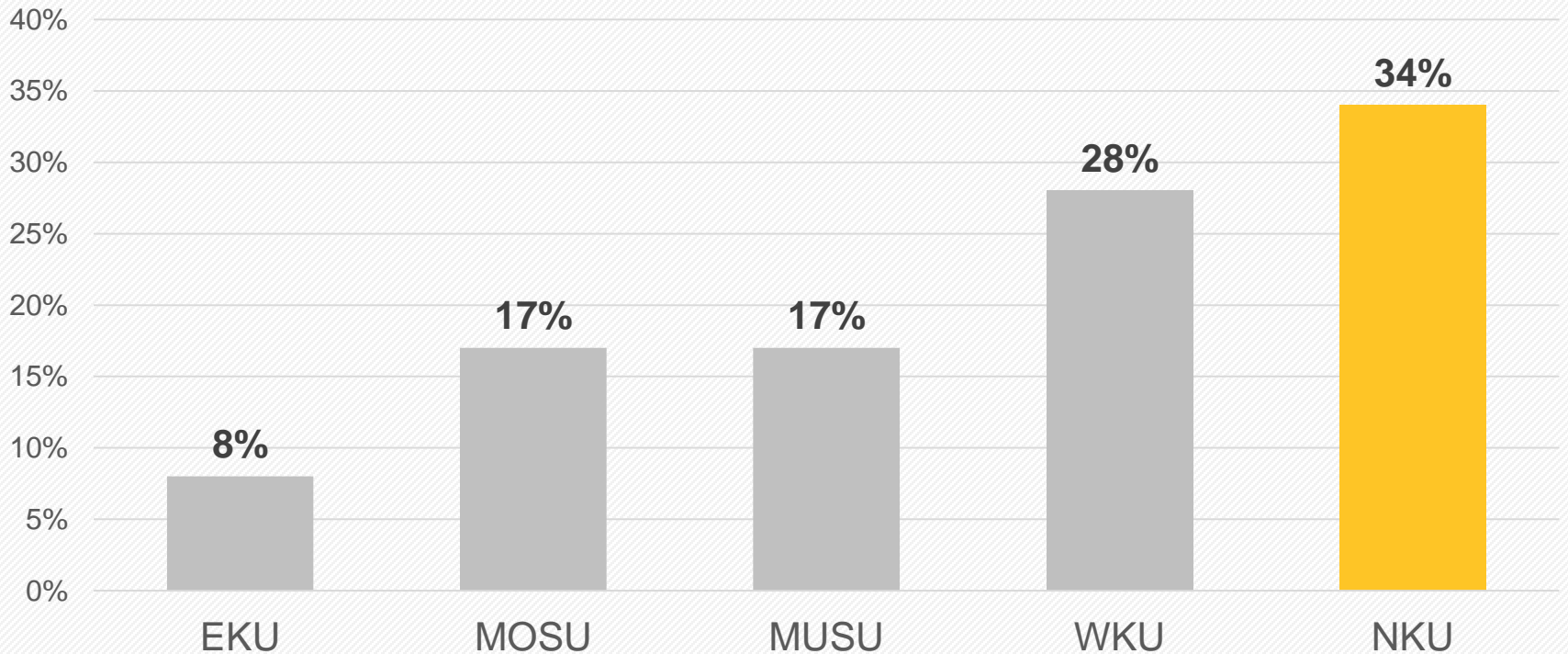


**INVEST IN
SUCCESS**

OUTCOMES-BASED FUNDING FOR KY

FTE STUDENT ENROLLMENT

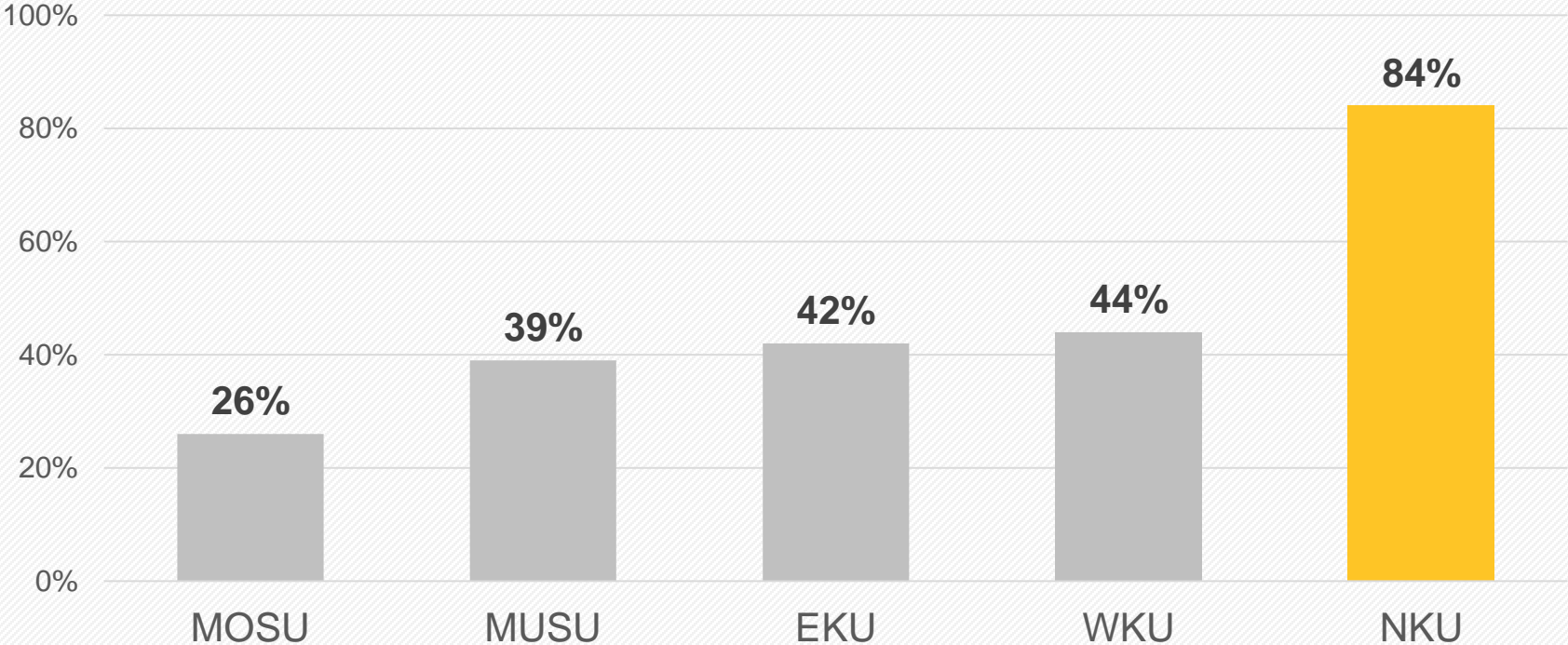
15-Year Growth (1999-2014)



