

**13 KAR 2:130. Comprehensive funding model for the allocation of state general fund appropriations to Kentucky Community and Technical College System institutions.**

RELATES TO: KRS 48.600-48.630, 164.001, 164.092

STATUTORY AUTHORITY: KRS 164.092(12)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 164.092(12) requires the Council on Postsecondary Education to promulgate an administrative regulation to implement a comprehensive funding model for the public postsecondary education system. This administrative regulation establishes the formula by which general fund appropriations shall be distributed in the Kentucky Community and Technical College System sector.

Section 1. Definitions. (1) "Academic year" means July 1 through June 30 and all terms completed therein.

(2) "Associate degree" means total number of associate degrees awarded during the academic year, including degrees conferred to resident and non-resident students.

(3) "Council" is defined by KRS 164.092(1)(c).

(4) "Equity adjustment" means ten (10) percent of total KCTCS institution allocable resources divided by sixteen (16) and allocated to each institution.

(5) "Formula base amount" is defined by KRS 164.092(1)(e) and includes a deduction for mandated programs

(6) "Full time equivalent student enrollment" means the total fall semester credit hours earned divided by fifteen (15).

(7) "High-wage, high-demand credentials" means credentials tied to occupations identified in the Kentucky Office of Employment and Training's Kentucky Occupational Outlooks and annual Occupational Employment statistics wage data that meet the following criteria:

(a) Have a median annual wage that is greater than or equal to the wage at the 75th percentile for all occupations in the state of Kentucky;

(b) Show growth greater than or equal to the projected percent change for all Kentucky occupations; or

(c) Have 100 or more average annual job openings.

(8) "Hold-harmless provision" is defined by KRS 164.092(1)(f).

(9) "Institution" means a college in the Kentucky Community and Technical College System.

(10) "KCTCS" is defined by KRS 164.092(1)(h).

(11) "KCTCS institution allocable resources" is defined by KRS 164.092(1)(i)

(12) "Low-income students" means a student who has received a Federal Pell Grant at any time since 2005-2006 at the graduating institution.

(13) "Mandated program" means a research or public service activity not integral to the instructional mission of the institution that is:

(a) Funded with greater than \$200,000 of state appropriations; and

(b) Directed by statute, resolution, executive branch budget bill, executive order, or other legal mandate.

(14) "Non-resident student" means a student who does not meet the requirements for Kentucky residency for purposes of tuition set forth in 13 KAR 2:045.

(15) "Resident student" means a student certified as a Kentucky resident for purposes of tuition pursuant to 13 KAR 2:045 and any non-resident student attending an institution under a state tuition reciprocity agreement entered into by the council.

(16) "STEM+H degrees" mean degrees in the fields of science, technology, engineering, math, and health sciences as identified to annually by KCTCS.

(17) "Stop-loss provision" is defined by KRS 164.092(1)(k).

(18) "Targeted industry credentials" means credentials awarded in Classification of Instructional Programs (CIP) codes developed by the U.S. Department of Education's National Center for Education Statistics that crosswalk to occupations with education or training requirements of an associate degree or below in targeted industry sectors as identified in a targeted industry CIPs index provided annually by KCTCS.

(19) "Underprepared students" mean students who tested into developmental English, math, or reading at any period of enrollment since the 2010-11 academic year.

(20) "Underrepresented minority students" mean students who categorized themselves as Hispanic or Latino, American Indian or Alaska Native, Black or African American, Native Hawaiian or Other Pacific Islander, or two (2) or more races.

Section 2. Allocable Resources. The council shall determine total KCTCS institution allocable resources for any given year by calculating each institution's formula base amount and subtracting the equity adjustment and any amount protected by a hold harmless provision. These amounts shall then be combined along with any applicable increase or decrease in general fund appropriation.

Section 3. Data Sets. Unless indicated otherwise, each metric shall be calculated using the most recent set of finalized data.

Section 4. Student Success Outcomes. (1) Thirty-five (35) percent of total KCTCS institution allocable resources shall be certified for distribution to each institution based on its share of the total volume of student success outcomes as established in KRS 164.092(8)(a)1. through 7., and in the following denominations:

(a) Ten (10) percent based on the credentials awarded in an academic year using an average of the most recent three (3) years of finalized data and weighted in the following manner:

1. 1.0 for an undergraduate certificate or diploma which a student can complete in less than one (1) academic year;

2. 2.0 for an undergraduate certificate or diploma which a student can complete in at least one (1), but less than two (2) academic years;

and

3. 4.0 for an associate degree.

(b) Two (2) percent based on STEM+H credentials awarded in an academic year;

(c) Two (2) percent based on credentials awarded to underrepresented minority students in an academic year;

(d) Two (2) percent based on credentials awarded to low-income students in an academic year;

(e) Two (2) percent based on credentials awarded to underprepared students in an academic year;

(f) Two (2) percent based on the number of students in the cohort who transferred to a baccalaureate degree granting college or university after the last term a student was enrolled at a KCTCS institution in the academic year;

(g) Two (2) percent based on targeted industry credentials awarded in an academic year;

(h) One (1) percent based on high-wage, high-demand credentials awarded in an academic year;

(i) Two (2) percent based on the number of full-time and part-time undergraduate students reaching or surpassing fifteen (15) cumulative earned credit hours in an academic year;

(j) Four (4) percent based on the number of full-time and part-time undergraduate students reaching or surpassing thirty (30) cumulative earned credit hours in an academic year; and

(k) Six (6) percent based on the number of full-time and part-time undergraduate students

reaching or surpassing forty-five (45) cumulative earned credit hours in an academic year.

Section 5. Student Credit Hour Production. Thirty-five (35) percent of total KCTCS allocable resources shall be certified for distribution to each institution based on its share of total volume of weighted student credit hours earned during an academic year as established in KRS 164.092(8)(b). Credit hour weighting by course discipline shall be in accordance with the KCTCS Funding Model Classification of Instructional Program (CIP) Cost Factors Index.

Section 6. Operational Support. Thirty (30) percent of total KCTCS allocable resources shall be certified for distribution to each institution in support of vital campus operations as established in KRS 164.092(8)(c)1. through 3.

(1) Ten (10) percent shall be allocated based on facilities' square feet as reported annually to the council and as established in KRS 164.092(8)(c)1.

(2) Ten (10) percent shall be allocated based on direct instruction and student services costs as reported to The Integrated Postsecondary Education Data System (IPEDS) and as established in KRS 164.092(8)(c)2.

(3) Ten (10) percent shall be allocated based on total full-time equivalent student enrollment as established in KRS 164.092(8)(c)3.

Section 7. Stop-loss and Hold-Harmless Provisions. (1) Any final amounts certified for distribution to any institution shall account for any hold-harmless or stop-loss provisions established in KRS 164.092(9).

(2) The council shall determine hold-harmless amounts for institutions in fiscal year 2018-2019 through application of the formula established in this administrative regulation.

(3) If the formula total amount generated for an institution is less than its initial allocable resources, the amount of that difference shall be certified to KCTCS as that institution's hold-harmless allocation.

(4) The council shall apply these hold-harmless allocations to all applicable institutions in 2018-2019 and in any subsequent years as directed by the General Assembly.

Section 8. Incorporation by Reference. (1) The following material is incorporated by reference:

(a) "KCTCS Funding Model Classification of Instructional Program (CIP) Cost Factors Index", June 2017;

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Council on Postsecondary Education, 1024 Capital Center Drive, Suite 320, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. (44 Ky.R. 445, 900; eff. 12-1-2017)