

Utah Board of Higher Education FY 2027-2028 Operating Budget Requests

October 2, 2026



UTAH
SYSTEM OF
HIGHER
EDUCATION

Bottom Line Up Front

Pursuant to statute, the UBHE must submit annual budget recommendations to the Governor & Legislature on behalf of USHE institutions. These recommendations should justify appropriations consistent with higher education institutional needs and the financial ability of the state.

The Board will be presented with the USHE FY 2027-2028 Operating Budget Recommendation for prioritization and adoption.

State Revenue Situation

Numerous factors contribute to the FY 2027-2028 state revenue situation, such as:

- Economic Outlook
- Federal Tax Law Conformity & State Tax Policy Priorities
- Current Collection Dynamics
- Governor's Office & Legislative Fiscal Analyst Consensus Process & Asymmetric Risk

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State Revenue Situation

Table 1. Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents, under their individual assumptions of projected appropriate monetary policy, September 2026

Percent

Variable	Median ¹					Central Tendency ²					Range ³				
	2026	2027	2028	2029	Longer run	2026	2027	2028	2029	Longer run	2026	2027	2028	2029	Longer run
Change in real GDP June projection	2.3	2.4	2.2	2.1	2.0	2.2–2.4	2.2–2.6	2.1–2.3	2.0–2.2	2.0–2.2	2.1–2.6	2.0–2.9	1.8–2.6	1.8–2.4	1.7–2.5
	2.2	2.3	2.2		2.0	2.0–2.3	2.0–2.4	2.0–2.3		1.8–2.0	1.8–2.6	1.9–2.9	1.8–2.6		1.7–2.5
Unemployment rate June projection	4.1	4.1	4.1	4.1	4.2	4.1–4.2	4.0–4.2	4.0–4.2	4.0–4.3	4.0–4.3	4.0–4.3	4.0–4.5	3.9–4.4	3.8–4.4	3.8–4.4
	4.3	4.3	4.2		4.2	4.3–4.4	4.2–4.5	4.1–4.3		4.0–4.3	4.3–4.6	4.0–4.6	4.0–4.4		3.8–4.5
PCE inflation June projection	3.7	2.3	2.1	2.0	2.0	3.5–3.7	2.2–2.5	2.0–2.2	2.0	2.0	2.9–3.8	2.0–2.6	2.0–2.2	2.0	2.0
	3.6	2.3	2.0		2.0	3.5–3.7	2.2–2.5	2.0–2.1		2.0	2.7–4.1	1.9–2.8	2.0–2.3		2.0
Core PCE inflation ⁴ June projection	3.4	2.5	2.2	2.0		3.3–3.4	2.3–2.6	2.0–2.2	2.0		2.8–3.5	2.1–2.7	2.0–2.3	2.0–2.1	
	3.3	2.5	2.1			3.2–3.5	2.3–2.6	2.0–2.2			2.6–3.5	2.0–3.0	2.0–2.4		
Memo: Projected appropriate policy path															
Federal funds rate June projection	4.1	4.1	3.9	3.6	3.2	4.1–4.4	3.6–4.4	3.1–4.1	3.1–3.6	3.0–3.6	3.9–4.4	3.1–4.4	3.1–4.1	2.9–3.9	2.9–3.9
	3.8	3.6	3.4		3.1	3.6–4.1	3.1–3.9	3.1–3.6		3.0–3.5	3.4–4.4	2.9–4.4	2.9–3.9		2.9–3.9

Following a 25-basis point rate hike in September, Federal Reserve Projections assume stronger U.S. growth, above-target inflation, and higher interest rates in the near-term

Utah Economic Council Forecast for Selected Economic and Business Indicators, CY 2026 and 2027

June 2026 Forecast

U.S.

U.S. CPI Inflation Rate

2026: 3.7%

2027: 3.0%



U.S. Unemployment Rate

2026: 4.5%

2027: 4.5%



U.S. Real GDP (% Change)

2026: 2.1%

2027: 2.2%



Utah

Utah Total Personal Income (% Change)

2026: 5.0%

2027: 5.0%



Utah Population (% Change)

2026: 1.2%

2027: 1.2%



Utah Unemployment Rate

2026: 3.8%

2027: 3.9%



Utah Total Non-Agricultural Employment (% Change)

2026: 1.2%

2027: 1.2%



Utah Average Annual Pay (% Change)

2026: 3.5%

2027: 3.6%



Utah Total Taxable Sales (% Change)

