

May 10, 2017

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: USHE – 2017-18 Performance Funding Model and Allocations

Issue

The 2017 Legislature appropriated \$6.5 million in one-time funds to the Board of Regents for the initiatives highlighted in the 2017-18 USHE Performance Funding budget request. Regents are asked to review the institutional performance information and approve the proposed allocation using the current USHE Performance Funding model. A final report on how institutions use these funds will be presented at the July 2017 Board meeting.

Background

The 2017-18 USHE Performance Funding model calculations and metrics remain relatively unchanged from the previous year, with the exception of the calculation of the institution's eligible award amount. The institution's eligible award amount was calculated based on its share of annualized full-time equivalent students from the previous year (instead of USHE graduates), and on its share of USHE current-year state tax funds - equally weighted at 50 percent. Moving forward, the eligible award amount will be calculated using the previous year's share of annualized FTE students and previous year's share of tax funds received as outlined in SB117 passed in the 2017 Legislature.

The performance metrics used in the 2017-18 Performance Funding model include:

- Degrees and certificates granted
- Services provided to traditionally underserved populations
- Responsiveness to workforce needs
- Graduation Efficiency
- Graduate Research (JU, USU only)

For each institution the eligible award amount was divided and weighted among the various performance metrics outlined above. The proposed final award amounts were calculated based on the actual performance achieved for each metric using a five-year rolling average comparison. In order for institutions to earn 100 percent of their eligible award amount, they must demonstrate progress of at least 1 percent in the 5 year rolling average comparison. If an institution does not meet the 1 percent threshold for a particular metric or decrease in its five-year rolling average, it will be awarded 95% of the amount earned. All funds not awarded were redistributed to institutions on a one-time basis similar to last year.

It is important for Regents to note that during the 2017 Legislative session, Senate Bill 117, *Higher Education Performance Funding* was passed which will create several changes in the USHE Performance Funding model moving forward. The Commissioner and staff will be working over the summer with the bill sponsor, Higher Education Appropriations chairs, and GOMB to address how SB117 changes will be implemented in the USHE model going forward. A final report will be presented to the Board at a future Board meeting for review and approval.

The major changes in the future Performance Funding model will include:

- Adjusting the weighting for the Market Demand (Responsiveness to workforce needs) to 25 percent of an institutions allocation from 10 percent in the current model;
- Identifying the new list of Market Demand programs that will be used to both generate the fund and measure completion in the Market Demand metric;
- Changing the metric focused on underserved populations from an access metric to a completion metric; and,
- Moving from a five-year rolling average comparison to a single year.

Attached for Board review:

- Performance Funding Allocation Detail by Institution
- One-Time Reallocation of Unearned Funds and Total Earned Funds

#### Commissioner's Recommendation

The Commissioner recommends the Board of Regents approve the following recommendations regarding the 2017-18 USHE Performance Funding model:

1. Approve the following fund allocation for fiscal year 2017-18

<u>University of Utah:</u>	<u>\$1,872,900</u>
<u>Utah State University:</u>	<u>\$1,343,400</u>
<u>Weber State University:</u>	<u>\$ 713,400</u>
<u>Southern Utah University:</u>	<u>\$ 319,800</u>
<u>Snow College:</u>	<u>\$ 180,900</u>
<u>Dixie State University:</u>	<u>\$ 289,800</u>
<u>Utah Valley University:</u>	<u>\$1,000,900</u>
<u>Salt Lake Community College:</u>	<u>\$ 778,900</u>
<u>Total</u>	<u>\$6,500,000</u>
2. Direct institutions to use the performance based funding to enhance the performance of the institution including in the areas of total number of graduates, graduates in high market-demand areas, service to underserved populations, and improving retention and graduation rates; and
3. Report back to the Board at the July 2017 Board meeting highlighting planned uses of these funds.

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David L. Buhler  
Commissioner of Higher Education

