Kansas Board of Regents

Performance Agreements: Funding Guidelines

Effective for Academic Years 2020, 2021, and 2022

Approved April 20, 2011 with revisions approved April 18, 2013, June 18, 2014, September 21, 2017, September 10, 2020, and May 19, 2021.

Introduction
In 1999, the Kansas legislature adopted K.S.A. 74-3202d which established improvement plans for public higher education institutions in Kansas and tied the awarding of new state funds to these improvement plans. These plans are commonly known as performance agreements.

The Board of Regents is responsible for reviewing and approving performance agreements and for providing technical assistance to institutions as they develop, implement and revise their performance agreements.

The Board is also responsible for determining the amount of new state funds awarded, as defined in K.S.A. 74-3202d. The awarding of new state funds is based on an institution's level of compliance with its performance agreement and the funds available for distribution.

Establishing an Improvement Plan
At least once every three years, institutions negotiate a new performance agreement with the Board. *Foresight 2020*, the Board's strategic plan for the System, provides the foundation for each institution's performance agreement. The following goals comprise *Foresight 2020*:

- Strategic Goal One: Increase Higher Education Attainment Among Kansans
- Strategic Goal Two: Improve Alignment of the State's Higher Education System with the Needs of the Kansas Economy
- Strategic Goal Three: Improve State University Excellence

The model institutions use to develop their performance agreement is found in Attachment B. Briefly, the model requires that:

- all institutions develop three indicators directly based on *Foresight 2020* measures;
- all universities develop three indicators specific to the institution that support *Foresight 2020*; and
- all community and technical colleges develop three indicators specific to the institution which support *Foresight 2020* or institution-specific indicators, one of which measures a non-college ready student population.

Annual Evaluation of Compliance and Funding
To be eligible for any new funding appropriated by the Legislature and approved by the Governor, each institution annually submits a performance report that updates the Board on an institution's progress toward meeting the indicators in the performance agreement. The performance report provides the Board a basis for awarding any new funding.

Institutions establish a baseline for each indicator in the performance agreement. Awarding of new funding is based on the following three outcomes for the indicators in the performance agreement:

(1) maintaining the baseline; (2) improving on the baseline; or (3) declining from the baseline. The Board annually awards new funds based on the following levels of compliance:

- 100% of New Funding Available

  The Board has determined the institution maintained the baseline or improved from the baseline in four or more of the indicators.

- 90% of New Funding Available

  An institution will be awarded 90% of the new funding for which it is eligible if:

  - The institution has made a good faith effort;
  - The effort has resulted in the institution maintaining the baseline or improving from the baseline in three of indicators; and
  - The performance report includes specific plans for improvement.

- 75% of New Funding Available

  An institution will be awarded 75% of the new funding for which it is eligible if:

  - The institution has made a good faith effort;
  - The effort has resulted in the institution maintaining the baseline or improving from the baseline in two of the indicators; and
  - The performance report includes specific plans for improvement.

- No New Funding Awarded

  The institution did not make a good faith effort, as defined by:

  - Lacking an approved performance agreement;
  - Failing to submit a performance report; or
  - Maintaining or improving from the baseline in only one indicator, or none of the indicators.

In cases where an institution qualifies for the 0%, 75%, or 90% funding tier, the institution may make a case to move to the next higher funding tier. In such cases, an institution chooses one indicator for which it did not maintain or improve from the established baseline and submits evidence to BAASC that the indicator meets one or more of the following alterative evaluation criteria:

- Sustained excellence;
- Improvement from the prior year;
- Ranking on the indicator based on a relevant peer group;
- Improved performance using a three-year rolling average of the most recent three years; and/or
- Any extenuating circumstances beyond the control of the institution.

If more than one indicator was affected by an unforeseen emergency, such as the COVID-19 pandemic or a natural disaster, the institution may make a case for each indicator affected. Each case shall include a narrative with specific evidence to substantiate that the unforeseen emergency contributed to the institution's inability to meet the indicator. BAASC will review the case and determine if an institution warrants recommended funding at a higher funding tier.

Compliance is evaluated annually, and levels of funding are determined on an annual basis. Funding levels awarded in one reporting year do not affect funding levels in subsequent years. For each reporting year, an institution may be awarded 100%, 90%, 75%, or 0% of new funding, based on its compliance with the performance agreement.

