

<b>TITLE:</b>	Performance Funding Work Group Update
<b>DESCRIPTION:</b>	The Finance Committee received an update regarding the first meeting of the 2024 Performance Funding Work Group, which was charged by the Kentucky legislature to find replacements for the underrepresented minority student bachelor's degree metric in the public university funding model and for the underrepresented minority student credential metric in the KCTCS funding model.
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## **COMMITTEE'S REVIEW**

The Finance Committee received this information update at their September 9, 2024, meeting. It will not be covered or presented in detail at the board meeting; however, staff will be available for questions.

## **BACKGROUND INFORMATION**

During the 2024 Regular Session, the Kentucky General Assembly adopted Senate Bill 191, which was the mechanism by which recommendations of the 2023 Postsecondary Education Working Group (a.k.a., performance funding work group) were operationalized, signed by the Governor, and eventually codified in KRS 164.092. Included in that bill was language specifying that the comprehensive funding model for the public postsecondary system implemented by the Council on Postsecondary Education “shall include a public university sector formula and a KCTCS sector formula and shall not include any race-based metrics or targets in the formulas” (p. 3).

In this manner, underrepresented minority student degree and credential metrics were removed from public university and KCTCS funding models that they had been a part of for the past seven years. Several places in Senate Bill 191 the word “minority” in the phrase “underrepresented minority student” was struck through. For example, in Section 2, which outlines the goals of the funding models, nontraditional age students were added as an underserved population to focus on in terms of closing achievement gaps, but the URM student population was changed to read “underrepresented students.”

(2)(d) Closing achievement gaps by increasing the number of credentials and degrees earned by low-income students, underprepared students, [~~and~~] underrepresented [~~minority~~] students, and nontraditional age students... (p. 3)

In Section 3, SB 191 directs the postsecondary education working group to convene during the 2024 interim “for the sole purpose of considering how to define "underrepresented students" in the comprehensive funding model for the public postsecondary education system” (p. 10). Pursuant to language included in this section of the bill, CPE staff brought together statutorily required members of the work group (KRS 164.092), including university presidents, the KCTCS president, CPE president, and state policymakers, to determine how to define the term “underrepresented student” and replace the former URM student degree and credential metrics in the models.

## **WORK GROUP MEETING**

On September 4, 2023, Council staff convened the first meeting of the 2024 Postsecondary Education Working Group in Room 104 of Northern Kentucky University’s Student Union Building. At that meeting, staff presented background information, including reminding the group of the consensus recommendations of the 2023 work group that were reported to the Governor and General Assembly on December 1, 2023, the mechanism by which the underrepresented minority student bachelor’s degree metric was removed from the public university funding model, replacement metrics that were specified in SB 191 and used in the 2024-25 iteration of the funding model, how those metrics came to be applied without any weighting to account for cost and mission differences between sectors, and the impact of the change in metrics and sector weightings on the 2024-25 performance distribution.

In addition to providing background information, CPE staff explained the working group’s charge as determined by the General Assembly and prescribed in Senate Bill 191 (24 RS):

- Section 3. The postsecondary education working group... shall convene during the 2024 Interim for the sole purpose of considering how to define "underrepresented students" in the comprehensive funding model for the public postsecondary education system... (p. 10)

Clearly, policymakers wanted to limit the scope of the working group’s activity to finding replacements for the URM degree and credential metrics, which they chose to remove from the university and KCTCS funding formulas. In that same section, SB 191 directs the Council on Postsecondary Education to report the recommendations of the working group to the Governor and to the Legislative Research Commission by December 1, 2024.

Next, CPE staff shared information regarding four potential replacement metrics for URM bachelor’s degrees, including metric definitions, underlying rationale, and estimated financial impact of each metric both with and without sector weightings. The four metrics under consideration are:

- 1) low-income student bachelor's degrees;
- 2) first-generation college student bachelor's degrees;
- 3) underprepared student bachelor's degrees; and
- 4) high-need high school student bachelor's degrees.

Work group members were encouraged to identify and propose other metrics for consideration in coming weeks.

Finally, staff identified three major decision points that the group must discuss, negotiate, and resolve to reach consensus recommendations:

- How should the 2024 working group define the term “underrepresented student”?
- What metric should be used to replace the URM student bachelor's degree metric in the university funding model?
- Should the replacement metric be weighted to account for cost and mission differences between sectors?

There was much discussion and many questions surrounding the four potential replacement metrics. No decisions were made, and no votes were taken at this meeting. All alternatives to potentially replace the URM bachelor's degree metric are still on the table and at least two campus officials indicated an interest in additional metrics. The next meeting of the 2024 Performance Funding Work Group is scheduled for October 2, 2024.

Copies of CPE staff and KCTCS PowerPoint presentations that were shared with work group members at the September 4 meeting can be found at:

[https://cpe.ky.gov/aboutus/records/perf\\_funding/agenda-2024-09-04-pf.pdf](https://cpe.ky.gov/aboutus/records/perf_funding/agenda-2024-09-04-pf.pdf)