

Report on UW System Outcomes-Based Funding, FY24

Background

The 2017-19 State of Wisconsin Budget created Wi. Stats. 36.112, directing the UW System Board of Regents to establish an outcomes-based funding (OBF) formula for the purpose of distributing \$26.25 million among UW institutions in fiscal year 2018-19 (FY19). In the 2019-21 budget, the Wisconsin Joint Committee on Finance approved an additional \$22.5 million in fiscal year 2019-20 (FY20) and \$22.5 million in fiscal year 2020-21 (FY21) to be distributed through the OBF formula. The combined \$48.75 million was ongoing in the 2021-23 and 2023-25 budgets. This document describes the performance on OBF measures and the resulting distribution of funds in FY24.

The OBF formula was developed prior to the UW System restructuring of UW Colleges and UW Extension, and the OBF measures apply to University main campus activity only. Following the UW System restructure, funding from former UW Colleges and UW-Extension was distributed to receiving institutions, as detailed at the August 1, 2019 UW Board of Regents meeting.

OBF Measures and Methodology

The OBF formula was developed in 2017 by a UW System working group. The working group met with the offices of Rep. Mark Born, Rep. John Nygren, Sen. Alberta Darling, and Sen. Sheila Harsdorf during the development of the model. The group also consulted with national experts on outcomes-based funding from HCM Strategists to develop a model consistent with national best practices. The UW Board of Regents approved the formula at its December 7, 2017, meeting. It was transmitted to the Joint Finance Committee (JFC) on February 15, 2018, and subsequently presented in a meeting with JFC in late March of 2018.

As specified in statute, the outcomes-based funding formula uses 16 measures, four each within goals for Access, Success, Workforce, and Efficiency:

1. Grow and ensure student access
 - a. Wisconsin high school graduates enrolled as degree-seeking undergraduates
 - b. Pell-eligible students enrolled as undergraduates
 - c. Under-represented students enrolled as undergraduates
 - d. Transfer students enrolled as undergraduates
2. Improve and excel at student progress and completion
 - a. Undergraduates who achieved 30 credit hours
 - b. Undergraduates who achieved 90 credit hours
 - c. Undergraduate degrees awarded
 - d. Post-baccalaureate degrees awarded
3. Expand contributions to the workforce
 - a. Graduates in STEM disciplines
 - b. Graduates in health-related disciplines
 - c. Pell-eligible graduates
 - d. Research and public service expenditures

4. Enhance operational efficiency and effectiveness
 - a. Core expense ratio
 - b. Average number of credit hours required for an undergraduate degree
 - c. Average student debt on baccalaureate graduation
 - d. Degrees awarded per 100 full-time equivalent (FTE) enrollments

In the OBF formula, each of the four categories is assigned a weight of 25%. Within each category, institutions weight each of the individual measures to reflect institutional mission. The default weight of each individual measure is 6.25%, the minimum possible weight is 1%, and the maximum possible weight is 22%. Overall performance on the OBF measures is driven by change in the measures as weighted by institutional mission.

Change is measured in the OBF formula between two overlapping three-year periods: a current period including the most recent year of available data, and a base period of three prior years. The three-year periods ensure that allocation is driven by sustained improvements over time, rather than one-time swings. For example, the FY24 allocation included data from 2020-21, 2021-22, and 2022-23 for the current period and data from 2019-20, 2020-21, and 2021-22 for the base period.

OBF Distributions by Institution

The table on the next page shows the amount distributed to each institution using the OBF formula for FY24.

The OBF formula starts with each institution's beginning appropriation share, which is its proportion of base GPR/fee funding. The beginning appropriation share is a major factor in the OBF distribution. In FY24, UW-Madison had the largest beginning appropriation share (42.9%), and UW-Superior had the smallest beginning appropriation share (1.9%).

An institution's beginning appropriation share is modified by its performance on the outcomes-based funding measures. In FY24, performance on OBF measures had the largest impact on UW-Madison's appropriation share, increasing it from 42.9% to 44.5%. UW-Milwaukee had the next largest effect, decreasing from 15.0% to 14.5%. Change at all other institutions was 0.22 percentage points or less. As a result, UW-Madison had the largest OBF distribution of any UW institution (\$20.9 million), and UW-Superior had the smallest OBF distribution (\$0.9 million).