**OUTCOMES-BASED FUNDING
FOR KENTUCKY**

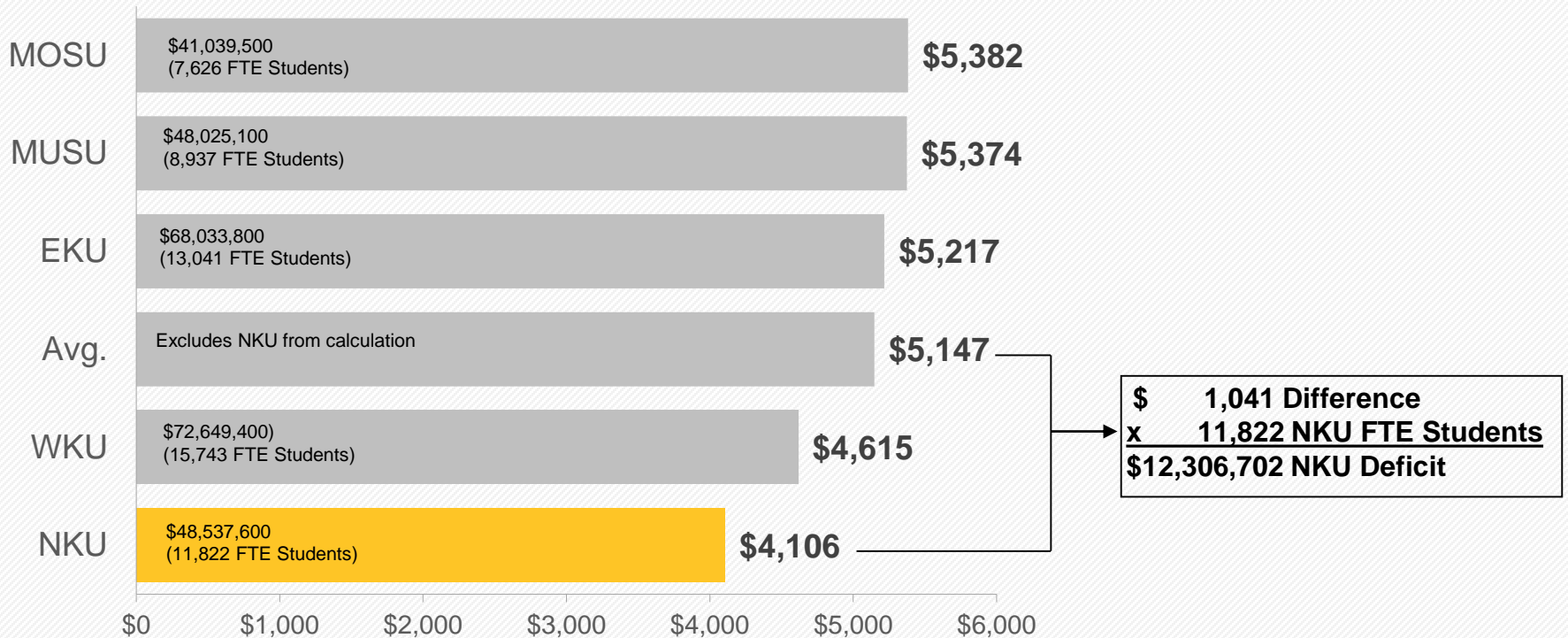
BACHELOR'S DEGREES AWARDED

15-Year Growth (1999-2014)