Definition of New State Funds

Pursuant to K.S.A. 74-3202d, each public postsecondary educational institution's receipt of "new state funds" shall be contingent upon achieving compliance with its performance agreement, as determined by the Kansas Board of Regents. Except as otherwise specifically required by statute or appropriation proviso, only those funds that are appropriated by the Legislature to a specific postsecondary educational institution for a specific purpose by using a separate line item shall be exempted from performance funding.

Accordingly, the Board has determined that the following line items are subject to performance: (1) State university and Washburn University operating grants; (2) community college, technical college and Washburn Institute of Technology Postsecondary Tiered Technical State Aid and Non-Tiered Course Credit Hour Aid; (3) eligible institutions' Career Technical Education Capital Outlay Aid and Technology Grant Funding; (4) Tuition for Technical Education (secondary students); (5) Postsecondary Education Performance-Based Incentive Special Revenue Fund; and (6) any other state funding consistent with the statutes. "New state funds" received by any postsecondary institution under the original 1999 Senate Bill 345 provisions for 2% performance grant funding, codified in K.S.A. 76-771, will also be subject to performance.

Pursuant to K.S.A. 74-3202d, the Board of Regents will determine the amount of new state funds to be received by each institution, taking into account the institution's level of compliance with its performance agreement and the funds available for distribution. For the purpose of this statute, "new state funds" means the amounts of additional state funding each institution received for the fiscal year from a particular line item that is in excess of state funding that institution received for the previous fiscal year from that line item. The Board will determine the amount of new state funds each institution is eligible to receive for each line item if the institution is determined to be in full compliance with its performance agreement. If the Board determines that an institution is not in full compliance with its performance agreement, the Board may allocate to the institution none or a portion of the new state funds for which the institution would otherwise be eligible. Any portion not allocated to an institution in the fiscal year shall not be reallocated to any other institution. Except for those funds that never become a part of the institution's base, any portion not allocated to an institution will be deemed to be part of the institution's base budget for the purpose of determining the following fiscal year's allocation. This provision precludes an institution from permanently losing multi-year state funding due to noncompliance with its performance agreement. The intended effect of this provision is that such loss of funds would be only for one fiscal year.

Request to Change an Approved Performance Agreement

An institution may propose revisions to its approved performance agreement at any time. Such requests must include a clear rationale for the alteration or elimination of an indicator. Following consultation with staff, these requests will be presented to the Board Academic Affairs Standing Committee for consideration. BAASC acts upon the proposed revisions on behalf of the Board.

Alignment with *Foresight 2020*

Foresight 2020 is the Board's strategic plan for the System and provides the foundation for each institution's performance agreement. Much more information is collected for *Foresight* purposes than can be used in any single performance agreement. Taken together, the annual report on *Foresight 2020* and the annual review of institutional performance indicators will provide a comprehensive picture of where the system stands on the critical components of *Foresight* and of the progress individual institutions are making on their specific performance agreements.

Attachment A

Performance Agreement Statute

Statute 74-3202d: Same; performance indicators, review; core indicators of quality performance; selection of determinants for state moneys; institutional improvement plans; performance agreements; new state funds, requirements for receipt. (a) During the 2000 fiscal year, the state board of regents (1) shall review the performance indicators developed by the postsecondary educational institutions, including the municipal university; (2) after consideration of the core indicators of quality performance identified by the respective commissions and with the active involvement of the postsecondary educational institutions, shall approve those indicators that the state board determines should be implemented; and (3) shall select from among the indicators approved for implementation those indicators that will become determinants for the allocation of state moneys on the basis of performance. The indicators selected may vary among the postsecondary educational institutions and among institutional sectors and, if feasible, shall include indicators developed and adopted by the governing bodies of each postsecondary educational institution based on the needs of each such postsecondary educational institution.

(b) During the 2001 fiscal year, the postsecondary educational institutions, including the municipal university, shall develop institutional improvement plans showing how they will implement the performance indicators applicable to their institution and how they will measure performance on the basis of each indicator. Institutional improvement plans shall be revised and submitted to the state board of regents by each institution at least every three years. The state board of regents shall provide technical assistance to institutions in the development, implementation, and revision of their improvement plans.

