

UTAH SYSTEM OF HIGHER EDUCATION

March 6, 2023

New Performance Funding Model Overview



UTAH
SYSTEM OF
HIGHER
EDUCATION

SELECT DEFINITIONS

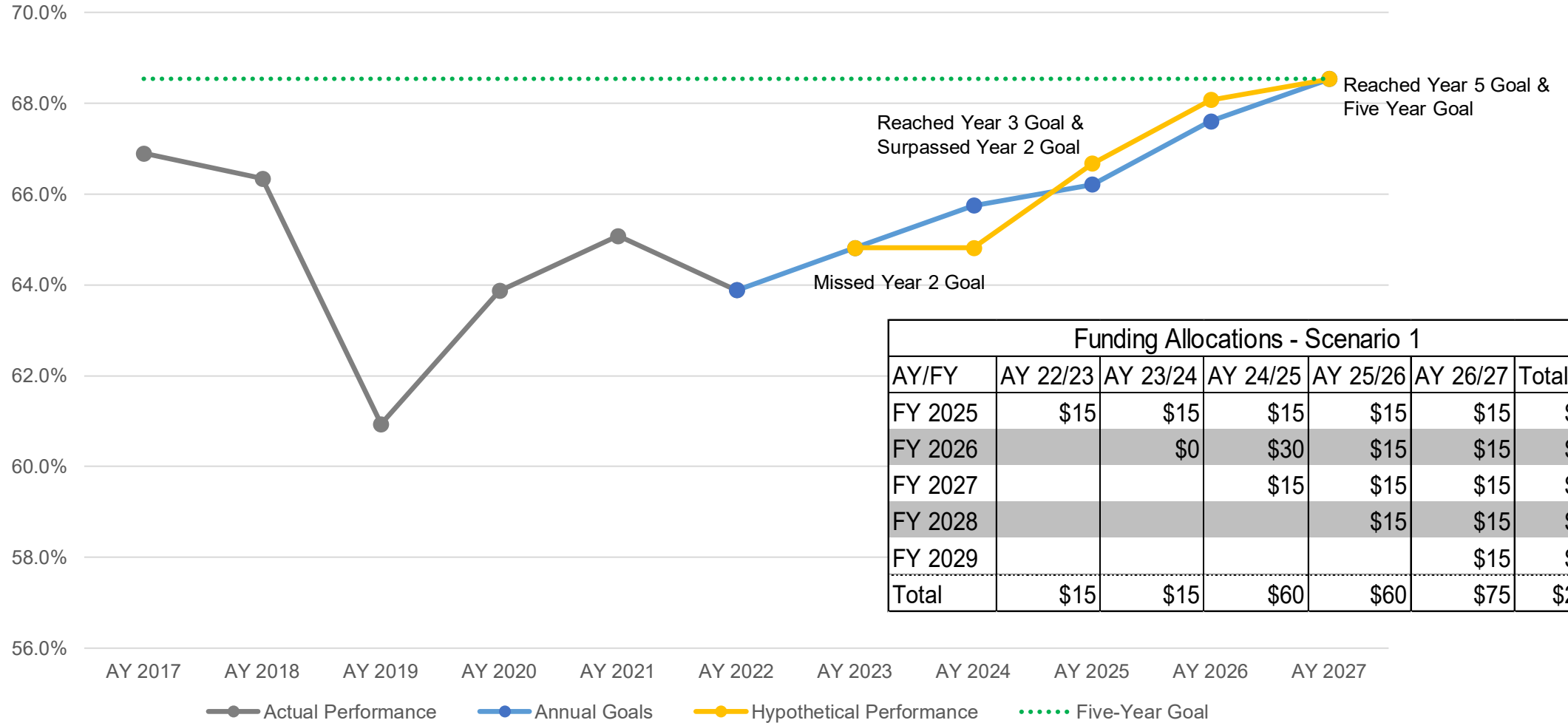
- **“Five-year Performance Period”** is defined by Utah Code section 53B-7-709(1)(d) and means the five-year period beginning on July 1, 2022, and ending on June 30, 2027.
 - **“Five-year Performance Goals”** means the performance metric goals adopted by the Board of Higher Education for each institution and the system of higher education, measured as the difference between the desired metric value at the end of the five-year performance period and beginning of the five-year performance period.
 - **“Annual Performance Goals”** means the performance metric goals adopted annually by the Board of Higher Education for each institution and the system of higher education, measured as the difference between the desired metric value for the year and the previous year value.
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GOAL SETTING & FUNDING PROVISIONS

