



July 25, 2019

## **USHE – Approval of Policy R742, *Dedicated Capital Project Allocation Formula***

Senate Bill 102 creates a new process for funding USHE capital facilities projects through a formula comprised of six statutory factors. The bill requires the Board of Regents to create a policy to measure each USHE institution's fulfillment of the six statutory factors and the relative weight assigned to each factor. The Board reviewed initial measures and weights in the March 2019 meeting and the Capital Facilities Subcommittee met in April and July to review and finalize Regent Policy R742, which defines the measures for the six factors and assigns weights as follows:

- Enrollment: 20 points
- Performance: 15 points
- Projected Growth in Student Population: 15 points
- Square Feet per FTE: 15 points
- Facility Age and Condition: 20 points
- Utilization: 15 points

### **Commissioner's Recommendations**

The Commissioner recommends the Regents adopt Policy R742, *Dedicated Capital Project Allocation Formula* effective immediately.

### **Attachment**

## R742, Dedicated Capital Project Allocation Formula <sup>1</sup>

**R742-1. Purpose:** To provide the methodology for how the Board of Regents will determine the amount of money to allocate to each institution for dedicated capital projects appropriated by the State legislature as required by statute including how the Board will measure each USHE institution's fulfillment of the statutory factors and the relative weight assigned to each factor.

### R742-2. References

- 2.1. Utah Code §53B-7-706 (Performance Funding)
- 2.2. Utah Code §53B-22-201 (Capital Developments)
- 2.3. Policy and Procedures [R701](#), Capital Facilities
- 2.4. Policy and Procedures [R706](#), Capital Facilities Master Planning
- 2.5. Policy and Procedures R741, Nondedicated Capital Project Prioritization Process
- 2.6. Policy and Procedures R743, Process for Institutional Use of Dedicated Capital Project Funds
- 2.7. Policy and Procedures [R751](#), Institutional Facilities Space Utilization

### R742-3 Definitions

- 3.1. **Capital Development:** This policy adopts the definition established in Utah Code 63A-5-104(1)(a).
- 3.2. **Dedicated Project:** a capital development project for which state funds from an institution's formulaic allocation under Utah Code 53B-22-201 are requested or used.
- 3.3. **Higher Education Capital Projects Fund:** a capital projects restricted fund created by the state legislature to receive appropriations for USHE dedicated projects.

**R742-4. Regent Allocation of Funds:** Each year the Board shall determine the amount of funding each USHE institution shall receive for dedicated projects from the annual legislative appropriation to the Higher Education Capital Projects Fund.

**R742-5. Dedicated Capital Project Allocation Formula:** Unless otherwise directed by the legislature, the Board shall allocate the annual legislative appropriation according to the following measures of the statutorily required factors with their associated weights:

- 5.1. **Enrollment:** Weighted at 20 points. The measure is the most recent five-year average of Budget-Related full-time equivalent (FTE) students excluding online and concurrent

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<sup>1</sup> Approved August 2, 2019

enrollment FTE students. Points are awarded proportionate to each institution's five-year average.

**5.2. Performance:** Weighted at 15 points. The measure is the sum-product of the percent of award in each performance category required by Utah Code [53B-7-706](#) and the weights given by the Board for the most recent performance funding allocation. Points are awarded proportionate to each institution's weighted performance.

**5.3. Projected Growth in Student Population:** Weighted at 15 points. The measure is the estimate of the number of 18-24 year-old students each USHE institution will accommodate based on ten-year population projections of Utah counties and the number of students from each Utah county currently enrolled in a USHE institution. Points are awarded proportionate to the total number of 18-24 year-old students each institution is projected to accommodate in the next ten years.

**5.4. Square Feet per FTE:** Weighted at 15 points. The measure is the current institutional space inventory for classrooms, teaching laboratories, and study/library space divided by the number of Budget-Related FTE excluding online and concurrent enrollment FTE students. Points are awarded proportionate to the institutional square feet per FTE calculations relative to the institution with the most square feet per FTE in each of the three types of space.

**5.5. Facility Age and Condition:** Weighted at 20 points. The measure is the product of the square feet, average age (adjusted for major remodels), and average condition (scored from 1 to 5 with higher numbers representing better condition) of non-auxiliary institutionally-owned buildings valued over \$3.5 million as reported in the annual building inventory. Points are awarded proportionate to each institution's calculated score.

**5.6. Utilization:** Weighted at 15 points. The measure is the classroom Room Utilization Rate (RUR) multiplied by the Seat Occupancy Rate (SOR) from the most recent utilization report for each USHE institution. Points are awarded proportionate to each institution's utilization rate.