Summary of UW System Outcome Based Funding Distributions, FY24

UW Institution (main campus only)	Allocation for FY24			
	Beginning Appropriation Share*	Change in Outcomes	Outcomes Funding Share	Outcomes Funding Allocation**
UW-Eau Claire	5.7%	-1.66%	5.6%	\$2,612,919
UW-Green Bay	2.9%	1.34%	2.9%	\$1,375,310
UW-La Crosse	4.8%	-0.64%	4.7%	\$2,194,610
UW-Madison	42.9%	4.86%	44.5%	\$20,879,582
UW-Milwaukee	15.0%	-2.20%	14.5%	\$6,818,692
UW-Oshkosh	4.9%	-0.95%	4.8%	\$2,271,166
UW-Parkside	2.7%	-2.17%	2.6%	\$1,207,908
UW-Platteville	3.3%	-5.63%	3.1%	\$1,443,422
UW-River Falls	3.1%	-3.03%	3.0%	\$1,392,864
UW-Stevens Point	4.0%	-2.35%	3.9%	\$1,834,807
UW-Stout	3.9%	-3.13%	3.7%	\$1,740,846
UW-Superior	1.9%	-1.52%	1.8%	\$854,968
UW-Whitewater	5.0%	-1.32%	4.9%	\$2,284,174
Institution Total	100.0%	-0.05%	100.0%	\$46,911,268

Allocation for FY24 was established 09/18/2023.

*Beginning appropriation share is institution's share of adjusted GPR/fee base, which varies year to year based on enrollments, pay plan, and other factors. Beginning appropriation for FY24 includes the FY23 OBF allocation, the FY23 redistribution of UW System Administration and UW Systemwide from the UW System Restructure, and the 2022-23 adjusted GPR/fee base.

**In FY24, an additional \$1,838,732 was distributed from former UW Colleges and former UW Extension for a total of \$48.75 million. See appendix.

Systemwide Results on OBF Measures

Performance on OBF measures in FY24 systemwide primarily was driven by the cumulative effect of many years of declining enrollments. Decreases in enrollment-related and degree-related measures were countered by increases in a few individual measures.

Enrollment-related OBF measures declined systemwide, with the exception of underrepresented minority undergraduates. Transfer student enrollment and Pell recipient enrollment were among the worst-performing metrics systemwide. Degrees declined at the undergraduate level and among Pell recipients, increased at the post-baccalaureate level, and were essentially unchanged in STEM and health-related disciplines.

The remaining OBF measures were research and public service expenditures – the measure with the biggest increase – and the efficiency measures of core expense ratio (unchanged), average credit hour requirements (unchanged), student debt (improved), and degrees per FTE (improved).

Performance on OBF Measures UW System	FY24 Allocation	
	% change in OBF measure	UW's with improvement (# out of 13)
ACCESS		
Wisconsin resident new freshmen	-1.3%	4
Pell recipients enrolled	-4.6%	1
Underrepresented minorities enrolled	1.4%	2
Transfer students enrolled as undergraduates	-5.4%	1
SUCCESS		
Undergraduates who have achieved 30 credits	-2.1%	2
Undergraduates who have achieved 90 credits	-2.3%	2
Undergraduate degrees awarded	-2.6%	2
Post-baccalaureate degrees awarded	5.2%	11
WORKFORCE		
Graduates in STEM disciplines	-0.3%	4
Graduates in health-related disciplines	0.8%	7
Pell recipients graduated	-5.4%	1
Research and public service expenditures	6.7%	8
EFFICIENCY		
Core expense ratio	0.0%	6
Avg. # credits required for an undergrad degree	0.0%	9
Avg. student debt on baccalaureate graduation	1.6%	13
Degrees awarded per 100 FTE	1.4%	10

Note: Percent change is calculated from the base period to the current period. The goal is to increase each measure, except for average credit hours required and average student debt, where reductions are sought. Therefore, average credit hours required and average student debt have been inverted to translate reductions in these measures into positive percent change.

