

May 9, 2018

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: USHE – 2018-19 Performance Funding Model and Allocations

Issue

The 2018 Legislature appropriated \$3,850,000 in ongoing funds to the Board of Regents to support institution performance based initiatives focused on improving student outcomes. Regents are asked to review last year's institutional performance information and approve the proposed allocation using the 2018 USHE Performance Funding model. A final report on how institutions plan to use these funds will be presented at the July 2018 Board meeting.

Background

While most of the Performance Funding model calculations and metrics used in 2017 remain in place, some have changed based on Senate Bill 117, *Higher Education Performance Funding* language passed during the 2017 Legislative session. Details regarding specific source data for each metric and the associated calculations have been discussed and approved by the Chief Sponsor, Ann Millner and shared with the Governor's Office of Management and Budget.

The 2018 performance funding model requires that the institution's eligible award amount now be calculated based on its share of annualized full-time equivalent students from the previous academic year (2016-17), and on its respective share of USHE previous year state tax funds budget (2017-18) - equally weighted at 50 percent. Other major changes made by SB 117 include:

- Moving from a five-year rolling average comparison to a single year.
- 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.

For each institution, the eligible award amount was divided and weighted among the various performance metrics included in the model. The proposed final award amounts were calculated based on the actual performance achieved for each metric using a five-year rolling average comparison to a single year. In order for institutions to earn 100 percent of their eligible award amount, they must demonstrate progress of at least 1 percent in the most current year when compared to the previous 5 years average. If an institution achieves between 0 percent and 1percent for a particular metric it will be awarded the prorated percentage.

All funds not earned in the model were redistributed to institutions based on their successful performance and will be considered as part of the institutions an ongoing base for FY20, similar to last year.

Attached for Board review:

- Performance Funding Allocation Detail by Institution
- FY19 Reallocation of Unearned Funds and Total Earned Funds

Commissioner's Recommendation

The Commissioner recommends the Board of Regents approve the following recommendations regarding the 2018-19 USHE Performance Funding model:

1. Approve the following fund allocation for fiscal year 2018-19

<u>University of Utah</u>	<u>\$1,300,400</u>
<u>Utah State University</u>	<u>\$ 899,500</u>
<u>Weber State University</u>	<u>\$ 482,800</u>
<u>Southern Utah University</u>	<u>\$ 235,700</u>
<u>Snow College</u>	<u>\$ 113,100</u>
<u>Dixie State University</u>	<u>\$ 94,900</u>
<u>Utah Valley University</u>	<u>\$ 314,300</u>
<u>Salt Lake Community College</u>	<u>\$ 409,300</u>
<u>Total</u>	<u>\$3,850,000</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 2018 Board meeting highlighting planned uses of these funds.

David L. Buhler
Commissioner of Higher Education

DLB/KLH/BLS
Attachments

Performance Funding Detail by Institution
Recalibrated Amounts

Research Universities						
	Completion	Underserved Students	Market Demand	Research	Awards per FTE	Total
<i>Weighting</i>	15%	10%	25%	10%	40%	100%
University of Utah						
Available Allocation (29.31%)	\$ 169,260	\$ 112,840	\$ 282,100	\$ 112,840	\$ 451,360	\$1,128,400
1% Progress Measure (increase/decrease)	4.41%	147.22%	13.34%	11.80%	1.44%	
Actual Award within Available Allocation	\$ 169,260	\$ 112,840	\$ 282,100	\$ 112,840	\$ 451,360	\$1,128,400
Percent (%) Funded	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$

Utah State University						
	Completion	Students	Demand		FTE	Total
Available Allocation (20.27%)	\$ 117,075	\$ 78,050	\$ 195,125	\$ 78,050	\$ 312,200	\$ 780,500
1% Progress Measure (increase/decrease)	8.98%	102.18%	7.70%	11.74%	1.81%	
Actual Award within Available Allocation	\$ 117,075	\$ 78,050	\$ 195,125	\$ 78,050	\$ 312,200	\$ 780,500
Percent (%) Funded	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$

