

January 10, 2018

MEMORANDUM

TO: State Board of Regents

FROM: David L Buhler

SUBJECT: USHE – Legislative Priorities for 2018

The 2018 Session of the Utah State Legislature will commence on Monday, January 22, continuing through Thursday, March 8. According to the consensus revenue estimates prepared by the Governor's Office of Management and Budget and Office of Legislative Fiscal Analyst, the combined General Fund and Education Fund changes from last year show a decrease of \$101 million in one-time funds and an increase of \$382 million in new ongoing funds.

The Governor has recommended \$57.2 million in new on-going funds and \$6.5 million in one-time funds for the Utah System of Higher Education (USHE). The Governor recommends fully funding a 2% compensation increase for higher education. This is different from a long-standing practice that compensation increases be funded from two sources: 75% from state tax funds, and 25% from tuition revenues. The Governor also recommends \$24,000,000 to fund the Regents' four budget priority categories (Student Growth & Capacity, Completion, Workforce, and Statewide Priorities) and the funds to be allocated at the discretion of the Board. The Governor recommends \$6.5 million in one-time funds for performance based funding.

Although there are limited new revenues and many competing priorities that surface during the legislative session, I am optimistic there is an opportunity for increased funding of Higher Education. The Commissioner's Office is working closely with institution Presidents and their staffs, and student leaders to ensure consistent and concerted messaging and strategy during the 2018 legislative session.

Legislative Preview Events

The Board of Regents, along with USHE presidents, held four regional legislative briefings at USHE institutions attended by Regents, Presidents, Trustees, the Commissioner's Office, and legislators. At these briefings the Regents' budget priorities and other issues were discussed. Regents, Trustees and Presidents are invited to attend the **annual Higher Education Day luncheon with Legislators in the Capitol Rotunda on Friday, January 26 at noon**. Advocacy will continue throughout the legislative session in coordination with the institutions.

The Commissioner's Office, Presidents and their staffs, will be closely monitoring legislation that could impact the Utah System of Higher Education throughout the legislative session. During the legislative session, the Commissioner will provide weekly updates on the status of higher education priorities and other issues of interest for distribution to Regents, Presidents, and Trustees.

Commissioner's Recommendation

1. Endorse the budget and capital facilities priorities of the Utah System of Higher Education for the 2018 Session of the Utah State Legislature as adopted by the Board on September 15, 2017, and any subsequent updates adopted by the Board.
2. The Regents, Commissioner and staff, Presidents and institutional representatives unite behind the system budget and capital development priorities in their advocacy with the Legislature.
3. Authorize the Commissioner, in consultation with the Presidents, to monitor, support, or oppose on a case-by-case basis, other legislation that may be introduced during the 2018 legislative session.
4. Request the Commissioner's Office provide the Board with regular reports during the legislative session regarding items of interest to the Utah System of Higher Education.

David L Buhler
Commissioner of Higher Education

DLB/SJ
Attachments

2018-19 Unified Budget Priorities

The USHE operating budget request reinforces the Board of Regents' Strategic Priorities of *Affordable Access*, *Timely Completion* and *Research/Workforce*, 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*.

Student Growth & Capacity

\$15,969,000

Expand capacity in critical courses: 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, writing). This includes expansion of high impact student experiences such as capstone projects, personalized courses, internships and student-industry partnerships.

Information, classroom & data technologies: Increased costs associated with software maintenance, classroom technologies, "big data" capabilities for students, accessibility compliance, technology upgrades to keep pace with industry-driven changes (e.g. software, lab technologies, machinery).

Innovative course delivery: Expansion of rural concurrent enrollment services, summer course availability, hybrid tech-intensive courses, and competency-based programs.

Business & student support: To improve service levels to students including wi-fi availability, admissions and financial aid processes, and campus security. Also covers increased operational costs including fuel and power, water and sewer, state audit fees, workers compensation.

