

September 6, 2017

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: USHE – FY2019 Operating Budget Request

Issue

The Commissioner requests that the Board of Regents approve the FY2019 Operating Budget Request for the Utah System of Higher Education, which will be presented to the Governor and the State Legislature later this fall for their consideration.

Background

One of the annual statutory responsibilities of the Board is to recommend a unified Utah System of Higher Education budget request to advance to the Governor and Legislature. This year's budget request continues building the foundation to support of the Board of Regents Strategic Plan 2025 - adopted in January 2016 – and advances the Board's strategic objectives of Affordable Participation, Timely Completion, and Innovative Discovery.

The FY2019 USHE Operating Budget Request was developed with substantial consultation and discussion with the Council of Presidents, Business Vice Presidents, and Budget Officers for each institution and represents a unified request supported by the Commissioner and the institutions.

This budget complies with the Budget Development Process Guidelines adopted by the Board at the July 2017 meeting that directed the Commissioner to work with the Presidents of the institutions to develop an operating budget recommendation that requests adequate annual state tax funding to fulfill institutional missions without increasing reliance on tuition.

In order to keep tuition as low as possible, the budget request proposes an increase of \$83,040,500 which is an 8.8 percent increase in state tax fund support. If the Legislature were to fully fund the budget request, it is estimated that first-tier tuition would need to increase 1.2 percent to support the legislative required 25 percent match for employee compensation. (If the Legislature chose to fully fund the request and also cover the compensation match of \$8,896,700 as well as fully fund legislative increases associated with internal service rates, no first-tier tuition increases would be needed for FY2019.) The Board will finalize tuition rates for FY2019 at its first regularly scheduled meeting after the end of the 2018 Legislative Session.

The following budget priorities are being advanced for Board consideration and are highlighted in more detail in the attached Executive Summary:

- Employee Compensation
- Student Growth and Capacity
- Completion
- Workforce
- Statewide Priorities

Attachments include:

- FY2019 USHE Operating Budget Request
- FY2019 USHE Operating Budget Request Executive Summary
- FY2019 USHE Operating Budget Request Institution Detail

As part of the budget request process, institutions have been asked to submit details regarding their budget priorities, identifying how the funds will be used, how many new positions will be supported, expected outcomes or results of the use of these funds, and how they will measure or evaluate success of the use of these funds. The final institution detailed budget information will be included as an information item at the next Board meeting and will be shared with both the Governor's Office and the Legislature as part of the annual budget request process.

#### Commissioner's Recommendation

The Commissioner recommends that the Board approve the FY2019 USHE Budget Request and authorize the Commissioner to:

1. adjust the requested amount for Regent Scholarships by February 15, 2018 based on actual student application and participation in the Regent Scholarship program; and
2. make any subsequent technical adjustments necessary to finalize the budget prior to submitting to the Governor and Legislature.

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David L. Buhler  
Commissioner of Higher Education

DLB/KLH/BLS  
Attachments

**PROPOSED**

Utah System of Higher Education

September 6, 2017

**Operating Budget Request**

ESTIMATED FY 2018-19 STATE TAX FUNDS BEGINNING BASE BUDGET \$938,716,000

**USHE OPERATING BUDGET PRIORITIES (Ongoing Increase) <sup>1</sup>** **\$83,040,500**

<b>1.</b>	<b>Compensation (75%)<sup>2,3</sup></b>		<b>\$29,869,600</b>
	A. 2% performance based compensation	18,394,900	
	B. 8% health premium increases	9,838,800	
	C. Faculty & staff equity adjustments <sup>4</sup>	1,635,900	
<b>2.</b>	<b>Student Growth &amp; Capacity</b>		<b>15,969,000</b>
	Expand capacity in critical courses and programs		
	Information, classroom and data technologies		
	Innovative course delivery		
	Business and student services support		
<b>3.</b>	<b>Completion</b>		<b>7,958,000</b>
	Reducing barriers to completion		
	Student analytics and guided pathways		
<b>4.</b>	<b>Workforce</b>		<b>15,848,900</b>
	Nursing, health, and wellness		
	Computer science and information technology		
	Engineering, science, and aviation		
	Business, hospitality, and tourism		
<b>5.</b>	<b>Statewide Priorities</b>		<b>13,395,000</b>
	SB117 performance based funding	3,850,000	
	Regent and New Century scholarship <sup>5</sup>	3,345,000	
	Higher education IT network and wireless infrastructure	4,900,000	
	Utah Academic Library Consortium	1,300,000	
	<b>Total - USHE Operating Budget Priorities</b>		<b>\$83,040,500</b>
			8.8%

**Notes:**

<sup>1</sup> If fully funded, tuition increase match would require a 1.2% tuition increase for FY19.