## Senate Bill 102 Funding Formula: Capital Facilities Subcommittee Update

Senate Bill 102 appropriates \$73 million of ongoing state funds to a dedicated restricted account for the Utah System of Higher Education (USHE) and gives the Board of Regents the authority to allocate funds to individual institutions based on six general statutory factors:

- Enrollment
- Total Performance Across the Metrics Described in Utah Code 53B-7-706
- Projected Growth in Student Population
- Existing Square Feet per Student FTE
- Facility Age and Condition
- Utilization of Academic Space including Off-Campus Facilities

The legislation phases in the funding with \$36,500,000 available in 2020-2021 and \$73,000,000 available each year thereafter. The legislation envisions a final funding level of \$100,000,000 ongoing and contains a provision that could adjust the final funding level based on inflation as measured by the Consumer Price Index. The bill authorizes the Board of Regents to determine how to measure each of the six factors and assign weights to the factors through adoption of a policy by August 1, 2019.

The Regents' Capital Facilities Subcommittee met in April 2019 to review performance measures and weights proposed by staff for incorporation into a Regent policy for the implementation of Senate Bill 102. The Subcommittee directed staff to revise the proposed metrics, which were then adopted by the Subcommittee in July 2019 for recommendation to the full Board. This Brief describes the Subcommittee recommendations, which have also been incorporated into a proposed Regent policy.

The table below shows how the \$73,000,000 appropriation would be divided among the eight USHE institutions based on the proposed measures contained in this Brief. Note that these numbers are current estimates and the allocation will change annually as institutional performance in the six factors changes. The Age and Condition measure is only partially calculated as additional information is needed from the institutions to complete the calculation. The subsequent sections of this Brief detail the specific data, methodology, and allocations for each proposed measure.

Point Categories	UofU	USU	WSU	SUU	Snow	DSU	UVU	SLCC	Wt
Enrollment	5.34	3.62	2.06	1.23	0.68	1.18	3.58	2.30	20
Performance Metrics	2.07	2.07	2.07	2.07	1.55	1.03	2.07	2.07	15
Student Growth	1.89	1.34	2.44	0.82	0.44	1.16	4.55	2.36	15
Square Feet per FTE	1.87	1.50	0.79	3.01	0.54	2.04	3.34	1.91	15
Age and Condition	7.53	5.67	1.37	0.95	0.68	0.41	1.38	2.01	20
Utilization	1.43	1.12	1.65	2.93	1.47	1.69	2.74	1.96	15
<b>Funding Points</b>	<b>20.14</b>	<b>15.31</b>	<b>10.38</b>	<b>11.02</b>	<b>5.37</b>	<b>7.52</b>	<b>17.66</b>	<b>12.60</b>	
<b>\$73,000,000</b>	<b>\$14,701,000</b>	<b>\$11,178,000</b>	<b>\$ 7,578,000</b>	<b>\$ 8,042,000</b>	<b>\$ 3,920,000</b>	<b>\$ 5,492,000</b>	<b>\$12,892,000</b>	<b>\$ 9,197,000</b>	

## 1. Enrollment Measure

**Data:** Fall FTE Budget-Related-Only Enrollment History minus online and concurrent enrollment students.

**Methodology:** Budget-related FTE are reduced by online and concurrent enrollment FTE students. The five most recent years of FTE history excluding online and concurrent enrollment FTE students are averaged.

**Point Allocation:** Points are awarded proportionate to each institution's five-year average adjusted student FTE.

**Proposed Weight:** 20 points

	UU	USU	WSU	SUU	Snow	DSU	UVU	SLCC	USHE Total
Fall 2015	24,569	16,666	10,004	5,160	3,160	5,050	15,455	11,510	91,574
Fall 2016	24,714	17,294	9,906	5,714	3,315	5,426	16,632	11,404	94,405
Fall 2017	25,434	17,260	9,694	5,875	3,327	5,736	17,195	10,740	95,261
Fall 2018	25,903	17,292	9,692	6,034	3,287	5,955	17,648	10,592	96,404
Fall 2019	26,171	17,275	9,610	6,493	3,159	5,918	18,010	10,212	96,848
5 yr Average	25,358	17,157	9,781	5,855	3,250	5,617	16,988	10,892	94,899
Points	5.34	3.62	2.06	1.23	0.68	1.18	3.58	2.30	20.00

## 2. Performance Measure

**Data:** Performance funding detail by institution from the Performance Funding Model and Allocations (adopted in the May Board of Regents meeting).

