

May 8, 2019

MEMORANDUM

TO: State Board of Regents  
FROM: David L. Buhler  
SUBJECT: USHE – 2019-20 Performance Funding Model and Allocations

Issue

The 2019 Legislature appropriated a total of \$31,500,000 in ongoing funds for Performance Funding to the Board of Regents. These funds can be used to support institutional priorities. Board members are asked to review the proposed allocation using the current model as previously approved by the Board and consistent with statute. A final report on how institutions plan to use these funds will be presented at the August 2, 2019 Board meeting.

Background

Legislators use performance funding to tie new state funding to outputs focused on completion, access, or meeting workforce needs. The Utah legislature first appropriated performance funding in 2013, and in every year since. Twice they have provided policy direction through legislation, SB 232 in 2015, and most recently, SB 117 in 2017. Prior to FY 2019-20, nearly \$27 million in state funding has been provided to USHE institutions for performance funding (\$12.35 million on-going and \$14.5 million one-time).

As required by statute, 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 at least one percent improvement in the most current year when compared to the previous five years average. If an institution achieves between zero percent and one percent for a particular metric, the award is a prorated percentage.

In March 2019, the Board approved changing the Market Demand metric to align with the 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. With the addition of 4-Star jobs, Community Colleges and institutions that offer two-year associate's degrees will now participate in this performance category.

Attached for Board review:

- An Issue Brief summarizing the process of allocating performance funding
- \$31.5 million Performance Funding Allocation Detail by Institution

- Performance Funding History for Fiscal Years 2014 - 2020

Commissioner's Recommendation

The Commissioner recommends the Board of Regents approve the following amounts based on the 2019-2020 USHE Performance Funding model for \$31.5 million:

1. Approve the following fund allocation for fiscal year 2019-20 as follows:

University of Utah	\$ 9,145,200
Utah State University	\$ 6,321,400
Weber State University	\$ 3,339,100
Southern Utah University	\$ 1,644,300
Snow College	\$ 753,400
Dixie State University	\$ 754,600
Utah Valley University	\$ 4,897,900
Salt Lake Community College	\$ 3,638,300
Unallocated/Cyber Security	\$ 1,005,800
Total	\$31,500,000

2. Direct the Commissioner's Office to use the unallocated \$1,005,800 for system cybersecurity needs, as authorized by legislative intent language.

Prepare an in-depth discussion agenda item of the performance based funding model at the August 2, 2019 Board meeting, and report planned uses of these funds.

---

David L. Buhler  
Commissioner of Higher Education

DLB/KLH/BLS/JC/RPA  
Attachments

## Performance Funding Summary

There are seven parts to the USHE Performance Funding metrics diagrammed in the illustration below:

- Measures:** Legislature sets 5 performance metrics; Regents define detail of “underserved” and “market demand”
- Weight:** Regents assign weights to the measures; Legislature requires Market Demand to be weighted at least 25%
- Appropriation:** Legislature appropriates funds for performance funding
- Allocation:** Legislature allocates the appropriation proportionately to USHE institutions: 50% based on budget and 50% on student FTE
- Progress:** Legislature defines progress at meeting performance as a 1% improvement over a 5-year average
- Award:** Legislature: Institutions receive 100% of their allocation if they have 1% positive progress or more; \$0 if progress is negative
- Balance:** The balance of funds not awarded to an institution is reallocated to other institutions

	Completion	Underserved Students	Market Demand	Research	Awards per FTE	Total	
							1. Measures
2. Weight	Weighting	15%	10%	25%	10%	40%	100%
<b>University of Utah</b>							
	Available Allocation (29.31%)	\$1,175,820	\$ 783,880	\$1,959,700	\$ 783,880	\$3,135,520	\$7,838,800
							3. Appropriation 4. Allocation
5. Progress	1% Progress Measure (increase/decrease)	3.16%	150.46%	5.15%	4.22%	3.17%	
	Actual Award within Available Allocation	\$1,175,820	\$ 783,880	\$1,959,700	\$ 783,880	\$3,135,520	\$7,838,800
	Percent (%) Funded	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
							6. Award
7. Balance	Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$