Appendix A: Institution Results on OBF Measures

Percent Change in OBF Measures	FY24 Allocation												
	EAU	GBY	LAC	MSN	MIL	OSH	PKS	PLT	RVF	STP	STO	SUP	WTW
ACCESS													
WI resident new freshmen	-3.9%	-1.1%	1.7%	-0.4%	-1.4%	-5.6%	-13.5%	0.6%	-6.6%	6.4%	-7.2%	-4.7%	0.8%
Pell recipients enrolled	-8.6%	-1.9%	-9.0%	6.1%	-4.7%	-8.4%	-10.3%	-9.2%	-12.1%	-3.5%	-9.8%	-5.4%	-5.7%
Underrepresented minorities	-3.6%	8.6%	-2.6%	13.2%	-1.0%	-2.4%	-4.9%	-9.4%	-4.6%	-2.8%	-6.4%	-0.2%	-2.0%
Transfer students	-6.5%	-3.1%	-4.5%	8.5%	-8.3%	-17.4%	-4.1%	-13.4%	-11.4%	-6.9%	-10.6%	-2.0%	-4.7%
SUCCESS													
Undergrads with 30 credits	-3.6%	-2.2%	-1.7%	3.9%	-4.2%	-9.2%	-6.4%	-7.1%	-7.3%	0.7%	-4.8%	-1.6%	-5.9%
Undergrads with 90 credits	-1.6%	-0.6%	-2.5%	1.6%	-3.4%	-6.1%	-5.2%	-5.8%	-3.9%	1.1%	-5.4%	-2.9%	-8.0%
Undergrad degrees awarded	-1.5%	2.1%	-1.0%	2.6%	-7.3%	-3.9%	-6.3%	-6.2%	-3.5%	-8.5%	-4.4%	-3.7%	-6.2%
Post-baccalaureate degrees	5.9%	2.4%	3.2%	5.4%	6.4%	-2.5%	25.2%	-9.5%	0.9%	18.1%	0.3%	8.5%	6.4%
WORKFORCE													
Graduates in STEM	-4.2%	4.1%	-3.2%	4.5%	-5.6%	-6.9%	-2.4%	-11.6%	-3.1%	-4.5%	0.2%	-3.3%	3.2%
Grads in health-related	2.2%	-1.8%	-1.3%	-1.1%	4.0%	3.4%	14.8%	100.0%	-7.3%	-6.8%	2.4%	-25.8%	11.2%
Pell recipients graduated	-3.6%	-0.8%	-3.9%	2.8%	-9.8%	-6.7%	-10.1%	-10.1%	-8.4%	-8.4%	-7.0%	-6.5%	-4.7%
Research and public service \$	-0.7%	-6.3%	-5.0%	7.4%	0.1%	2.6%	3.8%	15.1%	4.0%	-2.7%	-12.0%	27.7%	2.5%
EFFICIENCY													
Core expense ratio	-4.5%	7.3%	1.3%	-0.3%	-3.0%	5.0%	-19.6%	-2.0%	-2.4%	9.9%	3.5%	-10.8%	7.3%
Avg. # credit hours for undergrad	0.1%	-0.3%	-0.2%	0.0%	0.1%	0.1%	0.0%	-0.5%	0.3%	0.2%	0.0%	0.2%	0.0%
Avg. student debt	0.5%	1.2%	0.3%	2.6%	2.6%	0.5%	2.3%	0.6%	3.5%	3.2%	0.6%	1.3%	1.1%
Degrees awarded per 100 FTE	3.3%	2.7%	1.0%	0.0%	-0.1%	2.9%	7.8%	-0.9%	3.8%	-5.0%	1.9%	0.6%	0.2%
OBF measures that increased (# out of 16)	5	7	5	13	5	6	5	4	5	7	7	5	8

Note: Percent change is calculated from the base period to the current period. The goal is to increase each measure, except for average credit hours required and average student debt, where reductions are sought. Therefore, average credit hours required and average student debt have been inverted to translate reductions in these measures into positive percent change.

