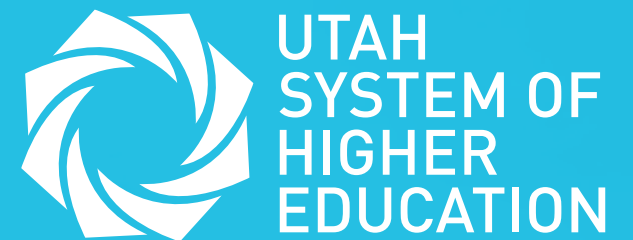


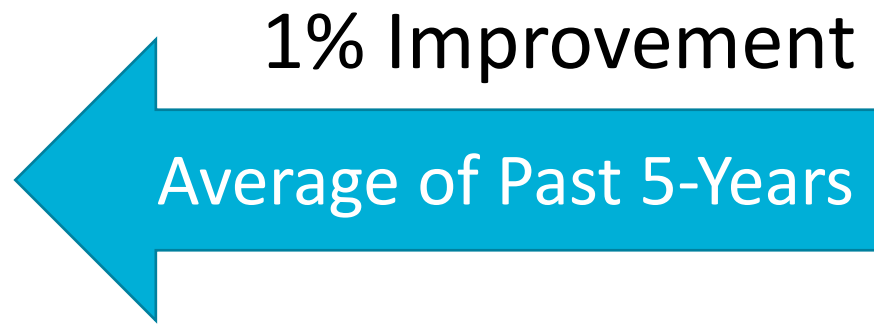


New Performance Funding Model

Finance and Facilities
January 4, 2023



Existing Performance Funding Model



Degree-Granting Institutions

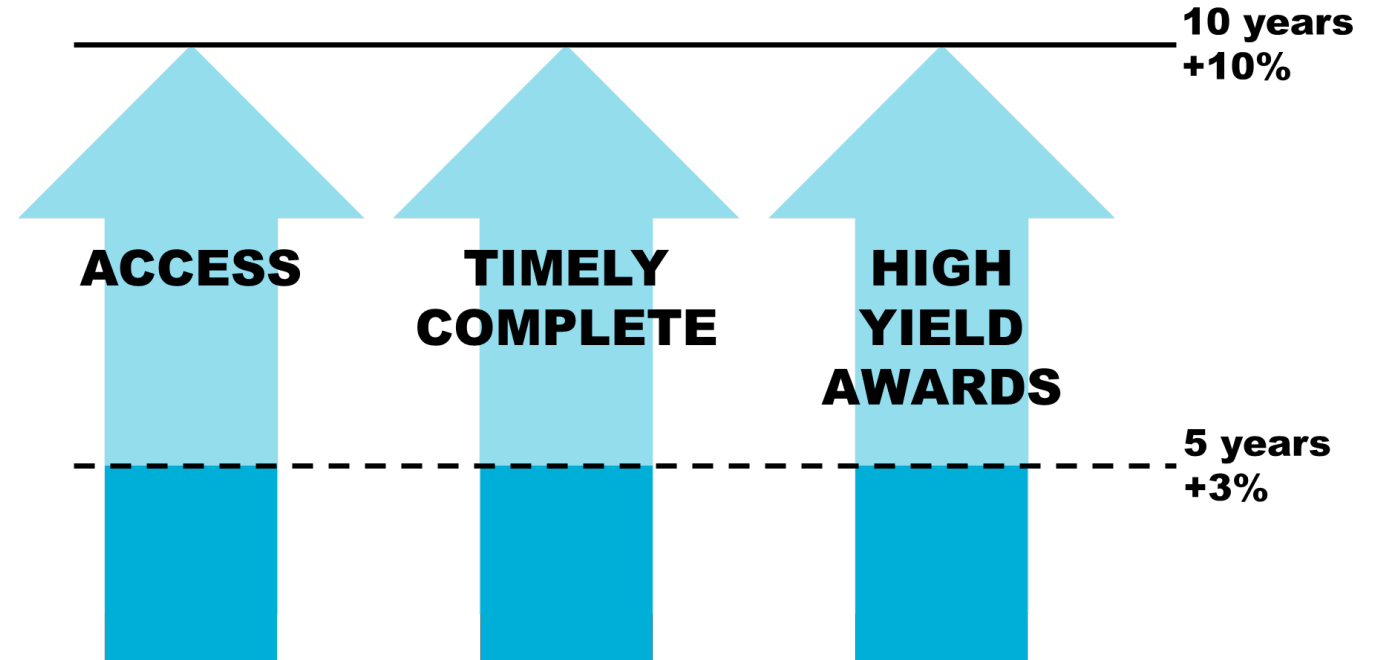
1. Completion
2. Underserved Students
3. Market Demand
4. Awards per FTE
5. Research (UU/USU)