**USHE FY 2020 ELIGIBLE PERFORMANCE FUNDING AMOUNT**

**\$ 31,500,000**

**DISTRIBUTION 50% ENROLLMENT 50% APPROPRIATIONS**

<b>Institution</b>	<b>2017-18 Annualized Budget Related FTE</b>	<b>% of FTE</b>	<b>50% \$ 15,750,000</b>	<b>2018-19 Total State Funded Appropriations</b>	<b>% of Approps</b>	<b>50% \$ 15,750,000</b>	<b>Eligible Performance Funding Amount</b>	<b>% of Total</b>
<b>UU</b>	29,874	24.47%	\$ 3,853,900	\$ 326,655,600	33.60%	\$ 5,291,300	\$ 9,145,200	29.03%
<b>USU</b>	21,498	17.61%	\$ 2,773,400	\$ 219,031,200	22.53%	\$ 3,548,000	\$ 6,321,400	20.07%
<b>WSU</b>	14,476	11.86%	\$ 1,867,500	\$ 90,847,300	9.34%	\$ 1,471,600	\$ 3,339,100	10.60%
<b>SUU</b>	7,385	6.05%	\$ 952,700	\$ 42,697,600	4.39%	\$ 691,600	\$ 1,644,300	5.22%
<b>SNOW</b>	3,647	2.99%	\$ 470,700	\$ 32,960,800	3.39%	\$ 533,900	\$ 1,004,600	3.19%
<b>DSU</b>	6,699	5.49%	\$ 864,300	\$ 39,812,600	4.09%	\$ 644,900	\$ 1,509,200	4.79%
<b>UVU</b>	23,243	19.04%	\$ 2,998,600	\$ 117,252,000	12.06%	\$ 1,899,300	\$ 4,897,900	15.55%
<b>SLCC</b>	15,262	12.50%	\$ 1,968,900	\$ 103,056,500	10.60%	\$ 1,669,400	\$ 3,638,300	11.55%
<b>Total</b>	<b>122,086</b>	<b>100.0%</b>	<b>\$ 15,750,000</b>	<b>\$ 972,313,600</b>	<b>100.0%</b>	<b>\$ 15,750,000</b>	<b>\$ 31,500,000</b>	<b>100.0%</b>

Sources: 2019 Data Book Tab C, Table 2. 2018-19 Appropriations Detail (sideways sheets)

Performance Funding Detail by Institution  
Recalibrated Amounts

<b>Research Universities</b>						
	<b>Completion</b>	<b>Underserved Students</b>	<b>Market Demand</b>	<b>Research</b>	<b>Awards per FTE</b>	<b>Total</b>
<i>Weighting</i>	15%	10%	25%	10%	40%	100%
<b>University of Utah</b>						
Available Allocation (29.31%)	\$1,371,780	\$ 914,520	\$2,286,300	\$ 914,520	\$3,658,080	\$9,145,200
1% Progress Measure (increase/decrease)	3.16%	150.46%	5.15%	4.22%	3.17%	
Actual Award within Available Allocation	\$1,371,780	\$ 914,520	\$2,286,300	\$ 914,520	\$3,658,080	\$9,145,200
Percent (%) Funded	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$

<b>Utah State University</b>						
	<b>Completion</b>	<b>Students</b>	<b>Demand</b>	<b>Research</b>	<b>Awards per FTE</b>	<b>Total</b>
Available Allocation (20.27%)	\$ 948,210	\$ 632,140	\$1,580,350	\$ 632,140	\$2,528,560	\$6,321,400
1% Progress Measure (increase/decrease)	8.93%	82.35%	8.06%	3.92%	6.29%	
Actual Award within Available Allocation	\$ 948,210	\$ 632,140	\$1,580,350	\$ 632,140	\$2,528,560	\$6,321,400
Percent (%) Funded	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$

<b>Regional Universities</b>						
	<b>Completion</b>	<b>Students</b>	<b>Demand</b>	<b>Research</b>	<b>Awards per FTE</b>	<b>Total</b>
<i>Weighting</i>	15%	10%	25%		50%	
<b>Weber State University</b>						
Available Allocation (10.61%)	\$ 500,865	\$ 333,910	\$ 834,775		\$1,669,550	\$3,339,100
1% Progress Measure (increase/decrease)	5.06%	94.93%	11.40%		4.07%	
Actual Award within Available Allocation	\$ 500,865	\$ 333,910	\$ 834,775	\$	\$1,669,550	\$3,339,100
Percent (%) Funded	100.0%	100.0%	100.0%		100.0%	100.0%
Balance	\$ 0	\$ 0	\$ 0		\$ 0	\$

<b>Southern Utah University</b>						
	<b>Completion</b>	<b>Students</b>	<b>Demand</b>	<b>Research</b>	<b>Awards per FTE</b>	<b>Total</b>
Available Allocation (5.18%)	\$ 246,645	\$ 164,430	\$ 411,075		\$ 822,150	\$1,644,300
1% Progress Measure (increase/decrease)	19.26%	149.54%	17.50%		19.68%	
Actual Award within Available Allocation	\$ 246,645	\$ 164,430	\$ 411,075	\$	\$ 822,150	\$1,644,300
Percent (%) Funded	100.0%	100.0%	100.0%		100.0%	100.0%
Balance	\$ 0	\$ 0	\$ 0		\$ 0	\$

