



UTAH SYSTEM OF
HIGHER EDUCATION

Utah System of Higher Education

Operating Revenues and Expenditure Report

Fiscal Year 2018

Dr. Kimberly Henrie

Associate Commissioner Finance, Facilities, & Research

January 25, 2019

USHE is a Large Enterprise

USHE's GREATEST assets are the faculty and staff we employ



Population Comparison

Salt Lake City: 181,743*
USHE: 220,000+

- 40,739 FTE employees including UU Hospital and Clinics
- 33.8 million square feet of owned space with locations through the state
- FY18 Appropriated Operating Budget: \$1.9 B
- Total Operating Budget with Hospitals: \$6.7 B
- Over 180,000 Students served annually

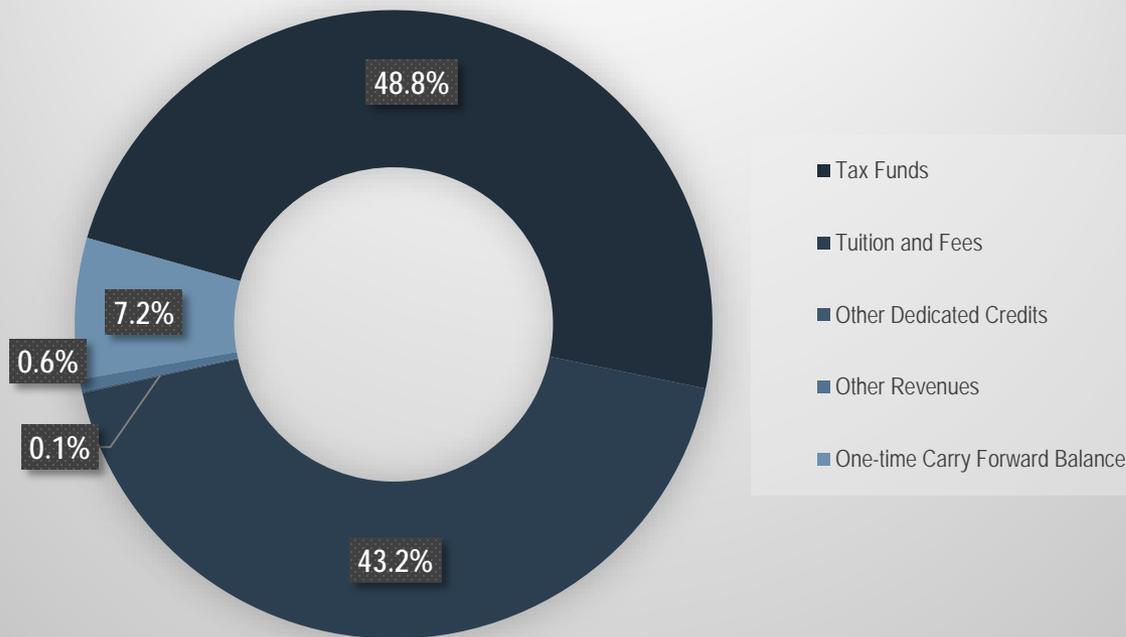
Top 6 Employers in Utah 2017 **

USHE + UU Hospital	40,000+
IHC	20,000+
State of Utah	20,000+
BYU	15,000 - 19,999
Walmart	15,000 - 19,999
Hill Air Force Base	10,000 - 14,999

- Population Estimate from SaltLakeCityUtah.org – November 26, 2018
- DWS Website - <https://jobs.utah.gov/wi/data/library/firm/majoremployers.html>