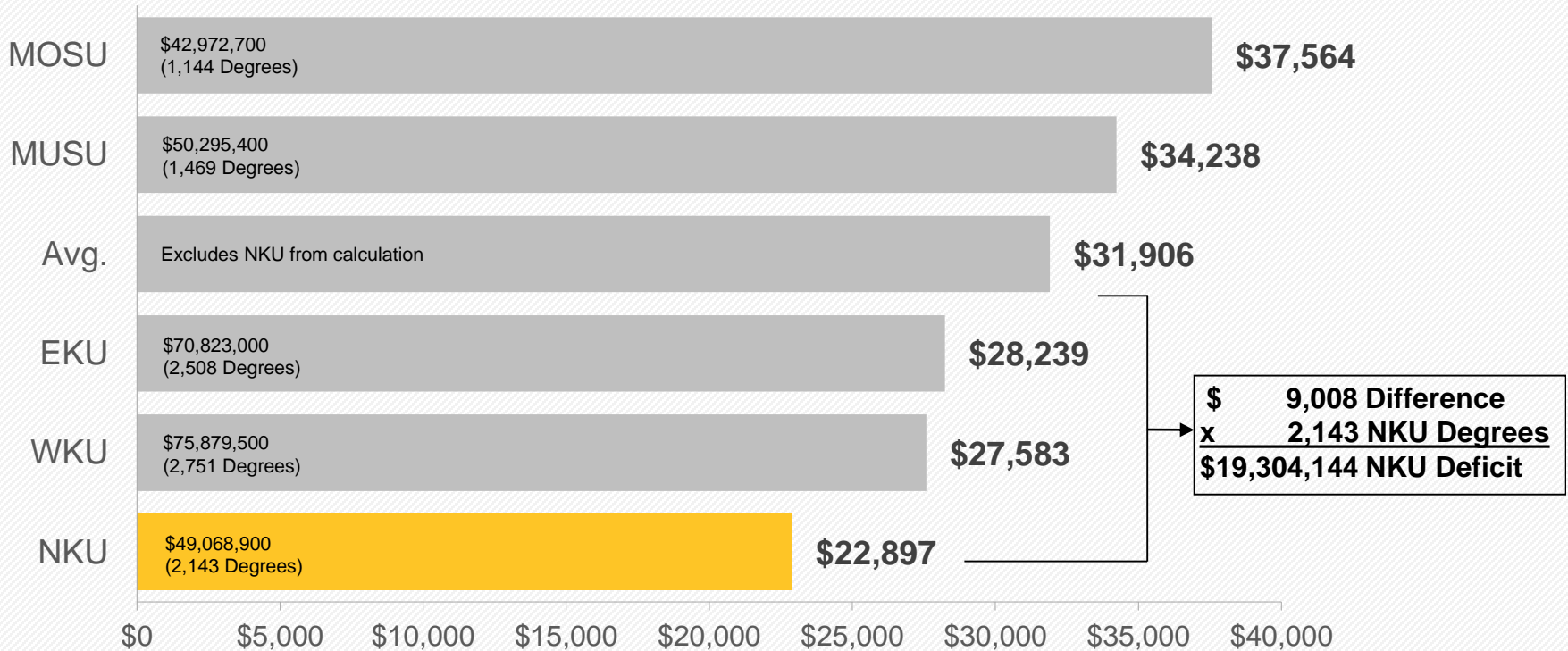
**OUTCOMES-BASED FUNDING
FOR KENTUCKY**

STATE APPROPRIATION PER FTE STUDENT



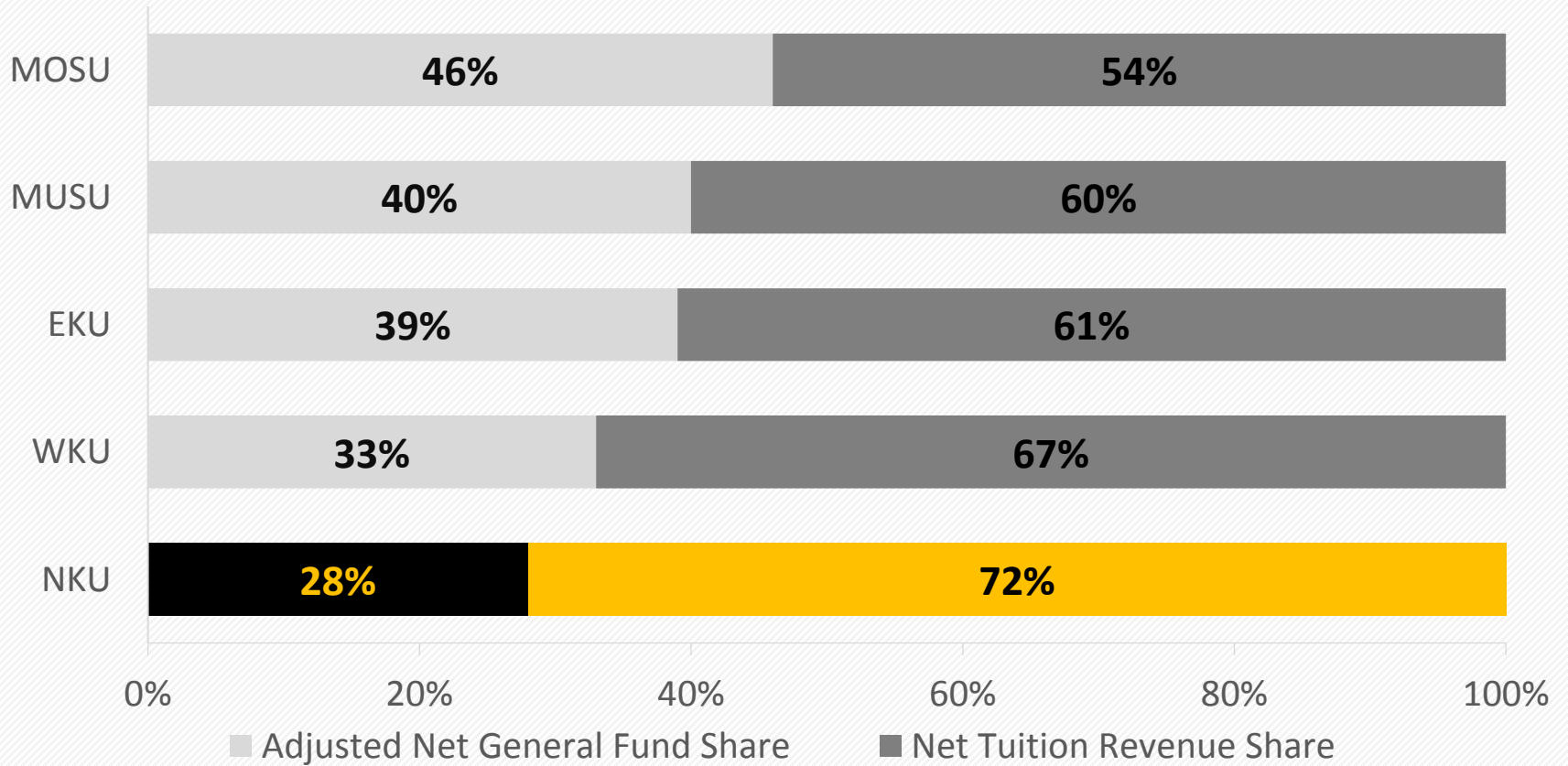
**OUTCOMES-BASED FUNDING
FOR KENTUCKY**

STATE APPROPRIATION PER BACHELOR'S DEGREE



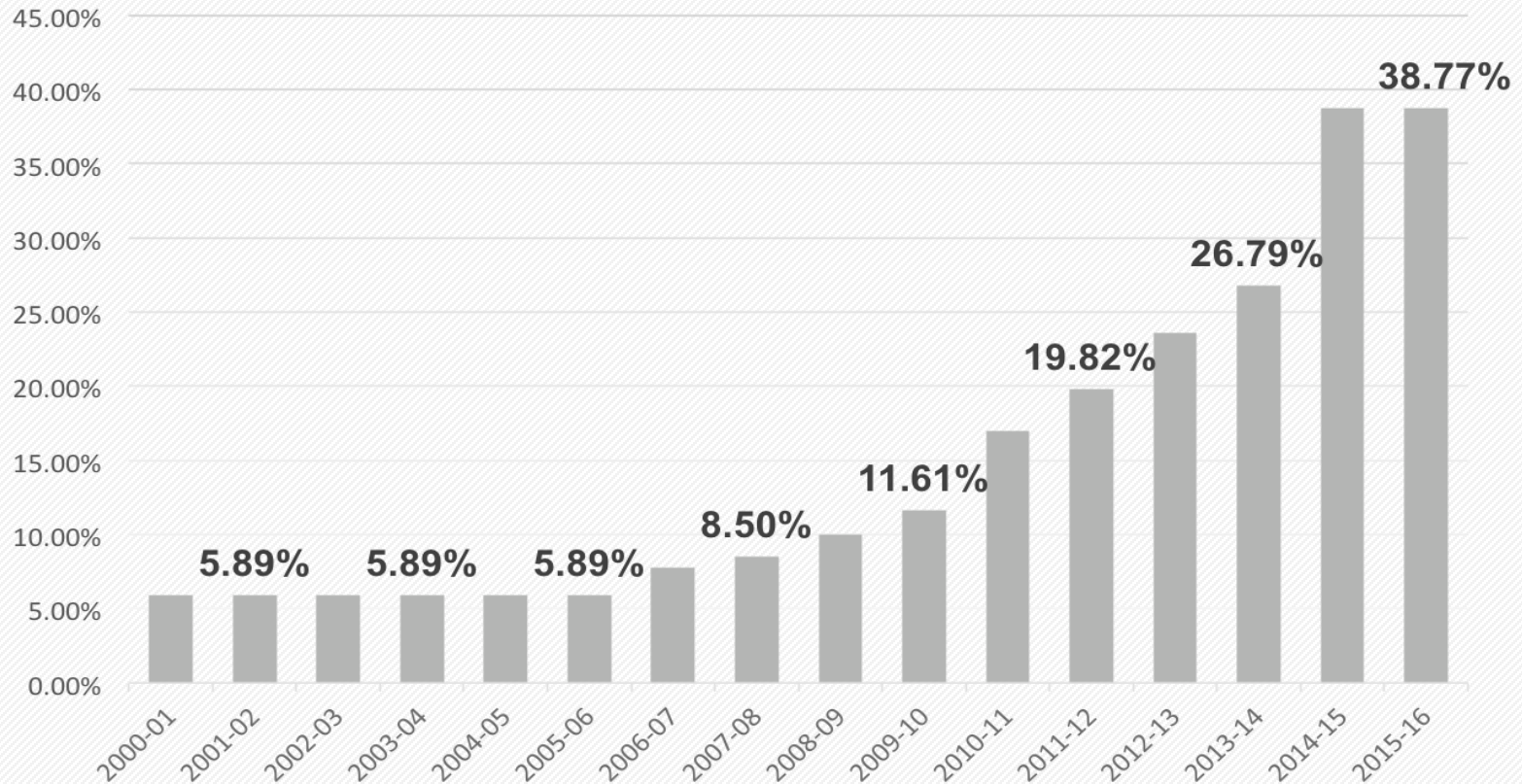
**OUTCOMES-BASED FUNDING
FOR KENTUCKY**

STATE APPROPRIATION VS. TUITION