Regional Universities						
	Completion	Students	Demand		FTE	Total
<i>Weighting</i>	15%	10%	25%		50%	
Weber State University						
Available Allocation (10.61%)	\$ 61,260	\$ 40,840	\$ 102,100		\$ 204,200	\$ 408,400
1% Progress Measure (increase/decrease)	6.09%	117.32%	12.25%		2.27%	
Actual Award within Available Allocation	\$ 61,260	\$ 40,840	\$ 102,100	\$	\$ 204,200	\$ 408,400
Percent (%) Funded	100.0%	100.0%	100.0%		100.0%	100.0%
Balance	\$ 0	\$ 0	\$ 0		\$ 0	\$

Southern Utah University						
	Completion	Students	Demand		FTE	Total
Available Allocation (5.18%)	\$ 29,910	\$ 19,940	\$ 49,850		\$ 99,700	\$ 199,400
1% Progress Measure (increase/decrease)	22.34%	165.81%	2.32%		8.86%	
Actual Award within Available Allocation	\$ 29,910	\$ 19,940	\$ 49,850	\$	\$ 99,700	\$ 199,400
Percent (%) Funded	100.0%	100.0%	100.0%		100.0%	100.0%
Balance	\$ 0	\$ 0	\$ 0		\$ 0	\$

Performance Funding Detail by Institution
Recalibrated Amounts

Regional Universities						
	Completion	Underserved Students	Market Demand		Awards per FTE	Total
<i>Weighting</i>	15%	10%	25%		50%	
Dixie State University						
Available Allocation (4.62%)	\$ 26,670	\$ 17,780	\$ 44,450		\$ 88,900	\$ 177,800
1% Progress Measure (increase/decrease)	6.44%	29.69%	15.52%		-7.94%	
Actual Award within Available Allocation	\$ 26,670	\$ 17,780	\$ 44,450	\$	\$	\$ 88,900
Percent (%) Funded	100.0%	100.0%	100.0%		0.0%	50.0%
Balance	\$ 0	\$ 0	\$ 0		\$ 88,900	\$ 88,900
Utah Valley University						
Available Allocation (15.3%)	\$ 88,365	\$ 58,910	\$ 147,275		\$ 294,550	\$ 589,100
1% Progress Measure (increase/decrease)	2.52%	105.39%	5.48%		-2.97%	
Actual Award within Available Allocation	\$ 88,365	\$ 58,910	\$ 147,275	\$	\$	\$ 294,550
Percent (%) Funded	100.0%	100.0%	100.0%		0.0%	50.0%
Balance	\$ 0	\$ 0	\$ 0		\$ 294,550	\$ 294,550
Community Colleges						
	Completion	Underserved Students	Market Demand		Awards per FTE	Total
<i>Weighting</i>	15%	10%	25%		50%	
Snow College						
Available Allocation (2.88%)	\$ 16,635	\$ 11,090	\$ 27,725		\$ 55,450	\$ 110,900
1% Progress Measure (increase/decrease)	16.54%	64.32%	71.88%		0.75%	
Actual Award within Available Allocation	\$ 16,635	\$ 11,090	\$ 27,725	\$	\$ 41,567	\$ 97,017
Percent (%) Funded	100.0%	100.0%	100.0%		75.0%	87.5%
Balance	\$ 0	\$ 0	\$ 0		\$ 13,883	\$ 13,883
Salt Lake Community						
Available Allocation (11.83%)	\$ 68,325	\$ 45,550	\$ 113,875		\$ 227,750	\$ 455,500
1% Progress Measure (increase/decrease)	20.19%	174.21%	-41.33%		62.76%	
Actual Award within Available Allocation	\$ 68,325	\$ 45,550	\$	\$	\$ 227,750	\$ 341,625
Percent (%) Funded	100.0%	100.0%	0.0%		100.0%	75.0%
Balance	\$ 0	\$ 0	\$ 113,875		\$ 0	\$ 113,875
Remaining Balances (to be reallocated based on performance)						
	Completion	Underserved Students	Market Demand	Research	Efficiency	Total
	0	0	113,875.0	0	397,333	\$ 511,208