FY18 USHE Appropriated Revenue Budget

FY18 USHE Revenue by Source
Total Appropriated Revenue: \$1,921,511,828



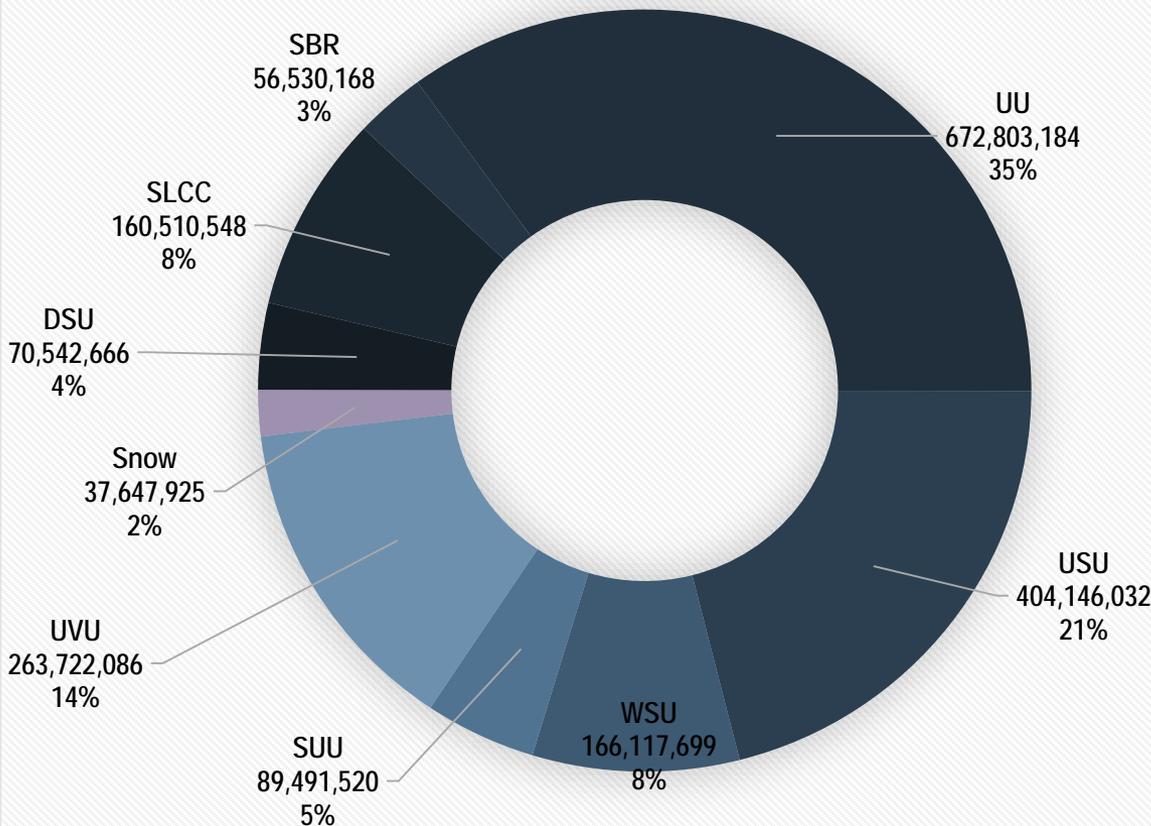
Tax Funds include both General Fund (Sales Tax) and Education Fund (Income Tax)

GF: \$261,343,300
EF: \$676,930,800

Regent Policy R562 Encourages USHE institutions to maintain an annual non-lapsing carry-forward balances of four to seven percent.

FY18 USHE Appropriated Revenue Budget

FY18 USHE Revenue by Source
Total Appropriated Revenue: \$1,921,511,828



97 percent of all appropriated funds are given to the eight USHE Institutions to support instruction of students, research efforts, and other public service programs.

The State Board of Regents Receive approximately three percent of the appropriated funds. Funds received by the Board are used as follows:

- Student Aid (54%)
- Pass Thru (34%)
- Office of the Commissioner (12%)

New Revenues Received for FY18

Net Operating Revenue Increase over FY17: \$98,210,257 (5.4%)

New Ongoing and 1-Time Tax Funds: \$61,257,400

	State- Funded Compensation (75%)	Board of Regents Budget Priorities	Legislative Priorities	Non-Instruction Related Programs
Amount	\$25,815,900	\$17,621,000	\$9,598,400	\$8,222,100
Cost Impact per Student FTE	\$211	\$144	\$79	\$67

