

March 20, 2019

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: USHE – 2019-2020 Performance Based Funding Model Modifications

Issue

The Board is asked to review and approve the proposed change to the Performance Based Funding Model to realign the Market Demand metric with the recently approved Board's Workforce metric, which measures the annual number of degrees and certificates awarded in high market-demand occupation-related programs using the DWS 4- and 5-Star designated job projections.

Background

The 2017 legislature adopted Senate Bill 117 which codified the five basic performance areas the Board would be required to monitor and measure for each institution. The Board was directed to develop a funding formula that could be used to allocate any new performance based resources appropriated by the legislature in the future related to performance outcomes. The five areas are shown below and defined in the agenda attachment.

- Completion
- Completion by underserved students
- Institutional efficiency
- Research Expenditures
- Responsiveness to workforce needs

Utah code 53B-7-706, established by Senate Bill 117 defines that the responsiveness to workforce needs performance area should be "measured by degrees and certificates awarded in high demand fields." Originally, the Board adopted a metric that looked at completions that tied directly to the DWS 5-Star job occupations.

After lengthy discussions with USHE institutions and a review of the associated data, it has been determined that the current metric as defined, has a negative impact on the ability of Community Colleges and colleges that offer two-year associate's degrees to receive full funding in this performance category.

The DWS 5-Star jobs generally require a bachelor's degree or higher and as a result, eliminate the ability of community colleges to participate effectively in this metric given their assigned role and mission to provide associate's degrees. By expanding the current metric to include DWS 4-Star jobs (also considered high

demand by DWS definitions), the community colleges will be able to have their work recognized in the role that they serve in developing the future workforce.

Commissioner's Recommendation

The Commissioner recommends that the Regents adopt the 2019-2020 Performance Based Funding Model modification of the market demand metric to align with the Board's adopted Workforce Metric.

David L. Buhler
Commissioner of Higher Education

DLB/KLH/RPA
Attachments



2019-20 Performance Model Summary

The USHE Performance Funding Model is based on five performance categories: completions, underserved students, completions in areas of high market demand, research expenditures (UU and USU only), and the number of post-secondary awards granted per full-time equivalent (FTE) in a year.

Performance Category (Regent Approved Metric Weight):

- **Completions: (15%)** This measures counts all certificates, associate, bachelors, masters, and doctorate awards as reported to the USHE system office. Awards are weighted according to weights approved by HEAC (<http://le.utah.gov/interim/2015/pdf/00001151.pdf>). This measure also includes transfer students as reported in the IPEDS Graduation Rate Survey for Snow & Salt Lake Community Colleges.
- **Underserved Students: (10%).** The total number of annual graduates who were Pell Eligible at entry into the USHE system. Data comes from the campus submitted graduation files and campus submitted Student files using the Pell-eligible flag of earliest found record for that student.
- **Market Demand: (25%)** The Market Demand completions based on the DWS 4-5 Star SOC codes that require post-secondary education or training (Certificates, Associate, Bachelor's, Master's or Doctorate). This list matches SOC and CIP codes based on the IPEDS SOC-CIP crosswalk at the 6-digit level. All awards granted in the identified CIP code areas regardless of the award level qualify. **(Changed from prior year analysis is the requirement for the Job Skill level to match the Degree Level and the inclusion of all four and five star jobs.)**
- **Research Expenditures: (10% for research universities)** Total Research Expenditures, as reported on the IPEDS Finance Survey.
- **Awards per FTE: (50%, [40% for Research Universities]).** The measure is, the total awards per total full-time equivalent student (FTE) for an academic year. Total awards granted (numerator), is the count of total of awards granted as reported in the Graduation table of the USHE database. The full-time equivalent (denominator) is the total, annualized FTE as reported in the USHE End-of-Year enrollment report.

Distribution of Funds: To earn 100% of the institutions allocated share, performance for each metric must show a 1% improvement in each of the approved performance metric. 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 performance improvement, but it is 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 the current legislation, growth is measured based on the most recent year when compared to the average of the previous 5 years. Example: **Percent change = 2015-16/ (average (2010-11...2014-15))**