(c) Commencing on July 1, 2001, institutional improvement plans shall be implemented for each postsecondary educational institution, including the municipal university. Each postsecondary educational institution shall begin the data collection, measurement, or other documentation necessary in order for its performance to be evaluated with regard to each indicator.

(d) Commencing on July 1, 2004, the state board shall have authority to review and approve institutional improvement plans, and, on the basis of each plan, shall develop and implement a performance agreement with each postsecondary educational institution. Performance agreements shall incorporate the goals, priorities, policies and mission objectives identified in the institutional improvement plans, and the performance measures, which will be used to demonstrate compliance and progress.

(e) Commencing on July 1, 2005, each postsecondary educational institution's receipt of new state funds shall be contingent on achieving compliance with its performance agreement. As used in this subsection, "new state funds" means that amount of state funds by which the amount received by a postsecondary educational institution for a fiscal year exceeds the amount received by that postsecondary educational institution for the preceding fiscal year. The state board shall determine the amount of new state funds to be received by each postsecondary educational institution, taking into account the postsecondary educational institution's level of compliance with its performance agreement and the funds available for distribution. Any new state funds received by a postsecondary educational institution pursuant to a performance agreement shall be deemed to be part of the state funds received in the preceding fiscal year for the purposes of determining new state funds for the postsecondary educational institution pursuant to a performance agreement for the ensuing fiscal year. If a postsecondary educational institution is not allocated any portion of new state funds in a fiscal year, the new state funds which the institution was eligible to be allocated by the state board in such fiscal year shall be deemed part of the state funds received by such institution in such fiscal year for the purpose of determining such institution's base budget and any new state funds for the ensuing fiscal year. The failure of a postsecondary educational institution to enter a performance agreement with the state board shall prevent that postsecondary educational institution from receiving any new state funds. Any funds designated by the legislature for a specific postsecondary educational institution or purpose shall be exempt from the provisions of this section.

History: L. 1999, ch. 147, § 12; L. 2001, ch. 94, § 3; L. 2002, ch. 188, § 3; July

Performance Agreement Model

	Sectors		
Indicators	*Universities* *Research Universities*	*Universities* *Comprehensive Universities*	*Community Colleges* *Technical Colleges*
Sector-Specific Indicators	Research universities must include in the performance agreements at least three indicators from the *Foresight 2020* goals noted below. One of those indicators must include the Goal Three. 1. Increasing Higher Education Attainment • First to second year retention rates • Number of certificates and degrees awarded • Six-year graduation rates 2. Meeting the Needs of the Kansas Economy • Performance of students on institutional assessments • Percent of certificates and degrees awarded in STEM fields 3. Ensuring State University Excellence • Selected regional and national rankings	Comprehensive universities must include in the performance agreements at least three indicators from the *Foresight 2020* goals noted below. One of those indicators must include Goal Three. 1. Increasing Higher Education Attainment • First to second year retention rates • Number of certificates and degrees awarded • Six-year graduation rates 2. Meeting the Needs of the Kansas Economy • Performance of students on institutional assessments • Percent of certificates and degrees awarded in STEM fields 3. Ensuring State University Excellence • Performance on quality measures compared to peers	Community and technical colleges must include in the performance agreements at least three indicators from the *Foresight 2020* goals noted below. Institutions must include at least one indicator from each Goal. 1. Increasing Higher Education Attainment • First to second year retention rates of college ready cohort • Three-year graduation rates of college ready cohort • Number of certificates and degrees awarded • Student Success Index 2. Meeting the Needs of the Kansas Economy • Performance of students on institutional quality measures[1] • Percent of students employed or transferred • Wages of students hired[2] • Third party technical credentials and WorkKeys, if applicable
Institution-Specific Indicators[3]	Universities must also include three indicators specific to the institution which support *Foresight 2020*.	Universities must also include three indicators specific to the institution which support *Foresight 2020*.	Community and technical colleges must also include three indicators specific to the institution which support *Foresight 2020* or institution-specific indicators, one of which measures a non-college ready student population.

1 e.g. the National Community College Benchmarking Project and/or Noel-Levitz Benchmarking Surveys.
2 As provided by the Kansas Department of Labor.
3 For all institution-specific indicators involving students, institutions may disaggregate by sub-population (i.e. underrepresented populations, underprepared students, etc.). Institutions may disaggregate other institution-specific indicators, as appropriate.