<sup>2</sup> The tuition funded portion (25%) required for the compensation package is estimated at \$8,896,700

<sup>3</sup> USHE would also request any state retirement increases approved by Legislature for employees on the URS plans

<sup>4</sup> Snow College \$1,135,000 and Dixie State University \$500,900

<sup>5</sup> If the Regent Scholarship is not funded, the exemplary award for FY19 would be reduced to \$975 per semester vs. \$1,250 per semester

**PROPOSED**

## FY 19 USHE Operating Budget Request Executive Summary

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The USHE operating budget request reinforces the Board of Regents' Strategic Priorities of *Affordable Access*, *Timely Completion* and *Innovative Discovery*, along with program expansion in programs targeted to meet workforce demand. The request for FY2019 is \$83,040,500 and would result in a 8.8% increase in state tax funds for USHE operations, this includes a 2% performance-based compensation increase along with targeted equity adjustments.\*

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### Student Growth & Capacity

**\$15,969,000**

**Expand capacity in critical courses and programs:** Increase the number of students in targeted courses - specifically general education courses that are over-capacity and feeder programs that support workforce-critical programs (e.g. biology, mathematics, and writing). This includes expansion of high impact student experiences such as capstone projects, personalized courses, internships and student-industry partnerships also recognized as best practices within higher education.

**Information, classroom & data technologies:** Advance institutions' abilities to align the classroom experience to industry standards (software, classroom and lab technologies, machinery, etc.).

**Innovative course delivery:** Expand rural concurrent enrollment services, summer course availability, hybrid tech-intensive courses, "big data" capabilities for students, and competency-based programs.

**Business & student services support:** Enhance service levels to students, faculty, and staff in areas such as admissions support, financial aid processing, human resources, information technology personnel, compliance, campus security, and other business needs.

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### Completion

**\$ 7,958,000**

**Reduce barriers to completion:** Implement the recommendations of the Board of Regents' special working group focused on student mental health. Expand of K-16 partnerships focused on college preparation. Provide targeted financial aid to underserved students to help pay for college. Support mentoring and programming for at-risk students, specifically in the first-year, and to streamline general education courses to improve student retention.

**Student analytics and guided pathways:** Utilize predictive analytics tools to measure "real-time" student progress towards completion including guided pathways and other best practices. Bridge the college-to-career experience with more targeted advising, internship programming and other student partnerships more tightly aligned with employers and industry.

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### Workforce

**\$15,848,900**

Expand programs to meet the statewide and regional employment needs of targeted professions conveyed by industry, GOED and DWS.

- Nursing, health and wellness \$7,356,400
- Computer science and information technology \$2,395,500
- Engineering, science and aviation \$4,727,000
- Business, hospitality and tourism \$1,370,000

**\*Compensation Note:** 2% performance based compensation increase and an estimated 8% health premium increase = \$29,869,600. If fully funded, 1st tier tuition increase match would require a 1.2% tuition increase for FY19. The tuition funded portion (25%) required for the compensation package is estimated at \$8,896,700. USHE would also request any state retirement increases approved by Legislature for employees on the URS plans.

## PROPOSED

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### Statewide Priorities

**\$13,395,000**

**SB117 Performance Based Funding (\$3,850,000):** Fund increased institution performance on metrics adopted by the Board of Regents and codified by the Utah Legislature in the 2017 Legislative Session.

**Regents' and New Century Scholarship (\$3,345,000):** Support projected growth in scholarship awards for FY19.

**Higher Education IT Network and Wireless Infrastructure (\$4,900,000):** Leverage higher education technology funds through increased purchasing power to sustain and upgrade the institution IT infrastructure for wireless & network services.