New Net Tuition & Fee Revenue: \$43,060,005

	State Compensation (25% Tuition Match)	Board of Regents Budget Priorities	New Student Growth*
Amount	\$10,042,090	\$17,426,500	\$15,591,365
Cost Impact per Student FTE	\$82	\$143	\$128

Revenue due to rate increase: \$28,651,872

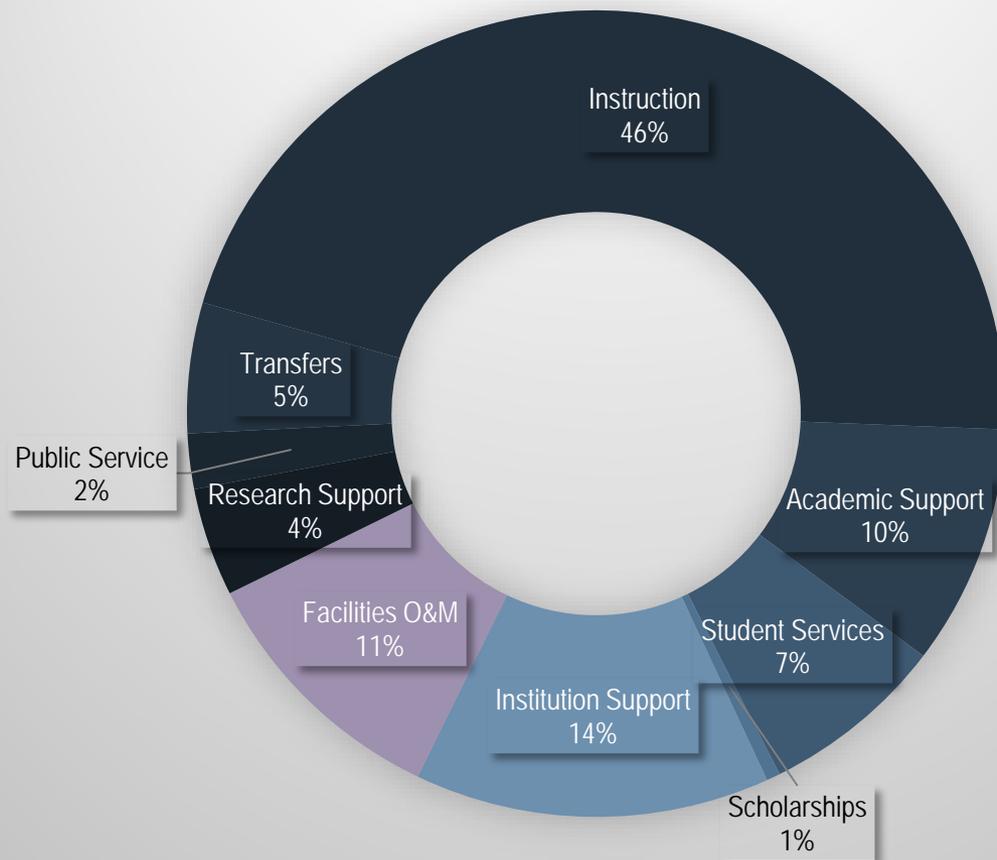
Revenue due to student growth: \$14,408,133

* Revenues include both new student growth and the additional tuition rate increase proceeds above initial estimates.

