




New Performance Funding Model

Finance and Facilities
January 4, 2023



UTAH
SYSTEM OF
HIGHER
EDUCATION

Existing Performance Funding Model



1% Improvement
Average of Past 5-Years

Degree-Granting Institutions

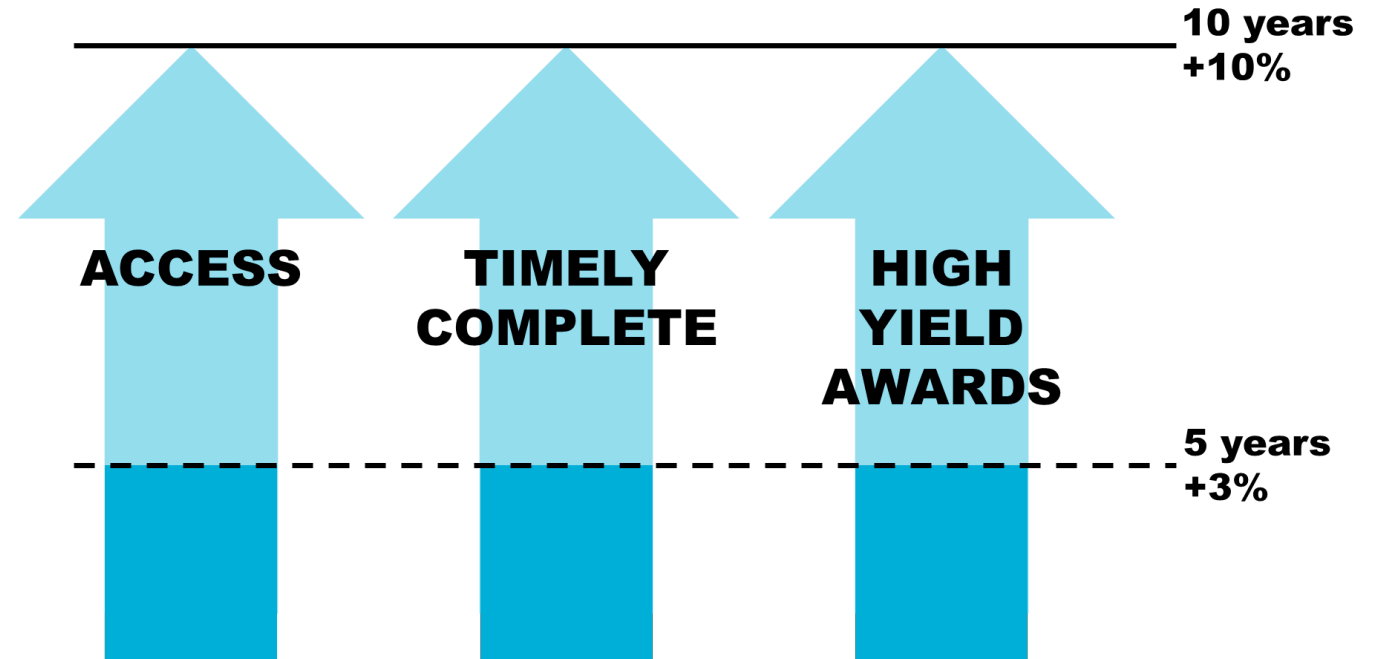
1. Completion
2. Underserved Students
3. Market Demand
4. Awards per FTE
5. Research (UU/USU)