- Annual performance goals must be greater than or equal to zero.
- Annual performance goals must be sufficiently rigorous to achieve five-year performance goals.
- Annual performance funding will be awarded in full if annual goals are met or exceeded. Performance funding will be awarded on a prorated basis if actual performance is less than the goal but greater than zero. If the annual performance goal is missed, and actual performance is less than or equal to zero, annual performance funding will be withheld.
- If actual performance meets or exceeds the five-year performance goal in the last year of the performance period, annual performance funding will be awarded in full.
- If an annual goal is missed, performance funding can be 'made-up' within the 5-year performance window on an ongoing basis if the institution meets or exceeds its previous year's annual performance goal and meets or exceeds the performance goal that the institution previously failed to meet. Any unallocated portion of full new performance funding will be reallocated to institutions at the end of the five-year performance period pursuant to Utah Code § 53B-7-706(5)(a)(iii).

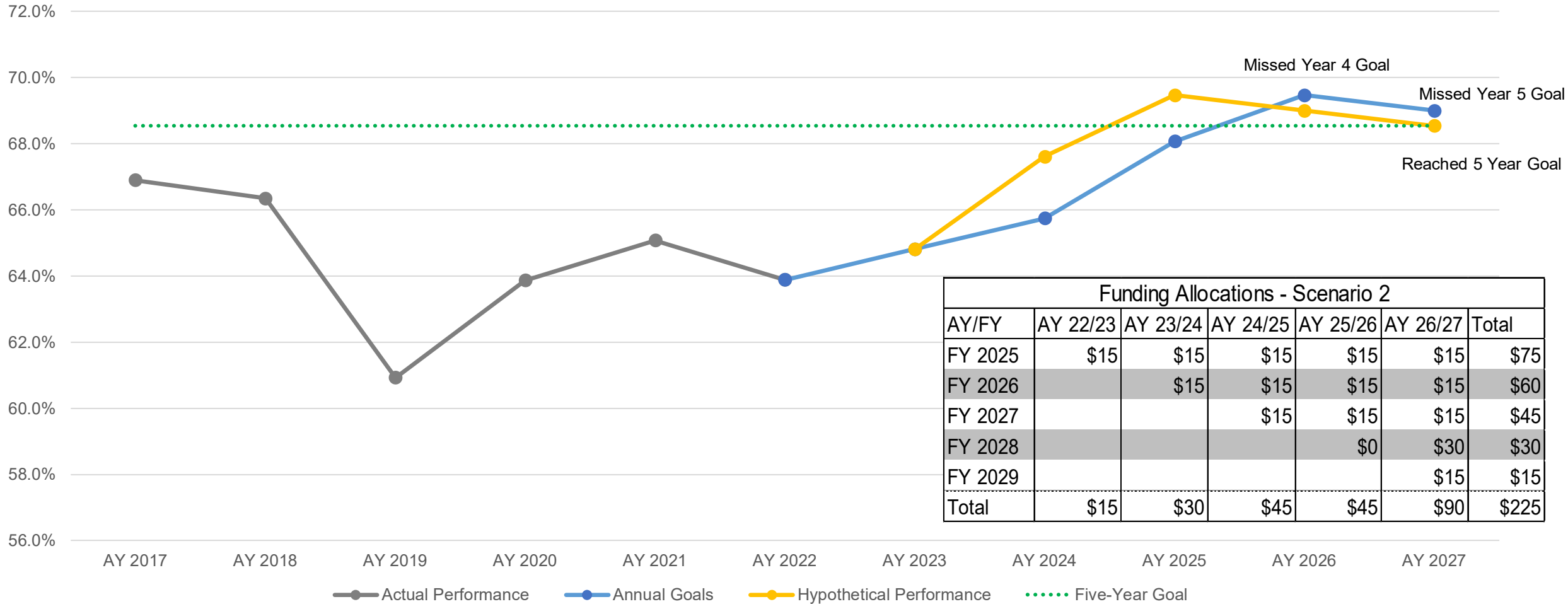
PROPOSED FUNDING MODEL – SCENARIO 1

Annual Performance Goals Hypothetical - Access
 \$45 Million of Annual Appropriations w/\$15 Million Allocated for Access



PROPOSED FUNDING MODEL – SCENARIO 2

Annual Performance Goals Hypothetical - Access
 \$45 Million of Annual Appropriations w/\$15 Million Allocated for Access



AY 2017 AY 2018 AY 2019 AY 2020 AY 2021 AY 2022 AY 2023 AY 2024 AY 2025 AY 2026 AY 2027

—●— Actual Performance —●— Annual Goals —●— Hypothetical Performance Five-Year Goal