Appendix B: OBF Allocation Detail

UW System Outcomes Based Funding Allocation for FY24

UW Institution	2022-23 Percent of Adjusted GPR/Fee Base*	UW System Restructure**		Outcomes-Based Funding Adjustments (Main Campus Activity Only)							Total Allocation
		Distribution of Former UW Colleges	Distribution of Former UW Extension	Beginning Appropriation Share	Base Period Weighted Outcomes	Current Period Weighted Outcomes	Change in Outcomes	Appropriation Share Growth	Outcomes Funding Share	Outcomes Funding Allocation**	
UW-Eau Claire	5.0%	\$ 57,339	\$ -	5.7%	1,845.87	1,815.21	-1.66%	5.62%	5.6%	\$ 2,612,919	\$ 2,670,257
UW-Green Bay	2.5%	\$ 158,939	\$ -	2.9%	1,652.16	1,674.27	1.34%	2.96%	2.9%	\$ 1,375,310	\$ 1,534,249
UW-La Crosse	4.2%	\$ -	\$ -	4.8%	1,902.63	1,890.43	-0.64%	4.72%	4.7%	\$ 2,194,610	\$ 2,194,610
UW-Madison	38.9%	\$ -	\$ 604,426	42.9%	7,869.94	8,252.27	4.86%	44.94%	44.5%	\$ 20,879,582	\$ 21,484,009
UW-Milwaukee	14.0%	\$ 168,248	\$ -	15.0%	3,961.85	3,874.80	-2.20%	14.68%	14.5%	\$ 6,818,692	\$ 6,986,940
UW-Oshkosh	4.5%	\$ 145,242	\$ -	4.9%	1,820.81	1,803.60	-0.95%	4.89%	4.8%	\$ 2,271,166	\$ 2,416,408
UW-Parkside	2.4%	\$ -	\$ -	2.7%	1,152.12	1,127.07	-2.17%	2.60%	2.6%	\$ 1,207,908	\$ 1,207,908
UW-Platteville	3.0%	\$ 103,933	\$ -	3.3%	1,488.92	1,405.05	-5.63%	3.11%	3.1%	\$ 1,443,422	\$ 1,547,355
UW-River Falls	2.8%	\$ -	\$ -	3.1%	1,307.99	1,268.40	-3.03%	3.00%	3.0%	\$ 1,392,864	\$ 1,392,864
UW-Stevens Point	3.7%	\$ 125,644	\$ -	4.0%	1,744.80	1,703.77	-2.35%	3.95%	3.9%	\$ 1,834,807	\$ 1,960,451
UW-Stout	3.5%	\$ -	\$ -	3.9%	1,462.10	1,416.27	-3.13%	3.75%	3.7%	\$ 1,740,846	\$ 1,740,846
UW-Superior	1.7%	\$ -	\$ -	1.9%	844.02	831.23	-1.52%	1.84%	1.8%	\$ 854,968	\$ 854,968
UW-Whitewater	4.4%	\$ 72,010	\$ -	5.0%	1,795.87	1,772.13	-1.32%	4.92%	4.9%	\$ 2,284,174	\$ 2,356,184
Institution Total	90.6%	\$ 831,355	\$ 604,426	100.0%	28,849.07	28,834.48	-0.05%	101.0%	100.0%	\$ 46,911,268	\$ 48,347,049
UW Colleges	3.2%	\$ (831,355)								\$ 831,355	\$ -
UW-Extension	3.6%		\$ (1,007,377)							\$ 1,007,377	\$ -
UW System Admin.	0.0%										\$ -
UW Systemwide	2.7%		\$ 402,951								\$ 402,951
UW System Total	100.0%	\$ -	\$ -							\$ 48,750,000	\$ 48,750,000

*Includes the FY23 OBF allocation and the FY23 redistribution of UW System Administration and Systemwide from the UW System Restructure.

**Amounts for UW Colleges and UW-Extension were set aside for distribution from UW System Restructure as presented to the UW Board of Regents, August 1, 2019.

Final 09/19/2023