Performance Funding Detail by Institution  
Recalibrated Amounts

<b>Regional Universities</b>						
	Completion	Underserved Students	Market Demand		Awards per FTE	Total
<i>Weighting</i>	15%	10%	25%		50%	
<b>Dixie State University</b>						
Available Allocation (4.62%)	\$ 226,380	\$ 150,920	\$ 377,300		\$ 754,600	\$1,509,200
1% Progress Measure (increase/decrease)	7.75%	40.32%	14.00%		-8.53%	
Actual Award within Available Allocation	\$ 226,380	\$ 150,920	\$ 377,300	\$	\$	\$ 754,600
Percent (%) Funded	100.0%	100.0%	100.0%		0.0%	50.0%
Balance	\$ 0	\$ 0	\$ 0		\$ 754,600	\$ 754,600
<b>Utah Valley University</b>						
Available Allocation (15.3%)	\$ 734,685	\$ 489,790	\$1,224,475		\$2,448,950	\$4,897,900
1% Progress Measure (increase/decrease)	16.97%	134.39%	25.21%		8.17%	
Actual Award within Available Allocation	\$ 734,685	\$ 489,790	\$1,224,475	\$	\$2,448,950	\$4,897,900
Percent (%) Funded	100.0%	100.0%	100.0%		100.0%	100.0%
Balance	\$ 0	\$ 0	\$ 0		\$ 0	\$
<b>Community Colleges</b>						
	Completion	Underserved Students	Market Demand		Awards per FTE	Total
<i>Weighting</i>	15%	10%	25%		50%	
<b>Snow College</b>						
Available Allocation (2.88%)	\$ 150,690	\$ 100,460	\$ 251,150		\$ 502,300	\$1,004,600
1% Progress Measure (increase/decrease)	28.92%	59.48%	-14.07%		8.18%	
Actual Award within Available Allocation	\$ 150,690	\$ 100,460	\$	\$	\$ 502,300	\$ 753,400
Percent (%) Funded	100.0%	100.0%	0.0%		100.0%	75.0%
Balance	\$ 0	\$ 0	\$ 251,150		\$ 0	\$ 251,150
<b>Salt Lake Community</b>						
Available Allocation (11.83%)	\$ 545,745	\$ 363,830	\$ 909,575		\$1,819,150	\$3,638,300
1% Progress Measure (increase/decrease)	2.56%	107.54%	17.07%		28.39%	
Actual Award within Available Allocation	\$ 545,745	\$ 363,830	\$ 909,575	\$	\$1,819,150	\$3,638,300
Percent (%) Funded	100.0%	100.0%	100.0%		100.0%	100.0%
Balance	\$ 0	\$ 0	\$ 0		\$ 0	\$
<b>Remaining Balances (to be reallocated based on performance)</b>						
	Completion	Underserved Students	Market Demand	Research	Awards/FTE	Total
	0	0	251,150.0	0	754,600	\$1,005,800

UTAH SYSTEM OF HIGHER EDUCATION  
PERFORMANCE FUNDING HISTORY  
FISCAL YEARS 2014 TO 2020

Institution	FY 2014	FY 2015	FY 2016		FY 2017	FY 2018	FY 2019	FY 2020	Total	
	One-time	One-time	On-going	One-time	One-time	On-going	On-going	On-going	On-going	One-time
University of Utah	194,500	328,620	555,700	2,011,400	1,387,306	1,872,900	1,300,400	9,145,200	12,874,200	3,921,826
Utah State University	200,000	328,620	420,100	1,520,600	1,072,945	1,343,400	899,500	6,321,400	8,984,400	3,122,165
Weber State University	120,000	118,860	242,000	876,100	651,510	713,400	482,800	3,339,100	4,777,300	1,766,470
Southern Utah University	55,200	131,450	91,600	331,400	220,916	319,800	235,700	1,644,300	2,291,400	738,966
Snow College	53,600	82,480	51,400	186,200	139,173	180,900	113,100	753,400	1,098,800	461,453
Dixie State University	53,600	118,310	102,600	371,200	243,446	289,800	94,900	754,600	1,241,900	786,556
Utah Valley University	120,000	197,170	285,500	1,033,200	718,993	1,000,900	314,300	4,897,900	6,498,600	2,069,363
Salt Lake Community College	60,000	98,590	251,100	908,900	565,711	778,900	409,300	3,638,300	5,077,600	1,633,201
<b>Total</b>	<b>856,900</b>	<b>1,404,100</b>	<b>2,000,000</b>	<b>7,239,000</b>	<b>5,000,000</b>	<b>6,500,000</b>	<b>3,850,000</b>	<b>30,494,200</b>	<b>42,844,200</b>	<b>14,500,000</b>

Appropriated	1,000,000	1,500,000	2,000,000	7,000,000	5,000,000	6,500,000	3,850,000	31,500,000
Carry forward	-	143,100	-	239,000	-	-	-	-
Unallocated	(143,100)	(239,000)	-	-	-	-	-	(1,005,800)
Allocated	856,900	1,404,100	2,000,000	7,239,000	5,000,000	6,500,000	3,850,000	30,494,200