Does not account for institutional missions, growth, and regional factors

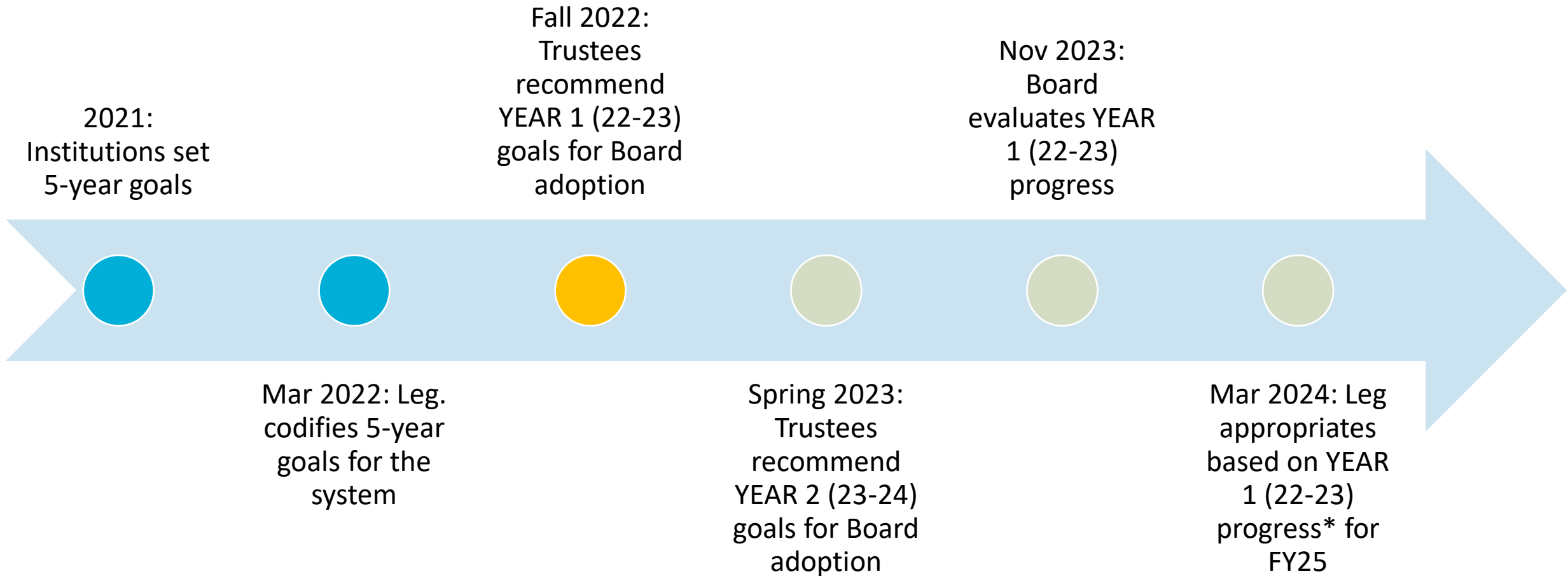
New Performance Funding Approach

2024 General Session (FY 25 Appropriations):

The Legislature will begin appropriating performance funds to degree-granting institutions and technical colleges based on their annual progress towards 5-year goals for access, timely completion, and high-yield awards.



New Performance Funding: First Cycle



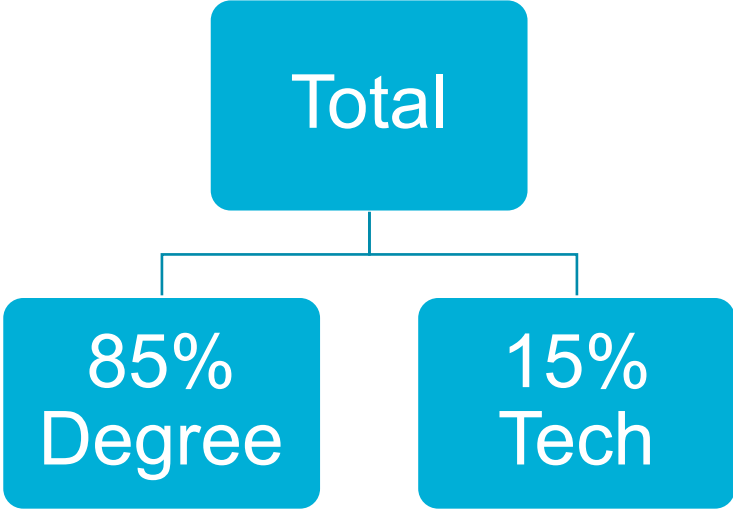
*Unearned funds held in 5-year reserve

5-Year Cycle for Institutional Funding

Goal Year	Annual Goal Set by Board	Data Available for Evaluation	General Session for Funding	Fiscal Year Funding Available
YEAR 1: 2022-23	Jan 2023	Nov 2023	Jan-Mar 2024 (2024 G.S.)	July 1, 2024 (FY 2024-25)
YEAR 2: 2023-24	May 2023	Nov 2024	Jan-Mar 2025 (2025 G.S.)	July 1, 2025 (FY 2025-26)
YEAR 3: 2024-25	May 2024	Nov 2025	Jan-Mar 2026 (2026 G.S.)	July 1, 2026 (FY 2026-27)
YEAR 4: 2025-26	May 2025	Nov 2026	Jan-Mar 2027 (2027 G.S.)	July 1, 2027 (FY 2027-28)
YEAR 5: 2026-27*	May 2026	Nov 2027*	Jan-Mar 2028* (2028 G.S.)	July 1, 2028* (FY 2028-29)

* Data and Funding used for Five Year Goal Evaluation

FY 2025 Statutory Allocation



School allocations based on enrollment and budget size (equal weight)

Schools receive full or pro-rated amount based on fulfillment of 1-year goals

USHE developing a proposal to for an updated allocation that addresses tech in degree-granting schools and appropriations trends

- 1/3 Access*
- 1/3 Timely Completion*
- 1/3 High Yield Awards*

Hypothetical Allocation & School Example

\$10 Million Funds Available for FY 25

School has 20% of FTE, 25% of State Appropriated Budget

School Allocation

FTE-Based	$20\% \times \$5 \text{ Million} = \1.00 Million
Budget-Based	$25\% \times \$5 \text{ Million} = \1.25 Million
Total	$\$1.00 \text{ M} + \$1.25 \text{ M} = \$2.25 \text{ Million}$

Scenario 1

System achieves FY 23 access goal, school achieves completion goal and 80% of workforce goal.

Access	$100\% \times \$750,000 = \$750,000$
Completion	$100\% \times \$750,000 = \$750,000$
Workforce	$80.0\% \times \$750,000 = \$600,000$
FY 25	$\$2.1 \text{ Million}$
Reserved	$\$150,000^*$

Scenario 2

System achieves FY 23 access goal, school achieves 50% of completion goal and workforce goals.

Access	$100\% \times \$750,000 = \$750,000$
Completion	$50.0\% \times \$750,000 = \$375,000$
Workforce	$50.0\% \times \$750,000 = \$375,000$
FY 25	$\$1.5 \text{ Million}$
Reserved	$\$750,000^*$

*Available in FY 29 if school hits 5-year goals in FY 27; statute allows Board to reassign until then if it desires