	Expand capacity in critical programs	Information classroom & data technologies	Innovative course delivery	Business & student services support	Total
University of Utah	\$ 2,750,000				\$ 2,750,000
Utah State University	\$ 1,000,000		\$ 500,000		\$ 1,500,000
Weber State University	\$ 800,000	\$ 800,000		\$ 300,000	\$ 1,900,000
Southern Utah University	\$ 500,000				\$ 500,000
Snow College	\$ 385,000		\$ 300,000	\$ 160,000	\$ 845,000
Dixie State University	\$ 1,065,000	\$ 340,000		\$ 290,000	\$ 1,695,000
Utah Valley University	\$ 3,093,300	\$ 1,389,700	\$ 650,000		\$ 5,133,000
Salt Lake Community College	\$ 790,000		\$ 426,000	\$ 430,000	\$ 1,646,000
Total	\$10,383,300	\$ 2,529,700	\$ 1,876,000	\$ 1,180,000	\$15,969,000

Completion

\$ 7,958,000

Reduce barriers to completion:

Mental health services, expansion of K-16 partnerships focused on college preparation. Targeted financial aid to underserved populations and students with significant financial barriers. Support, mentoring and programming for refugee students. This also includes a focus on improving the first-year student experience and streamlining general education courses to improve student retention and throughput.

	Reducing Barriers	Guided pathways/analytics	Total
University of Utah		\$ 750,000	\$ 750,000
Utah State University	\$ 800,000	\$ 600,000	\$ 1,400,000
Weber State University	\$ 800,000	\$ 1,500,000	\$ 1,500,000
Southern Utah University	\$ 700,000	\$ 400,000	\$ 1,100,000
Snow College	\$ 505,000		\$ 505,000
Dixie State University		\$ 220,000	\$ 220,000
Utah Valley University	\$ 505,000	\$ 953,000	\$ 1,258,000
Salt Lake Community College	\$ 70,000	\$ 1,155,000	\$ 1,225,000
Total	\$ 2,380,000	\$ 5,578,000	\$ 7,958,000

***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.

Student analytics and guided pathways: Leveraging big data capabilities to better inform students as well as adopt predictive analytics tools to measure in student success metrics in “real-time”. This will help bridge the college-to-career experience with more targeted advising, internship programming and other student partnerships more tightly aligned with employers and industry.

Workforce

\$15,848,900

Expansion of programs focused on meet the needs in targeted industries based on state and regional employer demand. This priority is a direct reflection of the economic and employment USHE institutions have identified in working with industry:

	Nursing, Health, Wellness	Computer Science / IT	Engineering, Science, Aviation	Business, Hospitality, Tourism	Total
University of Utah	\$ 2,500,000		\$ 2,500,000		\$ 5,000,000
Utah State University	\$ 1,850,000	\$ 1,000,000		\$ 300,000	\$ 3,150,000
Weber State University	\$ 500,000		\$ 800,000		\$ 1,300,000
Southern Utah University	\$ 400,000		\$ 550,000	\$ 300,000	\$ 1,250,000
Snow College	\$ 300,000	\$ 250,000	\$ 400,000	\$ 200,000	\$ 1,150,000
Dixie State University	\$ 800,000	\$ 160,000	\$ 477,000	\$ 350,000	\$ 1,787,000
Utah Valley University	\$ 581,400	\$ 465,500	\$ 650,000		\$ 1,046,900
Salt Lake Community College	\$ 425,000	\$ 520,000		\$ 220,000	\$ 1,165,000
Total	\$ 7,356,400	\$ 2,395,500	\$ 4,727,000	\$ 1,370,000	\$15,848,900

Statewide Priorities

\$13,395,000

SB117 Performance Based Funding (\$3,850,000): This request is to reward institutions in meeting the performance metrics adopted by the Board of Regents and ultimately ratified by the Utah Legislature in the 2017 Legislative Session.

