



July 25, 2019

USHE – FY 2021 Budget Development Process Guidelines

Annually, the Board of Regents advances an operating budget request for appropriations increases that reflects the top priorities of the Board and the institutions. The final adopted budget request will represent the collaborative efforts of a months-long preparation, planning and prioritization process that aligns Regent and institution budget priorities to the Board's strategic priorities and long-term budget projections. The request will capture the most urgent institutional needs and strive to drive economies of scale through shared priorities. As with many state-funded enterprises, state-funded support of higher education creates major leveraging opportunities enabled by additional non-state funding resources including tuition revenues, grants and private donors.

Statutory Background:

One of the primary statutory responsibilities of the Board is to recommend a unified Utah System of Higher Education budget request to the Governor and Legislature. Statute (U.C.A. 53B-7-101-4) requires that the budget request be made with the "dual objective" of:

1. "justifying for higher educational institutions appropriations consistent with their needs, and consistent with the financial ability of the state; and
2. determining an equitable distribution of funds among the respective institutions in accordance with the aims and objectives of the statewide master plan for higher education."

To assist the Board in meeting these statutory objectives, the Commissioner's Office in partnership with Presidents and Business VPs developed budget guidelines for Board consideration. The overarching goal of the guidelines is to create a budget request framework that advances the Board's strategic objectives, while requesting adequate annual state tax funding for higher education to fulfill institutional missions and maintain affordability for students by minimizing reliance on increased tuition revenues.

When developing the FY21 USHE Operating Budget Request, the Board will establish priorities in the following areas:

Regents' Priority Initiatives: The Board will identify and prioritize strategic initiatives which are administered by the Board via the Commissioner's Office and may impact multiple institutions.

Compensation and Mandatory Increase: The Board will request funds for the same compensation increases (salary/wage adjustments, health and dental insurance increases, and retirement adjustments) and mandatory increases (internal service fund adjustments, etc.) as state employees and institutions. The Board may also consider extraordinary priority and equity compensation adjustments advanced by USHE institutions.

Institution Priorities: USHE Institutions shall submit institutional needs to be funded with performance funding and tuition increases. The Board will request \$29.5 million of performance funding from the state legislature in addition to the annual revenue appropriated from growth in targeted jobs (estimated at \$5 million). Institutions shall submit detailed plans for how they would use their portion of the performance funds based on current estimates as follows (statutory allocation of 50 percent for FTE and 50 percent for budget). Actual allocations and awards will be calculated by the Board in the spring of 2020 based on 2018-19 annualized FTE.

- University of Utah \$10,136,400
- Utah State University \$ 6,866,000
- Weber State University \$ 3,647,700
- Southern Utah University \$ 1,859,200
- Snow College \$ 1,007,000
- Dixie State University \$ 1,671,900
- Utah Valley University \$ 5,372,100
- Salt Lake Community College \$ 3,939,700

FY 2021 Budget Guidelines:

- The FY 2021 USHE budget request will be at least equivalent to a total 5% increase in ongoing base funds (tax funds and tuition) to support the goals outlined in the Regents 2025 Strategic Plan.
- USHE schools of applied technology non-credit career and technical education budget requests should be submitted separately from other requests. The Commissioner’s Office intends to work with the legislature to fund these budget requests in connection with UTech institutional budget requests rather than USHE priorities.
- For planning purposes, compensation will be calculated as a percentage increase of payroll, payroll related benefits, and expected premium increases for health and dental insurance.
- Funds received through Performance Based Funding will be allocated using the statutory funding formula and expected performance outcomes.
- Each institution will be asked to prioritize and provide additional details on how they intend to use requested funds for FY 2021 to the Commissioner’s Office by August 23. The Commissioner’s Office will work with USHE institutions, primarily through the Council of Presidents (COP), Business Affairs Council (BAC), and Budget Officers System Subcommittee (BOSS) to collect this information.
- As in years past, a request to support any growth in the Regents’ Scholarship program will be advanced for the Governor and Legislature’s consideration during the upcoming legislative session. The Regents’ Scholarship request will be listed as part of the Regents’ Initiatives.
- To continue to support student affordability efforts, tuition increases approved in the spring of 2020 will be kept at a minimum and will only be considered for institutional priorities and compensation matches not funded by the state legislature and deemed necessary for institutional operation.

Commissioner’s Recommendations

The Commissioner recommends the Board approve the general Budget Guidelines and budget framework for the Utah System of Higher Education Operating Budget Request for fiscal year 2020-21.