



UTAH SYSTEM OF
HIGHER EDUCATION

Building a Stronger State of Minds



Board of Regents
Performance Funding Proposal
Fiscal Year 2015-16

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Commissioner of Higher Education
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Overview:

- Emphasis:
 - **Rewarding excellence**
 - **Completion**
 - **Balanced approach**
- The proposed model is **rigorous, real, transparent**—pushing toward **excellence**.
- Recommended by *Performance Funding Working Group*
 - Presidents Wight (Chair), Pershing, Wyatt
- Recommended as a portion of 2015-16 higher education budget request.



USHE Performance Funding

Objective: **Achieve “best-in-class”**

- Institutions measured against national peers
- Top third percentile ranking or better
- Using new increments of state tax funds
- Keep simple and transparent

System-wide Metrics	3
Institution-specific Metrics	1 or 2

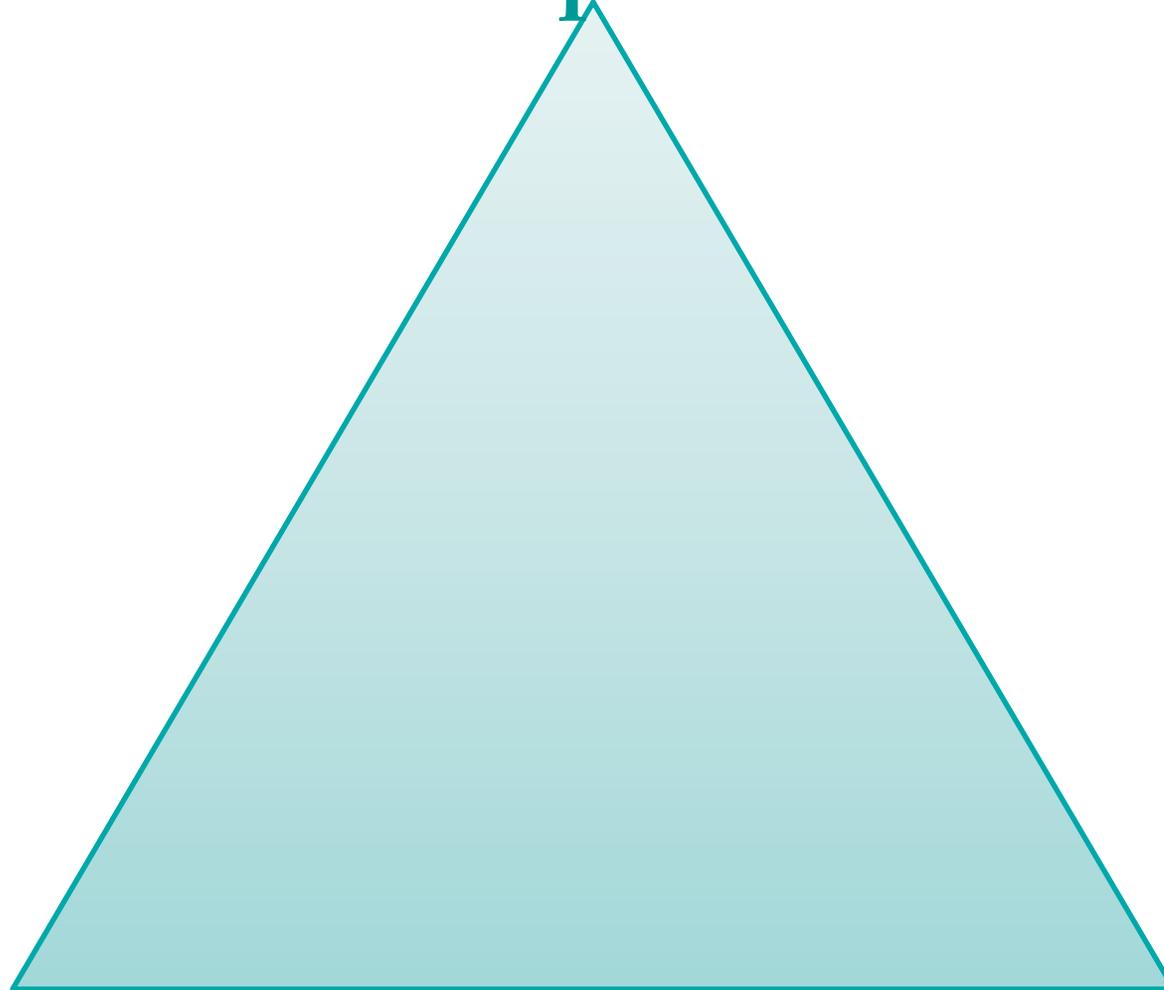


USHE metrics

Completion

Access

Affordability





USHE metrics

Completion

Percent of first-time, full-time students graduating within 150% of time to degree/certificate.

Published in-state tuition & fees for undergraduate students.

Percent of degree-seeking of degree-seeking undergraduates with Pell grant support.

Access

Affordability



1 or 2 metrics specific to individual institutions:

- **Full-time Retention** First-to-second year student retention for full-time students.
- **Part-time Retention** First-to-second year student retention for part-time students.
- **Degrees/certificates** Awarded per FTE student.

Optional Metric

With approval of the Commissioner and the Board, metric must:

- Be equivalent in rigor
- Have nationally comparable data available
- Further strategic directions of the Board of Regents

Possible examples:

- Average wage earned by Career and Technical Education graduates (certificates and associate degrees)
- Transfer conversion rate – successful transfers resulting in a degree within 150% of time (for community colleges)
- Research funding per faculty member (for research universities)
- Graduate degrees awarded per tenured faculty member (for research universities)



Measuring performance toward “Best-in-Class”

- Based on existing, nationally reported metrics, and using national peer datasets (e.g. *Carnegie Classification*).
- Benchmark set for 3-year period.
- Institutions must improve 7% towards benchmark annually for full funding.

Example: Graduation Rates

Institution A:	40%
“Best-in-Class” benchmark:	60%
Annual improvement goal:	7% of the 20% gap = +1.4%

Allocation of Funds

Institution funding

50/50 weighting:
50% USHE share of graduates (outputs)
50% USHE share of State tax funds (state support)



Metric-specific funding

- Institution funds divided equally among metrics.
- Funds awarded by individual metric, based on percent achieved for that specific metric only.



If “Best-in-Class” is achieved by institution:

- Full funding for specific metric is allocated if 7% increase is achieved or already exceeds “best-in-class” benchmark.
- Becomes part of ongoing base budget.
- Allows for improvements to be made permanent, including the hiring of faculty and staff.

If “Best-in-Class” is not achieved by end of year 1:

- *Anticipates one-year anomalies*
 - *Encourage continued progress towards performance objectives*
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Year 2 (July 2016):

- Un-earned funds added to overall PF amount on a *one-time* basis for distribution to all other eligible institutions and metrics.
- Funds again available to the “original” institution to be earned as ongoing base dollars at end of year 2.

Year 3 (July 2017):

- Funds not earned by the “original” institution in the third year are added *ongoing* to the PF amount available for allocation to all USHE institutions.



**Rigorous
Real
Transparent**



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