



PERFORMANCE-BASED FUNDING

HIGHER EDUCATION
STAFF: SPENCER PRATT

ISSUE BRIEF

SUMMARY

During the 2013 General Session, the Legislature approved a one-time appropriation of \$1 million, designated as Performance-Based Funding, together with the following intent language:

The Legislature intends that the Utah State Board of Regents develop standards to measure institutions' performances using, but not limited to the following: 1. Retention (1st year to 2nd year); 2. Completion rates (including transfers); 3. Reduction in remedial/developmental math courses; 4. Successful completion of math courses following remedial/developmental; 5. Acceleration in fulfilling general education math courses; 6. Increase in graduate education (as applicable by institutional mission).

The Legislature further intends that the \$1 million Performance-Based funding will be allocated by the Utah State Board of Regents to institutions that show improvements in one or more of these areas.

The 2014 Legislature provided a second year of performance based funding with a one-time appropriation of \$1.5 million. The core performance measures were used as the criteria for the allocation of the funding. Last year, the 2015 Legislature approved ongoing funding for performance based funding, in addition to more one-time funding. In total, \$2 million of ongoing funding was approved, and \$7 million in one-time funding.

OBJECTIVE

The purpose of Performance-Based Funding is to encourage institutions to improve in the above-mentioned areas by providing a funding reward to them upon meeting specific goals.

DISCUSSION AND ANALYSIS

The State Board of Regents approved a concept of dividing the institutions into three groups: Group I (University of Utah and Utah State University), Group II (Weber State University, Utah Valley University, and Salt Lake Community College); and Group III (Southern Utah University, Dixie State University, and Snow College). For the FY 2014 funding, institutions in Group I would be eligible to receive \$200,000 each, Group II institutions would be eligible for \$120,000 each, and Group III institutions would be eligible for \$80,000 each. Of the \$1 million FY 2014 appropriation, \$143,100 was not awarded and was added to the FY 2015 appropriation. For the FY 2015 funding, institutions in Group I would be eligible to receive \$328,600 each, Group II institutions would be eligible for \$197,200 each, and Group III institutions would be eligible for \$131,400 each.

Each institution submitted its own specific performance measures, current baselines, and 2014 goals. Institutions focused on one to four of the standards outlined in the intent language.

On June 1, 2014, institutions provided a report detailing which benchmarks were met. The Commissioner's Office evaluated the reports and then allocated funding based on the individual institution's performance.

The FY 2015 Performance Measures, by institution are listed below:

University of Utah

- Increase first-time, full-time freshman retention rate to 88.5%
- Increase first-time, full-time freshman completion rate to 60.8%
- Increase successful completion rate of Math 1050 to 67.7%
- Increase the annual number of graduate degrees to 2,550

Utah State University

- Increase the yield from student applications by 1%

Weber State University

- Increase first-year retention rate by 1%
- Increase the three-year average number of degrees awarded by 5%
- Increase the three-year average completion rate of Math 0950, 0990, and 1010 by 5%

Southern Utah University

- Increase the percentage of first-time students completing remedial math and then completing a Math GE course to 35%

Utah Valley University

- Increase the annual number of certificates, diplomas, and degrees awarded to 4,700
- Increase the percentage of students completing math requirements to 51%

Snow College

- Decrease the time for successful completion of Math 1050 to 0.6 years
- Increase the number of concurrent enrollment students successfully completing Math 1050 by 5%
- Reduce the time to complete developmental math to less than three semesters

Dixie State University

- Increase fall-to-fall retention rate of targeted at-risk students by 3%
- Increase advisement participation by 3%
- Increase pass rate in developmental math by 5% and increase the number of students moving from Math 0900 to Math 1000 in two courses instead of three by 5%

Salt Lake Community College

- Increase the GPA and pass rate of students in Math 1010 to 2.5 or better and 60% or better, respectively

During the 2015 General Session, S.B. 232, Higher Education Performance Funding (Urquhart) passed, which required the Board of Regents to establish a performance based funding model, consisting of the following criteria:

- Degrees and certificates granted;
- Services provided to traditionally underserved populations;
- Responsiveness to workforce needs;
- Institutional efficiency; and
- Graduate research metrics (for research universities).

The Board of Regents, in its July 2015 meeting, approved the formula and metrics of the performance based funding model. The Board also approved the allocation of the ongoing \$2 million and the \$7 million one-time funding and the previous balance of \$239,000 to the institutions. Any funding from this \$9.2 million that is not earned through the formula will be redistributed to institutions on a one-time basis in proportion to their meeting the metrics.

The Commissioner will provide additional detail on the performance based funding model, the metrics, and the allocation during the Higher Education Appropriations Subcommittee meetings during the 2016 General Session.

For FY 2017, the State Board of Regents have requested \$15 million in ongoing funding for Performance Based Funding; the governor has recommended \$2 million ongoing and \$3.5 million one-time.