Percent of Total Funded Applied to Unallocated	Completion	Underserved Students	Market Demand	Awards/FTE	Research	Total	% of Total
5-year Average Unallocated	\$ -	\$ -	\$ 113,875	\$ 397,333	\$ -	\$ 511,208	
University of Utah	-	-	37,854	134,159	-	172,013	33.65%
Utah State University	-	-	26,183	92,796	-	118,979	23.27%
Weber State University	-	-	13,701	60,695	-	74,395	14.55%
Southern Utah University	-	-	6,689	29,634	-	36,323	7.11%
Dixie State University	-	-	5,965	-	-	5,965	1.17%
Utah Valley University	-	-	19,762	-	-	19,762	3.87%
Snow College	-	-	3,720	12,355	-	16,075	3.14%
Salt Lake Community College	-	-	-	67,695	-	67,695	13.24%
Total	\$ -	\$ -	\$ 113,875	\$ 397,333	\$ -	\$ 511,208	100.00%

TOTAL ALLOCATION

Funded and Redistribution of Unallocated	Completion	Underserved Students	Market Demand	Awards/FTE	Research	Total	% of Total
5-year Average							
University of Utah	169,260	112,840	319,954	585,519	112,840	1,300,400	33.78%
Utah State University	117,075	78,050	221,308	404,996	78,050	899,500	23.36%
Weber State University	61,260	40,840	115,801	264,895	-	482,800	12.54%
Southern Utah University	29,910	19,940	56,539	129,334	-	235,700	6.12%
Dixie State University	26,670	17,780	50,415	-	-	94,900	2.46%
Utah Valley University	88,365	58,910	167,037	-	-	314,300	8.16%
Snow College	16,635	11,090	31,445	53,922	-	113,100	2.94%
Salt Lake Community College	68,325	45,550	-	295,445	-	409,300	10.63%
Total	577,500	385,000	962,500	1,734,110	190,890	3,850,000	100.00%

UTAH SYSTEM OF HIGHER EDUCATION
 PERFORMANCE FUNDING HISTORY
 FISCAL YEARS 2014 TO 2019

Institution	Fiscal Year 2014		Fiscal Year 2015		Fiscal Year 2016		Fiscal Year 2017		Fiscal Year 2018		Fiscal Year 2019		Total	
	On-going	One-time	On-going	One-time	On-going	One-time	On-going	One-time	On-going	One-time	On-going	One-time	On-going	One-time
University of Utah	-	194,500	-	328,620	555,700	2,011,400	-	1,387,306	1,872,900	-	1,319,000	-	3,747,600	3,921,826
Utah State University	-	200,000	-	328,620	420,100	1,520,600	-	1,072,945	1,343,400	-	912,300	-	2,675,800	3,122,165
Weber State University	-	120,000	-	118,860	242,000	876,100	-	651,510	713,400	-	491,200	-	1,446,600	1,766,470
Southern Utah University	-	55,200	-	131,450	91,600	331,400	-	220,916	319,800	-	239,800	-	651,200	738,966
Snow College	-	53,600	-	82,480	51,400	186,200	-	139,173	180,900	-	94,900	-	327,200	461,453
Dixie State University	-	53,600	-	118,310	102,600	371,200	-	243,446	289,800	-	314,300	-	706,700	786,556
Utah Valley University	-	120,000	-	197,170	285,500	1,033,200	-	718,993	1,000,900	-	59,800	-	1,346,200	2,069,363
Salt Lake Community College	-	60,000	-	98,590	251,100	908,900	-	565,711	778,900	-	418,700	-	1,448,700	1,633,201
Total	-	856,900	-	1,404,100	2,000,000	7,239,000	-	5,000,000	6,500,000	-	3,850,000	-	12,350,000	14,500,000
Appropriated		1,000,000	-	1,500,000	2,000,000	7,000,000	-	5,000,000	6,500,000	-	3,850,000	-		
Carryforward		-	-	143,100	-	239,000	-	-	-	-	-	-		
Unallocated		(143,100)	-	(239,000)	-	-	-	-	-	-	-	-		
Allocated		856,900	-	1,404,100	2,000,000	7,239,000	-	5,000,000	6,500,000	-	3,850,000	-		