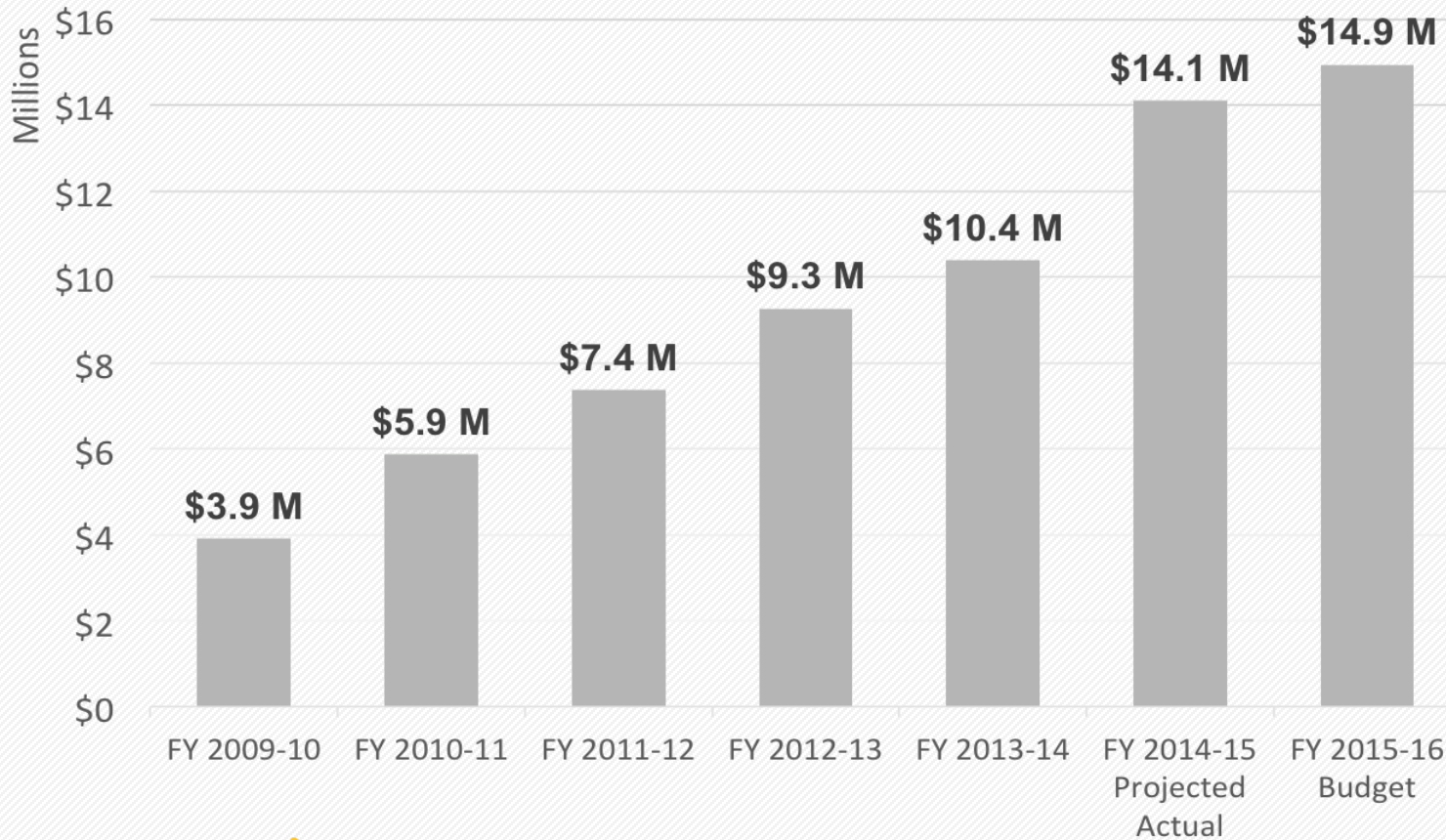
**OUTCOMES-BASED FUNDING
FOR KENTUCKY**

KERS Contribution Rates



**OUTCOMES-BASED FUNDING
FOR KENTUCKY**

KERS Contribution



OUTCOMES-BASED FUNDING
FOR KENTUCKY

CPE RESOLUTION

Adopted November 7, 2013

The Council hereby resolves that, as a result of budget deliberations over the past year, it is evident that there is a need for the development of a comprehensive funding model that aligns the Commonwealth's investment in postsecondary education with the Commonwealth's postsecondary education policy objectives. As such, the Council president is hereby directed to establish a working group that, at minimum, includes leadership of each of the public universities and KCTCS and members of this Council, for the purpose of **developing a comprehensive model for the allocation of state General Fund appropriations for institutional operations that incorporates elements of campus performance, mission, and enrollment, as well as any other components as determined through the process.** The new model shall be developed for implementation in the 2016-2018 biennial budget recommendation.



