



MEMORANDUM

TAB B

August 21, 2020

USHE 2021-2022 Budget Process Guidelines

One of the primary statutory responsibilities of the Utah Board of Higher Education is to recommend a unified budget request to the Governor and Utah Legislature for the Utah System of Higher Education. The Board creates the budget request with the dual objective of justifying appropriations for the System, consistent with institutional needs, and equitably distributing funds to USHE institutions. The budget request includes five categories required by statute: employee compensation, mandatory costs, performance funding, statewide priorities, and enrollment growth. Recognizing the unique fiscal environment the state faces with uncertain and reduced revenues, the 2021-2022 USHE budget will be fiscally responsible.

Commissioner's Recommendations

The Commissioner recommends the Board approve the general Budget Guidelines and budget framework for the Utah System of Higher Education operating and capital budget requests for fiscal year 2021-2022.

Attachment:

USHE 2021-2022 Budget Process Guidelines

The Office of the Commissioner developed the following budget guidelines for institutions to follow in creating FY 2021-2022 budget requests for approval by the Utah Board of Higher Education in the October 2020 meeting.

Budget Request Alignment with Tuition-Setting Process: The intent of the Board's budget-setting process is to review and account for potential institutional needs such that tuition may be held to minimal or no increases. While the current fiscal environment may not accommodate all institutional budgetary needs, and the novel coronavirus has significantly reduced institutional revenues, the Board intends tuition and fee increases for the 2021-2022 academic year will be minimal.

Mandatory Cost Increases: The Board will request funding for mandatory cost increases to insurance premiums and other state-provided internal service funds, as well as employee health insurance premium increases comparable to state employees. The Board will further request that all mandatory increases be funded entirely from state funds without an obligatory tuition match.

Compensation: The Board will request funds for the same compensation increases to salaries and retirement benefits as other state employees. Institutions may also submit requests for 2021-2022 faculty promotion and tenure adjustments. The Board will request that all compensation increases be funded entirely from state funds without an obligatory tuition match.

Degree-Granting Performance Funding: The Board will request performance funding for degree-granting institutions commensurate with state revenues in addition to any revenue available from growth in targeted jobs. Degree-granting institutions shall submit detailed plans for how they will use their portion of the performance funds based on estimates provided by the Commissioner's office. The Board will make a final budget recommendation for the amount of performance funding in the October meeting. Actual allocations and awards will be calculated by the Board in the spring of 2021 based on 2019-20 annualized FTE and 2020-21 budget appropriations.

Growth Funding: The Board will request growth funding for degree-granting institutions as calculated by the growth funding model (adopted by the former Board of Regents) using the academic year 2018-19 as a base to calculate the academic year 2019-20 growth.

Technical Education Program Growth: The Board will request funding for technical education program growth. USHE institutions with technical education programs shall submit detailed funding requests for programs experiencing significant demand and growth that cannot be accommodated through reductions in programs experiencing decreased demand.

Technical Education Equipment: The Board will request funding for technical education equipment that is needed for growing programs. USHE institutions with technical education programs shall submit detailed funding requests for equipment needs that are necessary due to increased program demand.

State Funded Capital Projects: The Board will not prioritize, hear, nor recommend new USHE institutional building projects for 2021-2022 that require state funding. If state funds become available, the Board will advocate for the projects prioritized last year that had funding rescinded by the legislature.

Non-State Funded Capital Projects: Institutions may propose non-state-funded capital projects that require State Building Board or legislative approval if the costs of construction, design, programming, operation, and maintenance, and capital improvements are entirely funded from non-state sources. The Board will not hear, nor recommend any building project for 2021-2022 that requests state funding for any portion of the project. The Board may request state funding for operations and maintenance for facilities approved in FY 2020-2021 that had O&M funding rescinded by the legislature.