**Methodology:** Same measures and calculations as the performance funding model: the percentage change in the current year from the previous five-year average in each of the five metrics: completion, Pell-eligible, market demand, awards per FTE, and research (for the two research institutions) with 100% of the award for 1% or better progress. The weighted performance is the sum-product of the awards for the five metrics and the associated weights.

**Point Allocation:** Points are awarded proportionate to each institution's weighted performance.

**Proposed Weight:** 15 points

2018-19 Model	UofU	USU	WSU	SUU	Snow	DSU	UVU	SLCC	Rsrch Wt.	NonR Wt.
%Δ Completion	100%	100%	100%	100%	100%	100%	100%	100%	15%	15%
%Δ Pell-Eligible	100%	100%	100%	100%	100%	100%	100%	100%	10%	10%
%Δ Market Demand	100%	100%	100%	100%	0%	100%	100%	100%	25%	25%
%Δ Awards per FTE	100%	100%	100%	100%	100%	0%	100%	100%	40%	50%
%Δ Research	100%	100%							10%	
Wtd. Performance	1.00	1.00	1.00	1.00	0.75	0.50	1.00	1.00		
Points	2.07	2.07	2.07	2.07	1.55	1.03	2.07	2.07		

### 3. Projected Student Growth Measure

**Data:** 1. 18-24 year-old population projections for 2016 and 2026 from the Kem C. Gardner County Population Projections: <http://gardner.utah.edu/demographics/population-projections/> 2. Table 8, *Fall Semester (End of Term) Total Headcount Enrollment by County of Origin* in the USHE Data Book (Tab C). It is anticipated that we will work with Gardner to receive annual population projects by county.

**Methodology:** Allocate points based on which USHE institutions will accommodate the projected 10-year growth in 18-24 year-old Utahns (the college-age population). First, calculate the projected number of new 2026 students in each county by subtracting the current (2016) 18-24 year-old population from the projected 10-year (2026) 18-24 year-old population in each county (Gardner data). Second, determine the percentage of students from a particular county that each USHE institution accommodates by taking the ratio of the number of students attending a particular institution by the total number of students from the county attending all USHE institutions (Databook Table 8). Third, multiply the institutional ratios by the number of projected students from each county and sum across all counties.

**Point Allocation:** Points are awarded proportionate to the total number of 18-24 year-old students each institution is projected to accommodate in 2026.