USHE use of the FY18 Funds

FY18 USHE Expense by Function

Total Expenses: \$1,795,791,588

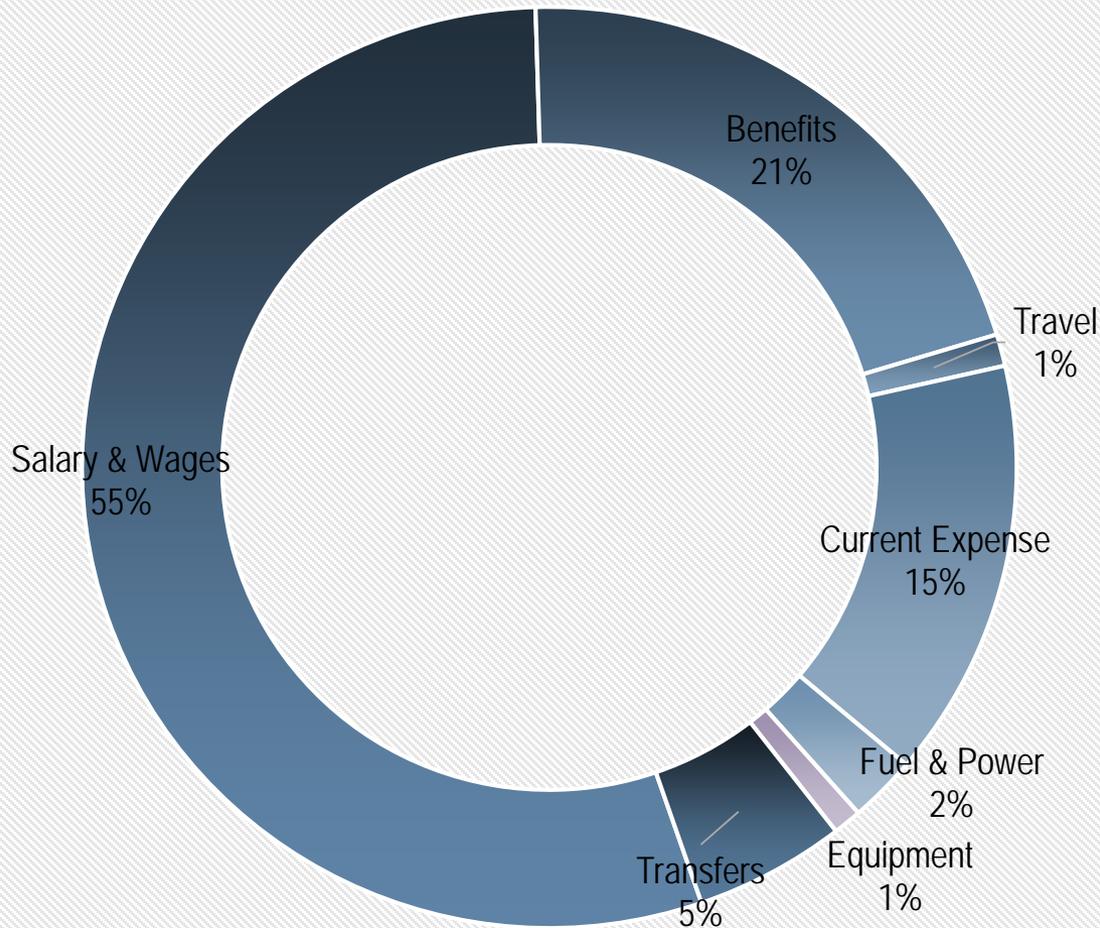


USHE spent 93 percent of its appropriated revenues in FY 2018, leaving approximately 7 percent in non-lapsing balances as allowed by Regent Policy

USHE's largest expense for FY 18 was the direct instruction of students at 46 percent of all expenses. The support services for students and faculty represented an additional 18 percent of all expenses.

USHE use of the FY18 Funds

FY18 USHE Expense by Category
Total Expenses: \$1,795,791,588



76 percent of all funds received are used to cover employee costs associated with salary and wages and benefits for the 18,000+ USHE employees paid with appropriated funds (excludes UU hospitals and clinics employees).

The other 24 percent of funds were used to pay for scholarships, IT software and hardware, equipment, fuel and power, general supplies for the institution, contracts and leases, and continued development of faculty and staff.

Cost Increases in FY18 over FY17

Net Operating Expense Increase over FY17: \$91,361,641 (5.4%)

Expense Function	2017	2018	\$ Change	% Change
Instruction	780,968,649	829,283,350	48,314,701	6.2%
Academic Support	162,448,019	172,889,963	10,441,944	6.4%
Student Support	115,443,334	131,934,537	16,491,204	14.3%
Scholarships	12,176,485	9,706,402	-2,470,083	-20.3%
Institution Support	246,144,671	252,070,554	5,925,884	2.4%
Facilities & O&M	179,733,768	188,172,887	8,439,119	4.7%
Research	77,721,099	77,963,169	242,070	0.3%
Public Service	44,049,650	39,867,469	-4,182,181	-9.5%
Transfers	85,744,273	93,903,256	8,158,983	9.5%
Total Expenses	1,704,429,947	1,795,791,588	91,361,641	5.4%

\$75.2million (82%) of the FY18 expense increase supported instruction and additional academic and student support needs.