Higher Education Technology Initiative (\$4,900,000): The Legislature recognized the importance of technology in providing higher education to students in the state by approving the Higher Education Technology Initiative (HETI) in the 1990s. The consortium helps institutions leverage technology funds through increased purchasing power for both hardware and software. The HETI budget has an ongoing base of almost \$4.6 million. Current infrastructure (wireless & network) maintenance is at a deficit and is reaching a critical point. This request is for maintenance of current enterprise services and security improvements.

Regents' and New Century Scholarship (\$3,345,000): Increased funding goes directly to support qualifying students. \$3,345,000 projected to fully fund awards to students for FY19, due to continued projected growth in scholarship awards.

Utah Academic Library Consortium (\$1,300,000): UALC was formed in 1971 to leverage economies of scale and improve availability to research materials relied upon by all student populations - from top-tier to undergraduate applied research. Legislative funding support has decreased 20% since 2002. This decrease, combined with the 6% average rate of cost increase for journals and databases means, means that UALC's purchasing power has significantly diminished.

Board of Regents' (2018-19) Capital Facilities Priorities

1. Weber State University	Noorda Engineering Building	\$39,924,516
2. Dixie State University	Science, Engineering & Technology	\$50,000,000
3. Utah Valley University	Woodbury School of Business	\$64,250,000
4. Utah State University	Biology & Natural Resources	\$23,000,000
5. Southern Utah University	Child & Family Development	\$ 5,000,000
6. Salt Lake Comm. College	Herriman General Education	\$32,024,000
7. Snow College	Social Science & General Ed.	\$17,200,000
8. Utah State University	Center for Languages & Cultures	\$15,000,000

2018-19 Operating Budget Comparison (Tax Funds Only)

Board of Regents Request as compared to Governor Herbert's budget recommendation

Utah System of Higher Education Budget Priorities	Board of Regents	Governor Herbert	
	Amount	Amount	Above/ (Below) SBR
On-going Increase			
Compensation¹	\$27,040,900	\$33,196,000	\$6,155,100
2% performance based compensation	\$18,394,700	\$24,187,300	\$5,792,600
5.7% health premium increases ²	7,010,300	9,221,300	2,211,000
Dental insurance increases	0	(212,600)	(212,600)
Faculty & staff equity adjustments	1,635,900	0	(1,635,900)
Budget Priorities Total³	53,170,900	24,000,000	(29,170,900)
Student Growth & Capacity	15,969,000		
Expand capacity in critical courses and programs			
Information, classroom and data technologies			
Innovative course delivery			
Business and student services support			
Completion	7,958,000		
Reducing barriers to completion			
Student analytics and guided pathways			
Workforce	15,848,900		
Nursing, health, and wellness			
Computer science and information technology			
Engineering, science, and aviation			
Business, hospitality, and tourism			
Statewide Priorities			
SB117 performance based funding	3,850,000		
Regents' and New Century scholarship	3,345,000		
Higher education IT network and wireless infrastructure	4,900,000		
Utah Academic Library Consortium	1,300,000		
Subtotal - USHE Priority On-going Increase	\$80,211,800	\$57,196,000	(\$23,015,800)
USHE Budget Priorities Percent Increase	8.5%	6.1%	-2.5%
One-time Increase			
Statewide Priorities			
SB117 performance based funding	0	6,500,000	6,500,000
Subtotal - One-time Increase	\$0	\$6,500,000	\$6,500,000
USHE Budget Priorities Percent Increase	0.0%	0.7%	0.7%
Total Appropriation (On-going and One-time)	\$80,211,800	\$63,696,000	(\$16,515,800)
USHE Budget Priorities Percent Increase	8.5%	6.8%	-1.8%

¹ Governor's compensation recommendation fully funds the compensation package (100% state funds) 2% salary increase, 5.7% health increase, and 3% dental decrease.

² Board of Regents health increase has been adjusted from the early estimate of 8% to current estimate of 5.7%.

³ Appropriated to the State Board of Regents office for allocation