



MEMORANDUM

November 3, 2023

Fiscal Year 2024-25 USHE Operating Budget Recommendation – Technical Education Growth

The Fiscal Year 2024-25 USHE operating budget request for technical education growth was developed with consultation and discussion with the Council of Presidents, Business Vice Presidents, and Budget Officers for each technical college and degree-granting institution with a technical education mission. The technical education growth budget request complies with the preliminary budget guidance adopted by the Board in the August 2023 meeting.

Technical Education Growth

\$6,657,000 Ongoing

The growth funding request of \$6,657,000 is to support operating cost increases for five institutions that have demonstrated significant enrollment growth. This growth formula is based on actual year-to-year net full-time equivalent (FTE) student enrollment increases and associated direct instructional costs stratified by small and large institutions.

- Davis Technical College \$ 741,000
- Dixie Technical College \$ 969,000
- Mountainland Technical College \$ 2,882,000
- Ogden-Weber Technical College \$ 988,000
- Southwest Technical College \$ 1,077,000

The technical education growth funding model is newly introduced in this budget cycle in an effort to align technical education funding formulas and requests with those of degree-granting institutions. FY 2025 is the first year in which performance funding will be allocated to degree-granting institutions and technical colleges under common performance metrics. As such, OCHE developed the technical education growth funding model to mirror the degree-granting institution growth funding model to extend standardization to growth funding requests. The technical education growth formula uses Fiscal Year 2022 as the base year and captures net growth in certificate-seeking, occupational, and secondary FTE through Fiscal Year 2023. This is similar to the degree-granting institution growth funding model, which is isolated to growth in budget-related FTE and focuses on core mission activities. The growth threshold is 25 FTE per institution (i.e., an institution must experience a 25 FTE increase to be growth funding

eligible), and the growth funding increment is 10 FTE per institution (i.e., institutions are funded in blocks of 10 FTE). For the degree-granting institutions with a technical education mission, the base year is Fiscal Year 2023 due to new data-gathering processes aimed at separating degree-granting activities from technical education activities in these dual mission institutions. Consequently, next year (FY 2026) will be the first year that degree-granting institutions with a technical college mission will be considered for technical education growth funding.

During the 2023 General Session, the Legislature passed Senate Bill 2, New Fiscal Year Supplemental Appropriations Act, which included the following intent language, *“The Legislature intends that the Utah System of Higher Education report to the Legislative Fiscal Analysts Office by December 1, 2023 estimates for growth funding based on net growth.”* Accordingly, the technical education growth funding model shows a net growth funding request of \$6,657,000, which reflects the impact of net growth across eligible student populations.

The growth funding model also depicts the net cost impact of technical college growth if ongoing capacity appropriations from the 2023 General Session are deducted from growth estimates. It is unclear whether the Legislature intended for these 2023 appropriations to function more like performance funding for degree-granting institutions, which is not contemplated in growth funding, or whether the intent was to pre-fund growth in specific areas with articulated outcomes.

Commissioner’s Recommendation

The Commissioner recommends the Board approve technical education growth funding in the amount of \$6,657,000 and authorize the Commissioner to make subsequent adjustments consistent with any clarification of legislative intent as it relates to technical education capacity funding appropriated in the 2023 General Session.

Attachment



USHE Technical Education Growth Funding Model Fiscal Year 2024-25 Budget Request

Adjusted Expenditure per FTE		Proportion of Tax Funds					Adjustment for Size				
Institution Size & Course Level	Average	Institutional Size and Course Level	Research Universities	Regional Universities	Community Colleges	Technical Colleges	FTE	Research Universities	Regional Universities	Community Colleges	Technical Colleges
Tech Ed-Small	\$ 11,962	Tech Ed-Small				90%	100-1,000				100%
Tech Ed-Large	\$ 9,150	Tech Ed-Large				90%	1,000-3,000				100%
Vocational		Vocational	50%	55%	70%		3,000-6,000			120%	
Lower Division		Lower Division	50%	55%	70%		6,000-10,000		115%		
Upper Division		Upper Division	50%	55%	70%		> 10,000	100%	100%	100%	

Adjusted Baseline - FY 2022 Certificate Seeking, Occupational, & Secondary FTE											
Course Level	USU-TE	Snow-TE	SLTC	BTC	D TC	DXTC	MTC	OWTC	SWTC	TTC	UBTC
Technical Education	Baseline FTE Set at FY 2023 for DGI			1,330	1,695	515	1,677	1,454	364	339	548

Fiscal Year 2023 Certificate Seeking, Occupational, & Secondary FTE											
Course Level	USU-TE	Snow-TE	SLTC	BTC	D TC	DXTC	MTC	OWTC	SWTC	TTC	UBTC
Technical Education	298	258	203	1,293	1,789	606	2,028	1,584	466	328	515

Certificate Seeking, Occupational, & Secondary FTE Growth (25 Student Threshold, 10 Student Increments)											
Course Level	USU-TE	Snow-TE	SLTC	BTC	D TC	DXTC	MTC	OWTC	SWTC	TTC	UBTC
Technical Education	-	-	-	(30)	90	90	350	120	100	-	(30)

Growth Funding											
Course Level	USU-TE	Snow-TE	SLTC	BTC	D TC	DXTC	MTC	OWTC	SWTC	TTC	UBTC
Secondary Student Growth Impact	\$ -	\$ -	\$ -	\$ -	\$ (247,000)	\$ 323,000	\$ 576,000	\$ 247,000	\$ 431,000	\$ -	\$ -
Certificate & Occupational Growth Impact	\$ -	\$ -	\$ -	\$ (247,000)	\$ 988,000	\$ 646,000	\$ 2,223,000	\$ 741,000	\$ 538,000	\$ -	\$ -
Rounding Residual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,000	\$ -	\$ 108,000	\$ -	\$ (323,000)
Net Growth Impact	\$ -	\$ -	\$ -	\$ (247,000)	\$ 741,000	\$ 969,000	\$ 2,882,000	\$ 988,000	\$ 1,077,000	\$ -	\$ (323,000)
Net Growth Cost Amount	\$ -	\$ -	\$ -	\$ -	\$ 741,000	\$ 969,000	\$ 2,882,000	\$ 988,000	\$ 1,077,000	\$ -	\$ -
FY 2024 Capacity Funds	\$ -	\$ -	\$ -	\$ (311,600)	\$ (199,100)	\$ (308,700)	\$ (2,097,400)	\$ (729,900)	\$ (106,800)	\$ (455,900)	\$ (450,100)
Net Growth Cost Amount Less FY 2024 Capacity Funds	\$ -	\$ -	\$ -	\$ -	\$ 541,900	\$ 660,300	\$ 784,600	\$ 258,100	\$ 970,200	\$ -	\$ -

Technical education FTE and appropriations (CTE and Custom Fit) are removed from the degree granting calculation and included in the technical education calculation. Tech Ed FTE baseline for degree granting institutions is based on FY 2023 enrollments and will be contemplated in the FY 2025-2026 budget year.

Net Growth Cost Amount	\$ 6,657,000
Less FY 24 Capacity Funds	\$ 3,215,100