Cost Increases in FY18 over FY17

Net Operating Expense Increase over FY17: \$91,361,641 (5.4%)

Expense Category	2017	2018	\$ Change	% Change
Salaries & Wages	938,152,633	984,188,412	46,035,779	4.9%
Benefits	358,222,411	373,711,486	15,489,075	4.3%
Travel	18,568,620	20,007,578	1,438,957	7.7%
Current Expense	245,537,619	264,208,777	18,671,158	7.6%
Fuel & Power	42,571,274	42,004,640	-566,634	-1.3%
Equipment	15,048,518	17,735,439	2,686,921	17.9%
Transfers	86,328,873	93,935,256	7,606,383	8.8%
Total Expenses	1,704,429,947	1,795,791,588	91,361,641	5.4%

Largest cost driver for Higher Education: Employee costs (salary, wages, and benefits)
In FY18 the cost increase in this area was \$61.5 million (67%)of the total expense increase

FY18 over FY17 Changes

	2017	2018	Change	% Change
Total Students Served (Fall EOT Headcount)	175,138	186,161	11,023	6.3%
Number of Budget-related FTE Students	119,967	122,086	2,118	1.8%
Number of Degrees & Certificates	36,701	37,756	1,055	2.9%
Employee Changes	14,136	14,494	358	2.5%
FTE Faculty/Adjunct/TA Positions	6,936	7,044	108	1.6%
Executive Positions	248	241	-7	-2.8%
Full-Time Staff*	6,952	7,209	257	3.7%
Buildings: Gross Square Feet	33,875,064	33,800,503	-74,591	-0.2%
Average Instruction Revenue per:				
Student Headcount	9,715	9,689	-27	-0.3%
Budget-related FTE	14,183	14,774	561	4.2%
Degree & Certificate	46,362	47,772	1,410	3.0%
Average Instruction Expenses per:				
Student Headcount	9,037	9,013	-23	-0.3%
Budget-related FTE	13,192	13,744	552	4.2%
Degree & Certificate	43,123	44,442	1,319	3.1%

*New Full-Time Staff: 257
 Instruction/Academic: 177
 Student Support: 62
 Business Ops & Facilities: 71
 Research: -12
 Public Service: -48

Annual Change FY18
 CPI: 2.3%
 HEPI: 2.8%

FY18 Examples of Institution Efficiencies Reallocations, and Cost Savings Efforts

- Institutional efficiencies: \$2,654,175
 - Energy efficiencies through campus lighting conversions to LED technologies, expanding online instructions, and consolidation of support services
- Institutional reallocations: \$1,296,224
 - Faculty position reallocations, realignment of graduate & online courses, program and positions adjustments, business services reorganization, and developmental math
- Institutional cost savings: \$1,088,594
 - Campus stores, ticket office, police, IT realignment, software solutions, soft freeze on positions, virtual anatomy lab, and software license evaluation and centralized licensing

New Revenues Estimated for FY19

Estimated Net Operating Revenue Increase over FY18: \$95,760,851 (5%)

New Ongoing and 1-Time Tax Funds: \$73,827,200

	State- Funded Compensation (75%)	Board of Regents Budget Priorities	Legislative Priorities	Non-Instruction Related Programs
Amount	\$27,252,700	\$32,130,800	\$7,316,000	\$7,127,700

Estimated New Tuition & Fee Revenue: \$21,933,651

	State Compensation (25% Tuition Match)	Board of Regents Budget Priorities	New Student Growth*
Amount	\$9,288,751	\$12,644,900	TBD

* Revenues include both new student growth and the additional tuition rate increase proceeds above initial estimates.

Questions?

For more info visit HigherEdUtah.org



UTAH SYSTEM OF
HIGHER EDUCATION