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

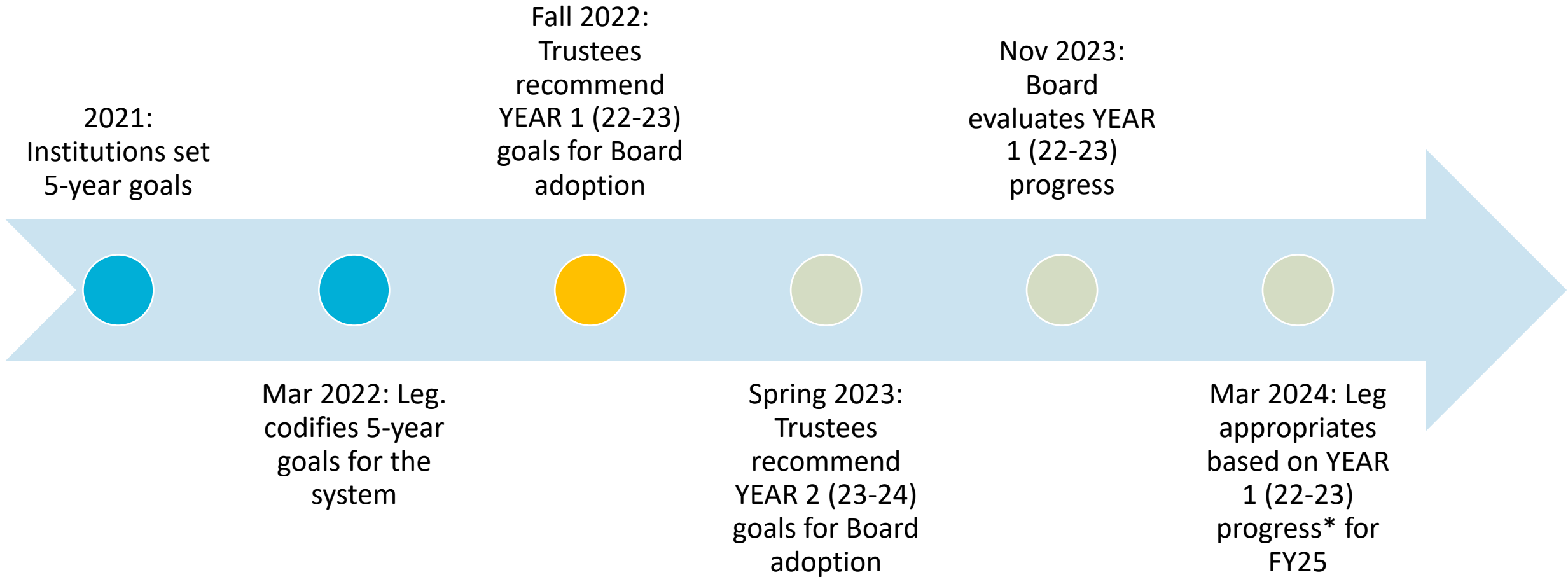
New Performance Funding Approach

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



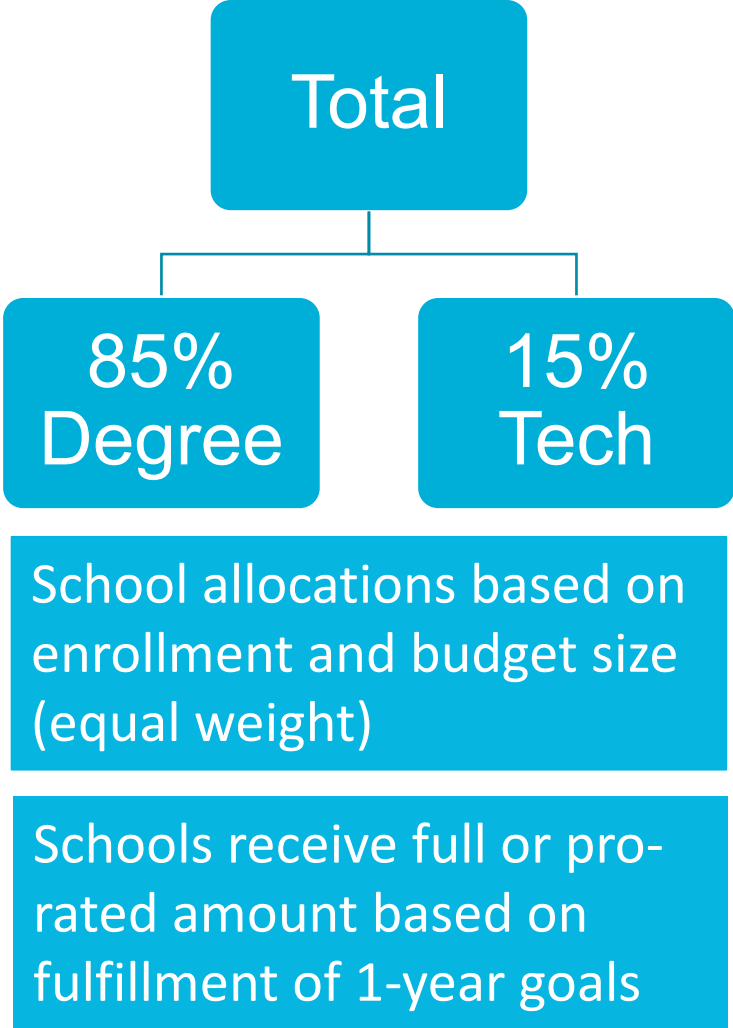
*Unearned funds held in 5-year reserve

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



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 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 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



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