**OUTCOMES-BASED FUNDING
FOR KENTUCKY**

Council on Postsecondary Education
Sample Funding Model Distribution by Component and Institution
Average of Fiscal Years 2010-11, 2011-12, and 2012-13 Data

Draft - For Discussion Purposes Only
January 14, 2015

Sector/ Institution	Operational Support Components						Total Formula Calculation	2012-13 NGF Distribution	Percent of Formula	\$ Distance from Formula
	Maintenance & Operations	Institutional Support	Academic Support	Mandated Programs	Student Credit Hours Earned	Degree Completion				
Research Universities										
University of Kentucky	\$17,585,100	\$28,332,400	\$40,935,400	\$80,323,000	\$82,354,000	\$34,448,100	\$283,978,000	\$283,869,300	100.0%	(\$108,700)
University of Louisville	8,250,700	16,121,600	29,046,000	0	60,774,900	26,892,900	141,086,100	141,194,800	100.1%	108,700
Sector Subtotal	\$25,835,800	\$44,454,000	\$69,981,400	\$80,323,000	\$143,128,900	\$61,341,000	\$425,064,100	\$425,064,100	100.0%	\$0
Percent of Total	6.1%	10.5%	16.5%	18.9%	33.7%	14.4%	100.0%			
Comprehensive Universities										
Eastern Kentucky University	\$13,413,500	\$20,792,300	\$13,922,800	\$200,000	\$12,254,500	\$5,195,900	\$65,779,000	\$67,673,700	102.9%	\$1,894,700
Kentucky State University	3,349,900	5,318,500	3,556,900	4,360,600	1,489,800	528,400	18,604,100	23,537,400	126.5%	4,933,300
Morehead State University	7,743,900	10,829,000	8,237,200	0	6,256,700	2,703,800	35,770,600	41,016,400	114.7%	5,245,800
Murray State University	10,756,200	11,858,500	9,544,200	2,644,700	7,444,000	3,975,100	45,373,000	49,885,000	109.9%	4,512,000
Northern Kentucky University	8,369,300	16,971,600	13,104,000	1,500,000	12,354,000	5,195,900	57,600,000	57,600,000	100.0%	0
Western Kentucky University	11,051,400	23,674,100	17,152,200	2,844,600	15,080,000	6,370,000	78,600,000	78,600,000	100.0%	0
Sector Subtotal	\$54,684,200	\$89,444,000	\$65,517,300	\$11,549,900	\$54,808,000	\$23,463,300	\$259,453,600	\$259,453,600	100.0%	\$0
Percent of Total	18.3%	29.9%	21.9%	3.9%	18.3%	7.8%	100.0%			
Public Four-Year Total	\$80,520,000	\$133,898,000	\$135,498,700	\$91,872,900	\$197,937,600	\$84,830,500	\$724,557,700			
Percent of Total	11.1%	18.5%	18.7%	12.7%	27.3%	11.7%	100.0%			

