



## **R522, Annual Performance Goal Setting and Funding Determination**

**R522-1 Purpose:** To provide guidance on annual institution performance goal setting and a methodology for determining the amount of annual new performance funding institutions will receive.

### **R522-2 References**

- 2.1** [Utah Code § 53B-7-705](#), Determination of Full New Performance Funding amount – Role of Appropriations Subcommittee – Program Review
- 2.2** [Utah Code § 53B-7-706](#), Performance Metrics for Institutions – Determination of Performance
- 2.3** [Utah Code § 53B-7-709](#), Five-year Performance Goals

### **R522-3 Definitions**

- 3.1 “Actual Annual Performance”** means, in each year, the difference between a performance metric’s current value and its previous year value.
- 3.2 “Actual Five-year Performance”** means the difference between a performance metric’s value at the end of the five-year performance period and the beginning of the five-year performance period.
- 3.3 “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.
- 3.4 “Five-year Performance Period”** is defined by [Utah Code section 53B-7-709\(1\)\(d\)](#).
- 3.5 “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.

**3.6 “Full New Performance Funding”** means the maximum amount of new performance funding an institution qualifies for in a fiscal year, determined by the legislature under [Utah Code section 53B-7-705](#).

**3.7 “Performance Metrics”** means the metrics used to evaluate an institution’s performance and include access, timely completion, and high-yield awards.

**R522-4 Annual Performance Goal Setting:** An institution will submit its proposed annual performance goals to the Chief Economist and Chief Financial Officer of the Office of the Commissioner of Higher Education (“OCHE”) by March 2023 and every December 15th thereafter. Institutions shall propose annual performance goals that meet the following criteria:

**4.1** The proposed annual performance goal is greater than or equal to zero; and

**4.2** The proposed annual performance goal is sufficiently rigorous for achieving the institution’s five-year performance goal.

**4.3 Board Adoption of Annual Performance Goals:** By March 2023 and January 30 each year thereafter, the Board will adopt annual performance goals for each institution. The institution-proposed annual performance goals may differ from Board-adopted annual performance goals based on the Board’s assessment of how the institution-proposed annual performance goals meet the requirements of R522-4.1 and 4.2 or other considerations.

**R522-5 Annual Performance Funding Award:** The performance funding an institution will receive each fiscal year is dependent on the full new performance funding amount, actual performance, and annual performance goals.

**5.1** If systemwide actual performance in access is equal to or exceeds the systemwide annual performance goal, all institutions will receive one third of their full new performance funding amount. If systemwide actual performance in

access is less than the systemwide annual performance goal, but greater than zero, each institution will receive an amount equal to the product of the share of the systemwide access performance goal achieved (actual performance divided by the performance goal for access) and one third of their full new performance funding amount. If systemwide actual performance in access is less than or equal to zero, and the systemwide annual performance goal is not met, one third of the systemwide full new performance funding will be withheld for the fiscal year.

**5.2** For each of the performance metrics of timely completion and high-yield awards, if an institution's actual performance in the performance metric is equal to or exceeds its annual performance goal, it will receive one third of its full new performance funding amount. If an institution's actual performance in the performance metric is less than the institution's annual performance goal, but greater than zero, the institution will receive an amount equal to the product of the share of the performance goal it has achieved (actual performance divided by the performance goal for the performance metric) and one third of its full new performance funding amount. If an institution's actual performance in the performance metric is less than or equal to zero, and the institution's annual performance goal is not met, one third of the institution's full new performance funding will be withheld for the fiscal year.

**5.3** Notwithstanding subsection 5.1, if the system meets or exceeds the system's five-year performance goal for access in the final year of the five-year performance period, all institutions will receive one third of their full new performance funding amount.

**5.4** Notwithstanding subsection 5.2, for each of the performance metrics of timely completion and high yield awards, if an institution meets or exceeds the institution's five-year performance goal for the performance metric in the final year of the five-year performance period, the institution will receive one third of its full new performance funding amount.

**R522-6 Unearned New Performance Funding:** Unearned new performance funding shall be set aside and may be reallocated following Utah Code sections [53B-7-705\(6\)\(g\)\(ii\)](#) and [53B-7-706\(5\)\(a\)\(iii\)](#).