

November 8, 2017

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: USHE – 2018-2019 Performance Based Funding Modifications

Issue

The Board is asked to review and approve the revised model based on Senate Bill 117, *Higher Education Performance Funding* (Millner/Wilson) revisions effective for fiscal year 2018-2019.

Background

During the 2017 legislative session, Senate Bill 117 was adopted and as a result requires that the Board modify its existing performance funding model to be compliant with statutory requirements for performance based funding.

The changes to the model include the following:

- **Completions:** Model weighting reduced from 25% to 15%.
- **Underserved Students:** Model weighting reduce from 15% to 10% for non-research institutions. The measure was changed to a completion based metric and now measures the number of annual graduates who were eligible for a Pell grant at entry into the USHE system versus measuring the total number of students who received a Pell grant at the time of entry.
- **Market Demand:** Model weighting increased from 10% to 25%. Market Demand is now based on a match of Standard Occupational Classification (SOC) codes for 5-star jobs as determined by the Utah Department of Workforce Services and the Governor's Office of Economic Development to USHE Classification of Instructional Program (CIP) codes. Matches are based on the 6-digit SOC code and 6-digit CIP code as well as matching based on the 5-star job educational requirement matched to the award type (e.g. Certification, Associate, Bachelor, Master, and Doctorate.)
- **Research Expenditures:** Model weighting reduced from 15% to 10%.
- **Distribution of Funds:** Senate Bill 117 simplified how funds are earned by the institution. Institutions are eligible for 100% of their share of the appropriated amount if there is at least a 1% growth in the current year performance metric compared to the previous five-year average performance metrics. If an institution shows growth less than 1%, they will receive a pro-rated portion of their allocation. If there is no performance growth, the institution will not earn any of its share of the appropriated amount for that year.

Commissioner's Recommendation

The Commissioner recommends that the Regents adopt the 2018-2019 Performance Based Funding Measures.

---

David L. Buhler  
Commissioner of Higher Education

DLB/KLH/JAC  
Attachment

## 2018-19 Performance Model Change Summary:

This Issue Brief provides a list of changes to the current Board of Regents performance funding model. The revised model is based on language passed in SB117 for the Fiscal Year 2018-2019.

### Completions: (Weighting reduced to 15% from 25%)

This measure counts all certificates, associate, bachelors, masters, and doctorate awards as reported to the USHE system office. Awards are weighted according to weights approved by Higher Education Appropriations Committee (<http://le.utah.gov/interim/2015/pdf/00001151.pdf>). This measure counts transfer students that are reported as part of the IPEDS Graduation Rate Survey as completers for two-year institutions.

### Underserved Students: (Weighting remains at 10% for research Universities, reduced to 10% from 15% for all others)

The total number of undergraduate students receiving Pell grant assistance is replaced with the total number of annual graduates who were Pell Eligible at entry into the USHE system. Data comes from graduation files and Student files submitted to the Commissioner's Office by each campus. This is accomplished by using the Pell-eligible flag of earliest record found in the USHE database for that student.

### Market Demand: (Weighting increased from 10% to 25%)

Market Demand completions are based on an updated list of 5-Star (6-digit SOC codes) and the minimum education requirements for each occupation (code). This results in a list of about 80 SOC codes in about 13 general categories (2 digit level). Completions are the awards granted with the Classifications of Instructional Programs (CIP) codes that match to the "5-star" occupations requiring a college degree or certificate based on an IPEDS SOC-CIP crosswalk table. The changes to the general categories are (Bold are new categories, strikethrough are removed categories):

- "5 Star" Degree areas by CIP:
  - 01) AGRICULTURE, AGRICULTURE OPERATIONS, AND RELATED SCIENCE
  - ~~03) NATURAL RESOURCES AND CONSERVATION~~
  - 04) ARCHITECTURE AND RELATED SERVICES**
  - 09) COMMUNICATION, JOURNALISM, AND RELATED PROGRAMS**
  - 11) COMPUTER AND INFORMATION SCIENCES AND SUPPORT SERVICES
  - 13) EDUCATION.
  - 14) ENGINEERING
  - 15) ENGINEERING TECHNOLOGIES AND ENGINEERING-RELATED FIELDS
  - 16) FOREIGN LANGUAGES, LITERATURES, AND LINGUISTICS**
  - 19) FAMILY AND CONSUMER SCIENCES/HUMAN SCIENCES**
  - 22) LEGAL PROFESSIONS AND STUDIES**
  - 23) ENGLISH LANGUAGE AND LITERATURE/LETTERS**
  - 26) BIOLOGICAL AND BIOMEDICAL SCIENCES

- 27) MATHEMATICS AND STATISTICS
- 30) MULTI/INTERDISCIPLINARY STUDIES**
- 31) PARKS, RECREATION, LEISURE, AND FITNESS STUDIES**
- 40) PHYSICAL SCIENCES
- ~~41) SCIENCE TECHNOLOGIES/TECHNICIANS~~
- 42) PSYCHOLOGY**
- 43) HOMELAND SECURITY, LAW ENFORCEMENT, FIREFIGHTING AND RELATED PROTECTIVE SERVICES**
- 45) SOCIAL SCIENCES**
- ~~46) CONSTRUCTION TRADES.~~
- 47) MECHANIC AND REPAIR TECHNOLOGIES/TECHNICIANS**
- 50) VISUAL AND PERFORMING ARTS**
- 51) HEALTH PROFESSIONS AND RELATED PROGRAMS
- 52) BUSINESS, MANAGEMENT, MARKETING, AND RELATED SUPPORT SERVICES
- 54) HISTORY**
- 60) RESIDENCY PROGRAMS**

While the list of 2-digit CIP codes represented is expanded, not all programs in the CIP family meet the job and education requirements of the 5 Star jobs identified. The analysis has been completed using just the general 2-digit CIP codes and any award within those codes as well as matching to 6-digit SOC to 6 digit CIP codes with completers at the required education levels for the Jobs identified. It is recommended that the metric be based on the match with 6-digit CIPs at the appropriate degree level for the 5-Star jobs identified by DWS.

### **Research Expenditures: (Weighting reduced from 15% to 10% for research universities)**

Total Research Expenditures, as reported on the IPEDS Finance Survey.

### **Awards per FTE: (Weighting remains at 50%, 40% for Research Universities)**

The efficiency measure remains the same as in 2016 and 2017. The measure is computed as the total awards per Full-time equivalent student (FTE) for an academic year. Total awards granted is the number of awards (first major only) reported to the IPEDS Completions Survey/USHE Graduation Table. In the case of multiple degrees (e.g. associate, bachelor's) in the same year, both degrees are counted. Double majors with the same degree (BS Business, BS Economics) are only counted once.

### **Distribution of Funds:**

Funds are no longer based on a point and dollar multiplier for an earned amount. The institution is eligible for 100% of their share of the appropriated amount. If there is a 1% or greater growth in the metric, then the institution earns 100% of the allocation for that metric. If the institutions shows growth but less than 1%, then they receive a pro-rated, portion of their allocation. For example institution 1 has 0.97% growth they receive 97% of their funding allotment for that measure, 0.50 growth = 50% of their funds etc. An institution that has 0.00 or negative growth does not receive any of their funding. Under the language of SB117, growth is measured based on the most recent year compared to the average of the previous 5 years (e.g. %change = 2015-16/ (average (2010-11...2014-15))