DLB/KLH/BLS/JAC  
Attachments

Performance Funding Detail by Institution  
Recalibrated Amounts

<b>Research Universities</b>						
	Completion	Underserved Students	Market Demand	Research	Yeild Rate	Total
<i>Weighting</i>	25%	10%	10%	15%	40%	100%
<i>Dollar Multiplier</i>	\$17.88	\$17.88	\$17.88	\$2.28		
<b>University of Utah</b>						
Available Allocation (27.90%)	\$ 476,300	\$ 190,520	\$ 190,520	\$ 285,780	\$ 762,080	\$1,905,200
Earned Units (5-Yr Average)	27,296	7,493	12,264.9	277,255	101.06%	
Potential Award	\$ 487,920	\$ 133,978	\$ 219,296	\$ 632,141	\$ 770,178	
1% Progress Measure (increase/decrease)	1.46%	0.08%	3.93%	2.78%	1.06%	
<b>Actual Award within Available Allocation</b>	<b>\$ 476,300</b>	<b>\$ 127,279</b>	<b>\$ 190,520</b>	<b>\$ 285,780</b>	<b>\$ 762,080</b>	<b>\$1,841,959</b>
<i>Percent (%) Funded</i>	<i>100.0%</i>	<i>66.8%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>96.7%</i>
Balance	\$ 0	\$ 63,241	\$ 0	\$ 0	\$ 0	\$ 63,241
<b>Utah State University</b>						
Available Allocation (21.33%)	\$ 330,900	\$ 132,360	\$ 132,360	\$ 198,540	\$ 529,440	\$1,323,600
Earned Units (5-Yr Average)	18,771	8,989	9,798.8	140,629	103.97%	
Potential Award	\$ 335,523	\$ 160,716	\$ 175,203	\$ 320,633	\$ 550,462	
1% Progress Measure (increase/decrease)	3.36%	0.41%	3.61%	2.85%	3.97%	
<b>Actual Award within Available Allocation</b>	<b>\$ 330,900</b>	<b>\$ 125,742</b>	<b>\$ 132,360</b>	<b>\$ 198,540</b>	<b>\$ 529,440</b>	<b>\$1,316,982</b>
<i>Percent (%) Funded</i>	<i>100.0%</i>	<i>95.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>99.5%</i>
Balance	\$ 0	\$ 6,618	\$ 0	\$ 0	\$ 0	\$ 6,618

Performance Funding Detail by Institution  
Recalibrated Amounts

<b>Regional Universities</b>					
	Completion	Underserved Students	Market Demand	Yeild Rate	Total
<i>Weighting</i>	<i>25%</i>	<i>15%</i>	<i>10%</i>	<i>50%</i>	
<i>Dollar Multiplier</i>	<i>\$17.88</i>	<i>\$17.88</i>	<i>\$17.88</i>		
<b>Weber State University</b>					
Available Allocation (12.69%)	\$ 174,925	\$ 104,955	\$ 69,970	\$ 349,850	\$ 699,700
Earned Units (5-Yr Average)	14,316	7,124	8,665.0	108.18%	
Potential Award	\$ 255,891	\$ 127,384	\$ 154,930	\$ 378,455	
1% Progress Measure (increase/decrease)	<i>4.04%</i>	<i>-0.87%</i>	<i>3.73%</i>	<i>8.18%</i>	
<b>Actual Award within Available Allocation</b>	<b>\$ 174,925</b>	<b>\$ 99,707</b>	<b>\$ 69,970</b>	<b>\$ 349,850</b>	<b>\$ 694,452</b>
<i>Percent (%) Funded</i>	<i>100.0%</i>	<i>95.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>99.3%</i>
Balance	\$ 0	\$ 5,248	\$ 0	\$ 0	\$ 5,248
<b>Southern Utah University</b>					
Available Allocation (4.53%)	\$ 81,850	\$ 49,110	\$ 32,740	\$ 163,700	\$ 327,400
Earned Units (5-Yr Average)	5,172	2,794	2,544.8	100.11%	
Potential Award	\$ 92,446	\$ 49,960	\$ 45,501	\$ 163,887	
1% Progress Measure (increase/decrease)	<i>-1.01%</i>	<i>-2.70%</i>	<i>-6.62%</i>	<i>0.11%</i>	
<b>Actual Award within Available Allocation</b>	<b>\$ 77,758</b>	<b>\$ 46,655</b>	<b>\$ 31,103</b>	<b>\$ 155,515</b>	<b>\$ 311,030</b>
<i>Percent (%) Funded</i>	<i>95.0%</i>	<i>95.0%</i>	<i>95.0%</i>	<i>95.0%</i>	<i>95.0%</i>
Balance	\$ 4,093	\$ 2,456	\$ 1,637	\$ 8,185	\$ 16,370

Performance Funding Detail by Institution  
Recalibrated Amounts

	Completion	Underserved Students	Market Demand	Yeild Rate	Total
<b>Dixie State University</b>					
Available Allocation (4.99%)	\$ 73,300	\$ 43,980	\$ 29,320	\$ 146,600	\$ 293,200
Earned Units (5-Yr Average)	4,726	3,986	1,895.8	99.81%	
Potential Award	\$ 84,470	\$ 71,270	\$ 33,897	\$ 146,329	
1% Progress Measure (increase/decrease)	2.54%	-4.58%	0.90%	-0.19%	
<b>Actual Award within Available Allocation</b>	<b>\$ 73,300</b>	<b>\$ 41,781</b>	<b>\$ 27,854</b>	<b>\$ 139,012</b>	<b>\$ 281,947</b>
<b>Percent (%) Funded</b>	<b>100.0%</b>	<b>95.0%</b>	<b>95.0%</b>	<b>94.8%</b>	<b>96.2%</b>
Balance	\$ 0	\$ 2,199	\$ 1,466	\$ 7,588	\$ 11,253
<b>Utah Valley University</b>					
Available Allocation (14.00%)	\$ 245,425	\$ 147,255	\$ 98,170	\$ 490,850	\$ 981,700
Earned Units (5-Yr Average)	15,337	12,145	6,598	106.36%	
Potential Award	\$ 274,156	\$ 217,149	\$ 117,976	\$ 522,067	
1% Progress Measure (increase/decrease)	4.07%	-1.94%	3.53%	6.36%	
<b>Actual Award within Available Allocation</b>	<b>\$ 245,425</b>	<b>\$ 139,892</b>	<b>\$ 98,170</b>	<b>\$ 490,850</b>	<b>\$ 974,337</b>
<b>Percent (%) Funded</b>	<b>100.0%</b>	<b>95.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>99.3%</b>
Balance	\$ 0	\$ 7,363	\$ 0	\$ 0	\$ 7,363