**Proposed Weight:** 15 points

10-year College Age County Population Change by Institutional Service Region											Fall Semester 2018 (End of Term) Total Headcount Enrollment by County of Origin										Kem Gardner County Population Projections				
Student County of Origin	UofU	USU	WSU	SUU	Snow	DSU	UVU	SLCC			Student County of Origin	UofU	USU	WSU	SUU	Snow	DSU	UVU	SLCC	Total	County	2018 School 18-24 age Population	2026 School 18-24 age Population	10-yr Δ	
Beaver	2	8	3	37	17	6	5	1		78	Beaver	7	32	11	147	67	24	20	3		311	Beaver	542	620	78
Box Elder	40	397	357	62	49	47	64	30		1,046	Box Elder	61	611	549	95	76	73	99	46		1,610	Box Elder	4,084	5,130	1,046
Cache	274	2,065	437	109	87	97	148	87		3,304	Cache	324	2,442	517	129	103	115	175	103		3,908	Cache	23,073	26,377	3,304
Carbon	30	347	17	27	4	16	35	5		481	Carbon	48	525	27	43	7	25	56	8		769	Carbon	1,826	2,307	481
Daggett	-	5	3	1	7	4	5	1		27	Daggett	-	5	3	1	8	4	5	1		29	Daggett	76	101	27
Davis	919	458	5,084	178	86	109	551	722		8,107	Davis	2,128	1,085	12,043	421	204	259	1,305	1,711		19,206	Davis	29,192	37,299	8,107
Duchesne	24	256	41	38	28	40	97	14		549	Duchesne	19	200	32	69	22	31	76	11		460	Duchesne	1,460	2,049	589
Emery	4	146	7	32	19	7	17	3		228	Emery	9	353	16	77	47	16	29	7		554	Emery	765	994	228
Garfield	3	3	2	30	24	10	10	0		82	Garfield	7	8	5	77	61	25	25	1		209	Garfield	375	457	82
Grand	19	52	17	22	4	9	10	8		140	Grand	27	74	24	32	5	13	14	11		200	Grand	588	729	140
Iron	46	22	11	836	13	54	38	10		1,029	Iron	111	52	26	1,998	31	128	90	24		2,460	Iron	7,960	8,988	1,029
Juab	9	27	13	47	187	6	101	3		392	Juab	13	39	19	67	268	8	145	4		563	Juab	1,097	1,489	392
Kane	3	5	9	32	18	55	11	1		133	Kane	7	10	21	71	39	122	24	2		296	Kane	510	643	133
Millard	-	-	-	-	-	-	-	-		-	Millard	18	42	27	135	261	69	110	16		658	Millard	1,064	1,159	-
Morgan	18	30	258	11	7	13	37	8		342	Morgan	29	47	405	17	11	20	58	12		599	Morgan	1,071	1,453	382
Plute	0	0	-	3	8	1	1	0		13	Plute	1	2	-	16	44	7	6	1		77	Plute	128	141	13
Rich	1	23	6	4	10	1	16	1		63	Rich	2	37	10	7	16	2	27	2		103	Rich	162	225	63
Salt Lake	4,782	511	585	403	283	246	1,804	8,393		17,008	Salt Lake	13,960	1,482	1,697	1,169	820	714	5,228	24,328		49,298	Salt Lake	93,153	110,161	17,008
San Juan	7	81	8	26	7	5	9	2		145	San Juan	22	254	26	81	22	15	27	7		454	San Juan	1,371	1,515	145
Sanpete	5	11	7	17	114	4	14	2		174	Sanpete	51	109	69	162	1,029	34	137	15		1,656	Sanpete	5,653	5,827	174
Sewer	4	12	6	44	189	22	32	4		313	Sewer	15	46	24	165	712	83	121	16		1,182	Sewer	1,627	1,940	313
Summit	24	2	4	2	1	1	22	11		68	Summit	669	64	123	69	39	29	616	296		1,885	Summit	2,973	3,041	68
Tooele	217	339	186	172	131	136	172	633		1,986	Tooele	230	360	198	183	139	145	183	672		2,110	Tooele	5,707	7,693	1,986
Utah	63	472	76	116	84	61	247	41		1,160	Utah	31	231	37	57	41	30	121	20		568	Utah	2,488	3,648	1,160
Utah	1,647	591	395	785	495	339	16,399	816		21,467	Utah	2,422	869	581	1,154	728	498	24,117	1,200		31,569	Utah	94,368	115,834	21,467
Wasatch	276	43	24	66	62	27	894	50		1,442	Wasatch	350	55	30	84	79	34	1,133	63		1,828	Wasatch	2,458	3,900	1,442
Washington	129	121	68	585	47	4,051	387	54		5,442	Washington	170	160	90	772	62	5,348	511	71		7,184	Washington	14,881	20,323	5,442
Wayne	1	2	1	5	15	2	2	1		30	Wayne	4	10	5	21	61	7	9	4		121	Wayne	202	232	30
Weber	280	202	3,755	93	48	58	109	114		4,660	Weber	637	460	8534	211	108	131	248	260		10,589	Weber	21,833	26,492	4,660
Total	8,828	6,232	11,381	3,835	2,043	5,425	21,232	11,014		69,990	In-state, by County	21,312	9,694	25,149	7,512	5,160	8,009	34,715	28,915		140,466	Total	320,686	390,771	69,990

Fall 2018 County Enrollment	UofU	USU	WSU	SUU	Snow	DSU	UVU	SLCC	Total
2028 Projected Students	8,828	6,232	11,381	3,835	2,043	5,425	21,232	11,014	69,990
Points	1.89	1.34	2.44	0.82	0.44	1.16	4.55	2.36	15.00

#### 4. Square Feet per Student FTE Measure

**Data:** 1. Fall FTE Budget Related and Self-Support Enrollment History adjusted for online FTE and Concurrent Enrollment FTE. 2. Academic square feet for classrooms (100), teaching labs (200), and study/library space (400) from the Fall space inventory in the USHE DataBook (Tab L) plus square feet under construction (“pipeline” projects from CDP forms).

**Methodology:** Institutional square feet per FTE are calculated for each of the three academic space categories (classrooms, teaching labs, and study/library) by dividing the current institutional space inventory (including pipeline projects) by the number of full-time students adjusted to subtract out online and concurrent enrollment FTE. The three space categories are given equal weight in assigning points.

**Point Allocation:** Points are awarded proportionate to the institutional square feet per FTE calculations relative to the institution with the most square feet per FTE in each of the three space categories. The institution with the most square feet per FTE in a particular space category does not receive points for that category.