**Utah Academic Library Consortium (\$1,300,000):** Leverage purchasing economies of scale and improve availability to electronic academic journals and research databases across USHE institutions.

	UTAH	USU	WSU	SUU	SNOW	DSU	UVU	SLCC	SBR	Subtotals	Budget Request
<b>Compensation</b>										\$28,233,700	\$29,869,600
Basic Comp Package (2% Salary & 8% Health)	\$9,810,500	\$5,825,500	\$2,666,900	\$1,253,900	\$598,800	\$1,081,400	\$4,219,400	\$2,645,400	\$131,900		
Faculty & staff equity adjustments					\$1,135,000	\$500,900				\$1,635,900	
<b>Student Growth &amp; Capacity</b>											\$15,969,000
Expand capacity in critical courses and programs										\$10,383,300	
<i>Additional faculty, instructors, and support staff</i>	\$2,750,000	\$1,000,000	\$800,000	\$500,000	\$385,000	\$1,065,000	\$3,093,300	\$790,000			
Information, classroom and data technologies										\$2,529,700	
<i>Classroom and laboratory IT needs and support</i>			\$800,000			\$340,000	\$1,389,700				
Innovative course delivery										\$1,876,000	
<i>Concurrent enrollment</i>					\$300,000						
<i>Online, hybrid, summer</i>							\$650,000				
<i>CBE pathways support</i>								\$426,000			
<i>Data solution center</i>		\$500,000									
Business and student services support										\$1,180,000	
<i>Business and student services support</i>			\$300,000		\$160,000	\$290,000		\$430,000			
<b>Completion</b>											\$7,958,000
Reducing barriers to completion										\$3,640,000	
<i>Mental health services*</i>		\$400,000		\$200,000			\$305,000				
<i>K16 alliances</i>					\$140,000						
<i>At risk student support &amp; targeted financial aid</i>		\$400,000	\$200,000					\$70,000			
<i>General education integration and redesign</i>				\$200,000	\$365,000						
<i>First-year student support and retention (persistence) efforts</i>			\$1,060,000	\$300,000							
Student analytics and guided pathways										\$4,318,000	
<i>Data analytics, advisors, career counselors, pathways</i>	\$750,000	\$600,000	\$240,000	\$400,000		\$220,000	\$953,000	\$1,155,000			
<b>Workforce</b>											\$15,848,900
Nursing, health care, and wellness professionals										\$7,356,400	
<i>Nursing</i>	\$1,750,000	\$1,110,000	\$328,400	\$200,000	\$300,000	\$275,000	\$272,800	\$315,000			
<i>Other health care and wellness professionals</i>	\$750,000	\$740,000	\$171,600	\$200,000		\$525,000	\$308,600	\$110,000			
Computer science and information technology										\$2,395,500	
<i>CS &amp; IT</i>		\$1,000,000			\$250,000	\$160,000	\$465,500	\$520,000			
Engineering, science, and aviation										\$4,727,000	
<i>Engineering</i>			\$800,000	\$250,000		\$400,000	\$477,000				
<i>Science</i>	\$2,500,000										
<i>Aviation</i>				\$300,000							
Business, hospitality, and tourism										\$1,370,000	
<i>Outdoor projects</i>		\$300,000									
<i>Entrepreneurship</i>				\$150,000		\$350,000					
<i>Business</i>				\$150,000	\$200,000						
<i>Hospitality</i>								\$220,000			
<b>Statewide Priorities</b>											\$13,395,000
SB117 performance based funding										\$3,850,000	
Regent & New Century scholarship										\$3,345,000	
Higher education IT network & wireless infrastructure										\$4,900,000	
Utah Academic Library Consortium										\$1,300,000	
<b>Total Budget Request</b>	<b>\$18,310,500</b>	<b>\$11,875,500</b>	<b>\$7,366,900</b>	<b>\$4,103,900</b>	<b>\$3,833,800</b>	<b>\$5,207,300</b>	<b>\$12,134,300</b>	<b>\$6,681,400</b>	<b>\$131,900</b>		<b>\$83,040,500</b>

\*Mental health programs are important at all USHE institutions. USHE institution programs vary from each institution. The FY19 ask represents the immediate need to develop or expand mental health clinic services at three of the USHE institutions.