Performance Funding Detail by Institution  
Recalibrated Amounts

<b>Community Colleges</b>						
	Completion	Underserved Students	Market Demand	Yeild Rate	Total	
<i>Weighting</i>	25%	15%	10%	50%		
<i>Dollar Multiplier</i>	\$17.88	\$17.88	\$17.88			
<b>Snow College</b>						
Available Allocation (2.71%)	\$ 46,775	\$ 28,065	\$ 18,710	\$ 93,550	\$ 187,100	
Earned Units (5-Yr Average)	2,870	1,475	942	99.46%		
Potential Award	\$ 51,305	\$ 26,377	\$ 16,839	\$ 93,041		
1% Progress Measure (increase/decrease)	2.59%	0.23%	-4.81%	-0.54%		
Actual Award within Available Allocation	\$ 46,775	\$ 25,058	\$ 15,997	\$ 88,389	\$ 176,220	
<i>Percent (%) Funded</i>	100.0%	89.3%	85.5%	94.5%	94.2%	
Balance	\$ 0	\$ 3,007	\$ 2,713	\$ 5,161	\$ 10,880	
<b>Salt Lake Community</b>						
Available Allocation (11.85%)	\$ 195,525	\$ 117,315	\$ 78,210	\$ 391,050	\$ 782,100	
Earned Units (5-Yr Average)	11,613	9,489	3,376	101.55%		
Potential Award	\$ 207,582	\$ 169,656	\$ 60,366	\$ 397,118		
1% Progress Measure (increase/decrease)	1.50%	-4.14%	1.38%	1.55%		
Actual Award within Available Allocation	\$ 195,525	\$ 111,449	\$ 60,366	\$ 391,050	\$ 758,391	
<i>Percent (%) Funded</i>	100.0%	95.0%	77.2%	100.0%	97.0%	
Balance	\$ 0	\$ 5,866	\$ 17,844	\$ 0	\$ 23,709	
<b>Remaining Balances (to be reallocated based on performance)</b>						
	Completion	Underserved Students	Market Demand	Research	Efficiency	Total
	4,093	95,997	23,659.1	0	20,933	\$ 144,682

Percent of Total Funded Applied to Unallocated	<i>Underserved</i>					<i>Total</i>	<i>% of Total</i>
	<i>Completion</i>	<i>Students</i>	<i>Market Demand</i>	<i>Efficiency</i>	<i>Research</i>		
<b>5-year Average Unallocated</b>	\$ 4,093	\$ 95,997	\$ 23,659	\$ 20,933	\$ -	\$ 144,682	
University of Utah	1,203	17,028	7,197	5,489	-	30,916	21.37%
Utah State University	835	16,822	5,000	3,814	-	26,471	18.30%
Weber State University	442	13,339	2,643	2,520	-	18,944	13.09%
Southern Utah University	196	6,241	1,175	1,120	-	8,733	6.04%
Dixie State University	185	5,590	1,052	1,001	-	7,828	5.41%
Utah Valley University	620	18,715	3,708	3,536	-	26,578	18.37%
Snow College	118	3,352	604	637	-	4,711	3.26%
Salt Lake Community College	494	14,910	2,280	2,817	-	20,500	14.17%
<b>Total</b>	<b>\$ 4,093</b>	<b>\$ 95,997</b>	<b>\$ 23,659</b>	<b>\$ 20,933</b>	<b>\$ -</b>	<b>\$ 144,682</b>	<b>100.00%</b>

<b>TOTAL ALLOCATION</b>							
Funded and Redistribution of Unallocated	<i>Underserved</i>					<i>Total</i>	<i>% of Total</i>
	<i>Completion</i>	<i>Students</i>	<i>Market Demand</i>	<i>Efficiency</i>	<i>Research</i>		
<b>5-year Average</b>							
University of Utah	477,503	144,307	197,717	767,569	285,780	1,872,900	28.81%
Utah State University	331,735	142,564	137,360	533,254	198,540	1,343,400	20.67%
Weber State University	175,367	113,046	72,613	352,370	-	713,400	10.98%
Southern Utah University	77,954	52,896	32,278	156,635	-	319,800	4.92%
Dixie State University	73,485	47,371	28,906	140,013	-	289,800	4.46%
Utah Valley University	246,045	158,607	101,878	494,386	-	1,000,900	15.40%
Snow College	46,893	28,410	16,602	89,026	-	180,900	2.78%
Salt Lake Community College	196,019	126,359	62,647	393,867	-	778,900	11.98%
<b>Total</b>	<b>1,625,000</b>	<b>813,560</b>	<b>650,000</b>	<b>2,927,120</b>	<b>484,320</b>	<b>6,500,000</b>	<b>100.00%</b>