**Proposed Weight:** 15 points

Space Use	UofU	USU	WSU	SUU	Snow	DSU	UVU	SLCC
<b>Adjusted 2018 End-of-Term FTE</b>	<b>26,171</b>	<b>17,275</b>	<b>9,610</b>	<b>6,493</b>	<b>3,159</b>	<b>5,918</b>	<b>18,010</b>	<b>10,212</b>
Classroom (100) Inventory + Pipeline	408,095	327,848	222,857	78,392	74,191	102,975	222,312	408,095
Classroom ASF/FTE	15.6	19.0	23.2	12.1	23.5	17.4	12.3	15.6
<b>Points</b>	<b>0.94</b>	<b>0.53</b>	<b>0.04</b>	<b>1.35</b>	-	<b>0.72</b>	<b>1.32</b>	<b>0.10</b>
Teaching Lab (200) Inventory/Pipeline	408,232	457,235	297,568	130,911	182,755	100,956	444,504	408,232
Teaching Lab ASF/FTE	15.6	26.5	31.0	20.2	57.9	17.1	24.7	15.6
<b>Points</b>	<b>0.93</b>	<b>0.69</b>	<b>0.59</b>	<b>0.83</b>	-	<b>0.90</b>	<b>0.73</b>	<b>0.31</b>
Study/Library (400) Inventory/Pipeline	352,418	206,375	120,543	57,521	32,957	65,828	112,543	52,482
Study /Library ASF/FTE	13.5	11.9	12.5	8.9	10.4	11.1	6.2	5.1
<b>Points</b>	-	<b>0.27</b>	<b>0.16</b>	<b>0.82</b>	<b>0.54</b>	<b>0.42</b>	<b>1.29</b>	<b>1.49</b>
<b>Total Points</b>	<b>1.87</b>	<b>1.50</b>	<b>0.79</b>	<b>3.01</b>	<b>0.54</b>	<b>2.04</b>	<b>3.34</b>	<b>1.91</b>

## 5. Facility Age and Condition Measure

**Data:** 1. Square feet, replacement value, constructed year, remodel year, auxiliary square feet, and building condition from the annual space inventory Building File submitted annually to the Commissioner’s Office as defined in submission file documentation. Data should tie to the Utah Division of Risk Management database for insured property.

**Methodology:** Multiply the square feet by the average age and average condition of non-auxiliary institutionally-owned facilities valued over \$3.5 million. Calculations are divided by 1 million to standardize the score.

**Point Allocation:** Points are awarded proportionate to the total age and condition score for each institution.

**Proposed Weight:** 20 points

**Additional Information:** The Age and Condition measure is only partially calculated as additional information on the condition of each institutional building valued over \$3.5 million is needed to complete the calculation.

	UofU	USU	WSU	SUU	Snow	DSU	UVU	SLCC
Square Feet Non-Auxiliary over \$3.5m	8,986,665	6,664,568	1,824,393	1,017,005	836,361	700,083	2,253,376	2,036,387
Average Age Non-Auxiliary over \$3.5m	32.00	32.48	28.62	35.62	31.19	22.25	23.33	37.64
<i>Average Condition</i>	<i>3.00</i>	<i>3.00</i>	<i>3.00</i>	<i>3.00</i>	<i>3.00</i>	<i>3.00</i>	<i>3.00</i>	<i>3.00</i>
<b>Age and Condition Score</b>	<b>161.75</b>	<b>121.75</b>	<b>29.37</b>	<b>20.38</b>	<b>14.68</b>	<b>8.76</b>	<b>29.57</b>	<b>43.11</b>
<b>Points</b>	<b>7.53</b>	<b>5.67</b>	<b>1.37</b>	<b>0.95</b>	<b>0.68</b>	<b>0.41</b>	<b>1.38</b>	<b>2.01</b>

## 6. Utilization Measure

**Data:** Annual USHE Space Utilization Reports (due in December and presented in the January Regent meeting).

**Methodology:** Multiply the classroom Room Utilization Rate (RUR) by the Seat Occupancy Rate (SOR) for each USHE institution.

**Point Allocation:** Points are awarded proportionate to each institution’s utilization rate.

**Proposed Weight:** 15 points

2017-2018 Utilization	UofU	USU	WSU	SUU	Snow	DSU	UVU	SLCC
Classroom RUR	25.7	23.6	28.5	36.6	23.1	26.9	40	28.7
Classroom SOR	53.9%	46.0%	56.0%	77.6%	61.6%	60.9%	66.3%	66.1%
Classroom Utilization (RUR*SOR)	13.9	10.9	16.0	28.4	14.2	16.4	26.5	19.0
<b>Points</b>	<b>1.43</b>	<b>1.12</b>	<b>1.65</b>	<b>2.93</b>	<b>1.47</b>	<b>1.69</b>	<b>2.74</b>	<b>1.96</b>