

A JOINT RESOLUTION directing the Kentucky Council on Postsecondary Education to develop a performance-based and outcomes-based funding model for the public postsecondary education institutions as part of its biennial budget request to the Governor and the General Assembly.

WHEREAS, in 1997, the Kentucky General Assembly enacted the Postsecondary Education Reform Act, on the principle that the general welfare and material well-being of the citizens of the Commonwealth depend upon the development of a well-educated and highly trained workforce; and

WHEREAS, as part of the Postsecondary Education Reform Act of 1997, the General Assembly set forth goals to be achieved on behalf of the people of the Commonwealth by the year 2020, as codified in KRS 164.003; and

WHEREAS, among these goals was the recognition that "the education and training of the current and future workforce of the Commonwealth can provide its businesses and industries with the competitive edge critical to their success in the global economy and must be improved to provide its citizens the opportunity to achieve a standard of living in excess of the national average"; and

WHEREAS, the General Assembly recognized that achieving these goals will be accomplished only through increased educational attainment at all levels; and

WHEREAS, in the rapidly evolving workforce and economic environment, institutions must act proactively in pursuit of these goals in a manner that is effective, efficient, and measurable, and in so doing be rewarded as well as held accountable;

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. The Kentucky Council on Postsecondary Education is hereby directed to develop a performance-based and outcomes-based funding model for the public postsecondary education institutions that includes but is not limited to:

(1) Guiding principles that shall:

- (a) Provide incentives for improved graduation rates, degree and credit hour productivity, and efficiency in time required to produce work-ready students;
 - (b) Strengthen the ability for institutions to respond to new or increased workforce development opportunities across the Commonwealth;
 - (c) Increase post-graduation earnings as evidenced by annual data review;
 - (d) Attract the best and brightest students from the Commonwealth and elsewhere to learn and work in Kentucky;
 - (e) Encourage institutions to attract, prepare, and graduate Kentucky's non-traditional and at-risk students; and
 - (f) Ensure that postsecondary education is affordable for Kentucky's students and families;
- (2) Metrics that align with the goals of the Postsecondary Education Reform Act of 1997 with appropriate differentiation that reflects the missions of the Commonwealth's research universities, comprehensive regional universities, and community and technical colleges;
- (3) A structure by which the model shall:
- (a) Create a reward pool of funds composed of new General Fund appropriations for the public postsecondary institutions;
 - (b) Be enhanced through the provision of institutional matching funds from the base operating appropriations;
 - (c) Ensure that awarded performance funds are not added to the General Fund base of the institutions in future years; and
- (4) Policy recommendations for the General Assembly and the Kentucky Council on Postsecondary Education for the establishment of a performance-based and outcomes-based funding model that improves the allocation of state appropriations for public postsecondary education institutions in Kentucky; and
- (5) Biennial reports of the performance-based funding model's results to the

Interim Joint Committee on Education and the Interim Joint Committee on Appropriations and Revenue no less than 30 days prior to the start of each future regular session of the General Assembly that includes the setting of the state budget.

→Section 2. The performance-based and outcomes-based model shall not preclude the Kentucky Council on Postsecondary Education from requesting recurring General Fund appropriations for the institutions to address specific educational needs and inflationary budget increases and to minimize increases in student tuition and fees.

→Section 3. The Kentucky Council on Postsecondary Education shall submit a report of its findings and recommendations to the Legislative Research Commission, the Interim Joint Committee on Education, and the Interim Joint Committee on Appropriations and Revenue and shall provide a presentation to a combined meeting of the Interim Joint Committee on Education and the Interim Joint Committee on Appropriations and Revenue no later than December 11, 2015.