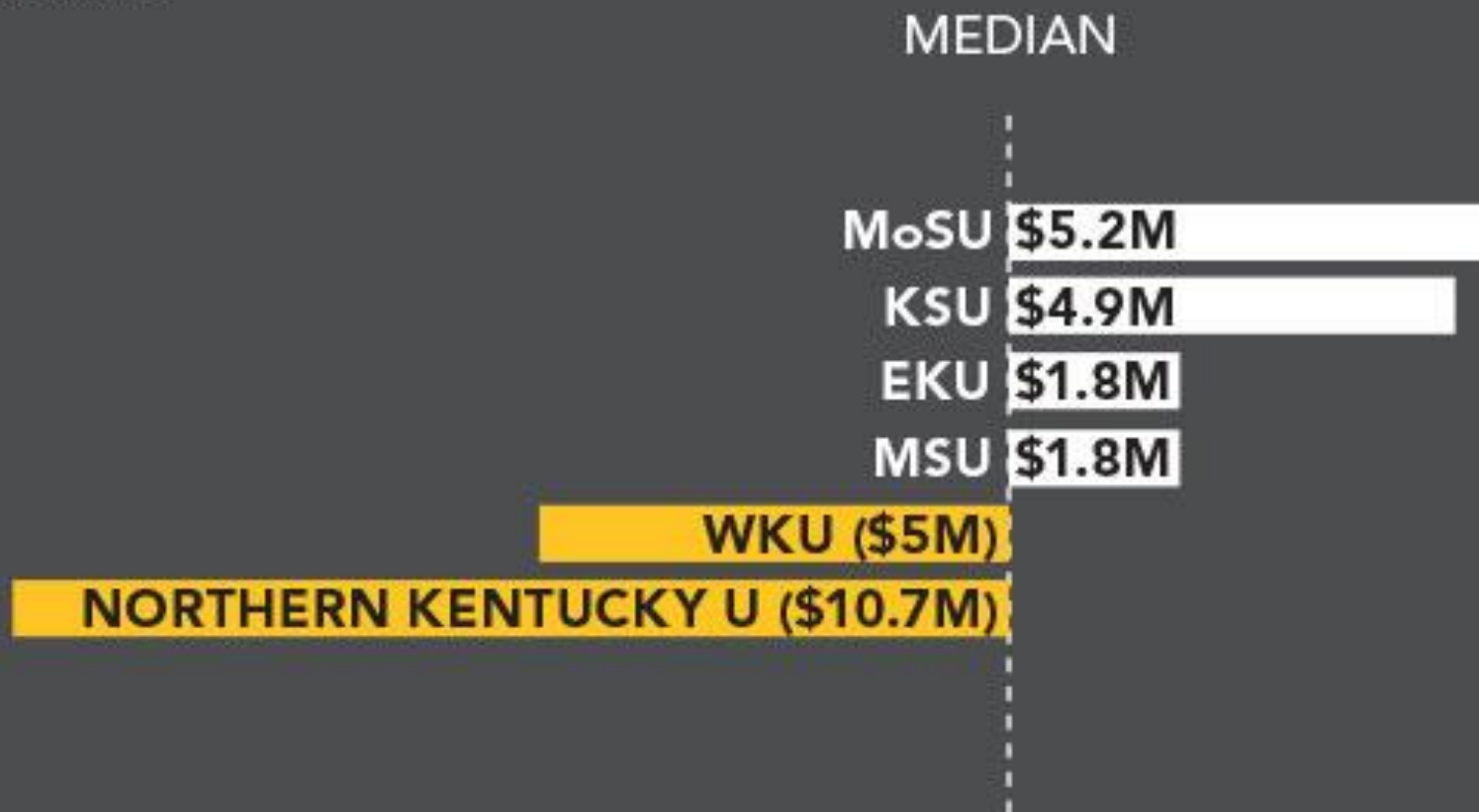
(\$10,668,168)

- Assumptions:**
- 1) M&O → was distributed based on estimated E&G Maintenance and Operations expense, using E&G physical plant square feet multiplied by Utilities and C&M rates provided by the Finance and Administration Cabinet, Division of Facilities Management.
 - 2) Institutional Support → was distributed based on each institution's share of sector total E&G expenditure (reflects principle that the larger the size of an institution's operation and the more complex its mission, the greater the need for administrative support).
 - 3) Academic Support → was distributed based on providing each institution a \$1.5 million base, with the remainder distributed based on each institution's share of sector total FTE student enrollment (reflects principle that the more students an institution has the more academic services it must provide).
 - 4) Instruction → was distributed based on weighted student credit hours earned (cost weights reflect differences in costs by course level and discipline; credit hours earned by out-of-state students are counted at 50% of similar credit hours earned by in-state students; a Cost-of-Instruction adjustment is applied to reflect differential HB1 missions of each campus).
 - 5) Degree Completion → was distributed based on weighted degrees completed (degree weights reflect differences in how various degree types are valued in Kentucky's employment market; there are premiums for degrees earned in STEM+H fields and for degrees earned by underrepresented minority and low-income students).



CPE Model Analysis

Funding relative to
median



THE ANSWER

1. Address the Disparity
 - Appropriate \$10.7 million more annually to NKU
2. Tie KY's \$1B Investment to Student Success
 - Create a long-term, rational, and strategic postsecondary education funding model based on student outcomes and institutional accountability



**OUTCOMES-BASED FUNDING
FOR KENTUCKY**



Students Deserve It. Taxpayers Demand It.

[INVESTINSUCCESSKY.COM](https://www.investinsuccessky.com)