***The Murray State Board of Regents Statement and Position on Performance Funding***

On September 9, 2016, the Murray State University Board of Regents unanimously agreed that Kentucky’s performance funding model must include measures of quality and educational effectiveness in order for it to be a viable and equitable model for Murray State University. However, as policy experts and lawmakers from across the Commonwealth have noted, the current model’s metrics are primarily based on volume (bachelor degree production, course completion, number of STEM degrees awarded, size of campus, etc.). Murray State University firmly believes schools should be recognized when there are percentage improvements in their metric results, regardless of institutional size.

The current model also does not recognize the substantial financial impact of the state pension system on Murray State and our regional university peers. Universities that are mandated to be in the state pension system must divert significant financial resources away from student support services and academic instruction in order to pay for increased pension costs. This creates an imbalanced advantage to those institutions who are not in the mandated state pension system and thus can allocate more financial resources into enhancing metric goals.

Increasing performance metrics, particularly for underrepresented minority, low-income and first generation college students requires adequate institutional resources, however with state budget cuts and rising pension costs, the ability for Kentucky’s smaller, regional institutions like Murray State to meet the needs of our students is made even more challenging.

As Murray State University continues to become more energy efficient by reconditioning our facilities, reducing square footage and addressing deferred maintenance needs we also are unfortunately harmed by the current model’s square foot data metric which incentivizes universities to construct more buildings and add campus square feet in order to gain financially in the model.

Therefore, while the Murray State University Board of Regents maintains our commitment to statewide access to postsecondary educational opportunities, the Board believes that the current performance funding model has various unintended consequences primarily relating to the major emphasis placed on volume-based metrics. Additional unintended consequences with the current model include the disadvantage given to institutions within the state pension system, state budget cuts, deferred maintenance issues, campus space utilization and fiscal management in the instruction and student services areas.

Overall, Murray State University recognizes the tremendous effort that has been put into Kentucky’s Performance Funding Model by Governor Bevin, the Kentucky General Assembly, the Council on Postsecondary Education and other members of the Performance Funding Workgroup. We look forward to working together with all stakeholders in the months ahead to address concerns outlined within our statement.

Approved – 10.19.18 by the Board of Regents Legislative and Economic Development Committee and the full Board.