Current High-Yield Approach Example

- Institution X in 2022:
 - 4,500 graduates in high-yield cohort
 - 3,600 received high-yield awards
 - High-yield metric is $3,600/4,500 = 80\%$
- Institution X has 5-year goal for HY of 3%
 - 2027 high-yield goal is 83%
- Over the prior 4 years, Institution X's HY graduate cohort grew by 4% (CAGR)
- Assume Institution X's HY cohort continues to grow at that rate
 - 2027 cohort size = 5,475
 - 2027 high-yield graduates needed = $5,475 * 0.83 = 4,544$ (944 more than 2022 level)

Alternative High-Yield Approach

- Premise: devise a measure that holds institutions harmless for growth in graduates of non-HY awards while still holding true to statute
- In each year after 2022, calculate HY metric as follows
 - Ignore any increases in non-HY graduates
 - Any change (growth or decline) in non-HY graduates has no effect on the HY metric
 - Increases in HY graduate count increase both the numerator and denominator of HY metric
 - Only growth in HY graduates affects the HY Metric

Alternative High-Yield Approach

$$\frac{A + x}{B + x} = \textit{goal}$$

Where

A = Base year high-yield graduates

B = Base year graduate cohort

x = Additional high-yield graduates needed to reach goal

Alternative High-Yield Approach Example

- Institution X, 5-year goal:
 - 4,500 graduates in high-yield cohort in 2022
 - 3,600 received high-yield graduates in 2022
 - High-yield metric is $3,600/4,500 = 80\%$
 - 4,544 high-yield graduates needed in 2027 to achieve 83% (+944)
- Institution X, 5-year goal under alternative approach:
 - $\frac{3,600+x}{4,500+x} = .83 \rightarrow x = +794$
 - 4,394 high-yield graduates needed in 2027 to achieve 83%

Nominal Increase Needed to Meet 5-Year Goals

	Current Model (estimate*)	Proposed Model
Bridgerland Tech	253	158
Davis Tech	263	237
Dixie Tech	270	175
Mountainland Tech	427	281
Ogden-Weber Tech	207	159
SLCC	541	112
SNOW	391	212
Southwest Tech	48	62

	Current Model (estimate*)	Proposed Model
SUU	894	251
Tooele Tech	98	48
Uintah Basin Tech	166	100
USU	770	898
UT	619	336
UU	525	-
UVU	3573	1159
WSU	930	787

*Estimates calculated using 4 year CAGR for each institution's total awards, with the exception of Dixie Tech, Snow College, Tooele Tech and UVU.

SYSTEM & INSTITUTION FIVE YEAR GOALS

	Access			Timely Completion			High Yield Awards		
Institution	Base Year 2022 %	Five Year Goal Increment	Five Year Goal %	Base Year 2022 %	Five Year Goal Increment	Five Year Goal %	Base Year 2022 %	Five Year Goal Increment	Five Year Goal %
Bridgerland Tech				55.4%	3.0%	58.4%	49.2%	7.0%	56.2%
Davis Tech				51.4%	3.0%	54.4%	41.8%	8.0%	49.8%
Dixie Tech				62.6%	3.0%	65.6%	66.0%	7.0%	73.0%
Mountainland Tech				56.4%	3.0%	59.4%	32.9%	8.0%	40.9%
Ogden-Weber Tech				41.3%	3.0%	44.3%	48.5%	7.0%	55.5%
SLCC				39.8%	3.0%	42.8%	76.0%	1.0%	77.0%
SNOW				61.5%	12.8%	74.3%	63.0%	7.0%	70.0%
Southwest Tech				77.7%	3.0%	80.7%	49.1%	7.0%	56.1%
SUU				53.1%	3.0%	56.1%	71.1%	3.0%	74.1%
Tooele Tech				58.6%	4.0%	62.6%	58.8%	6.0%	64.8%
Uintah Basin Tech				61.6%	4.0%	65.6%	55.5%	6.0%	61.5%
USU				54.5%	4.0%	58.5%	78.8%	3.0%	81.8%
UT				36.5%	3.0%	39.5%	63.9%	6.0%	69.9%
UU				67.8%	3.0%	70.8%	81.6%	0.0%	81.6%
UVU				36.6%	3.0%	39.6%	75.8%	3.0%	78.8%
WSU				36.3%	3.0%	39.3%	79.9%	3.0%	82.9%
System	53.7%	58.3%	4.67%	47.6%	3.0%	50.6%	71.3%	3.0%	74.3%