2026: 3.8%

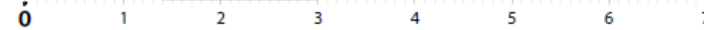
2027: 3.5%



Utah Median Home Prices (% Change)

2026: 2.0%

2027: 2.4%



Central Tendency (Middle 50% of Projections) Council Point Forecast Range of Point Projections March 2026 Point Forecast

Economic Council Member Survey

Percent indicating current recession

0%

Median probability of recession in next 12 months

Utah 25% U.S. 30%

Median probability of recession in next 24 months

Utah 30% U.S. 40%

Utah

Primary Economic Strengths

- Resilient labor market
- Young & educated workforce
- Major private projects

Primary Economic Risks

- Affordability
- Congestion

U. S.

Primary Economic Strengths

- AI investment
- Robust consumer spending
- Declining oil & gas prices

Primary Economic Risks

- Inflation
- Geopolitical risk

Utah Economic Council projects elevated recession odds, but a recession is less likely than not, over the 2027-2028 budget window.

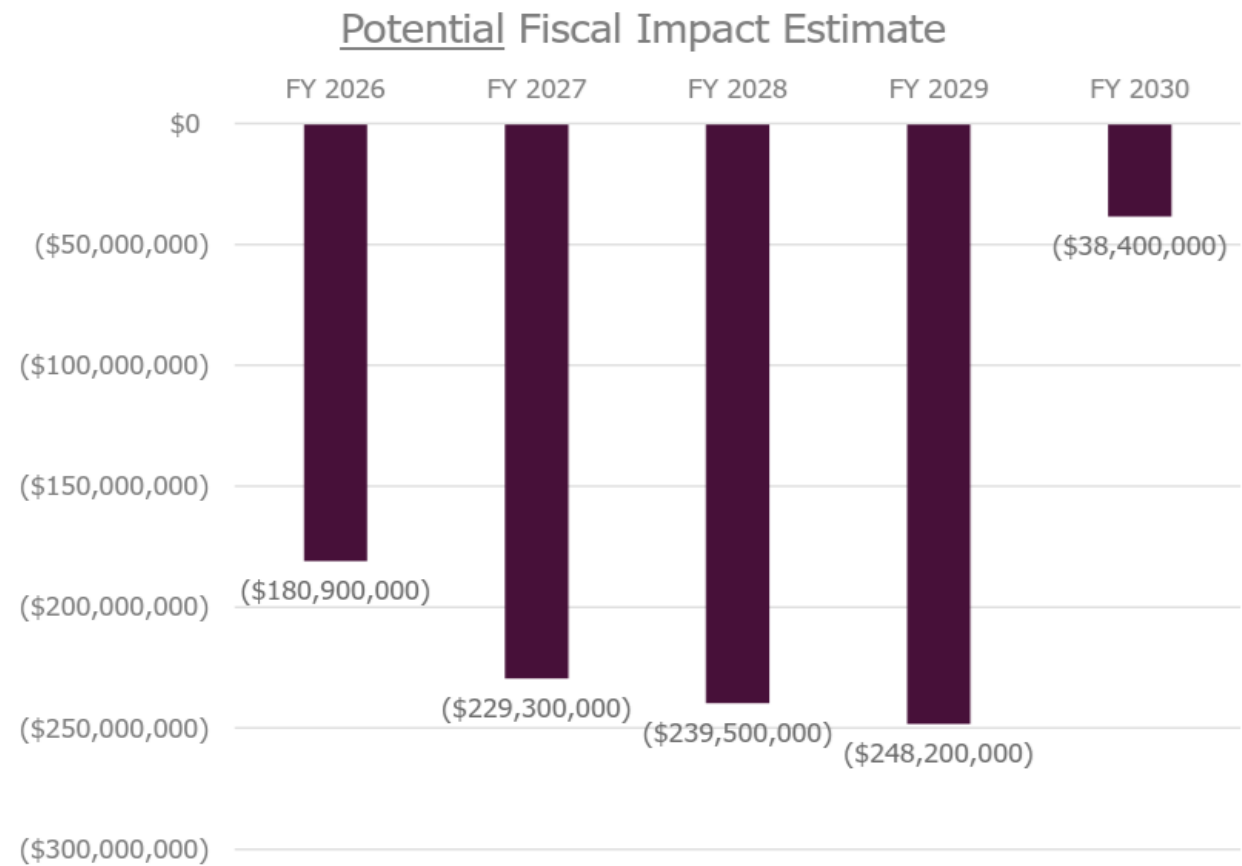
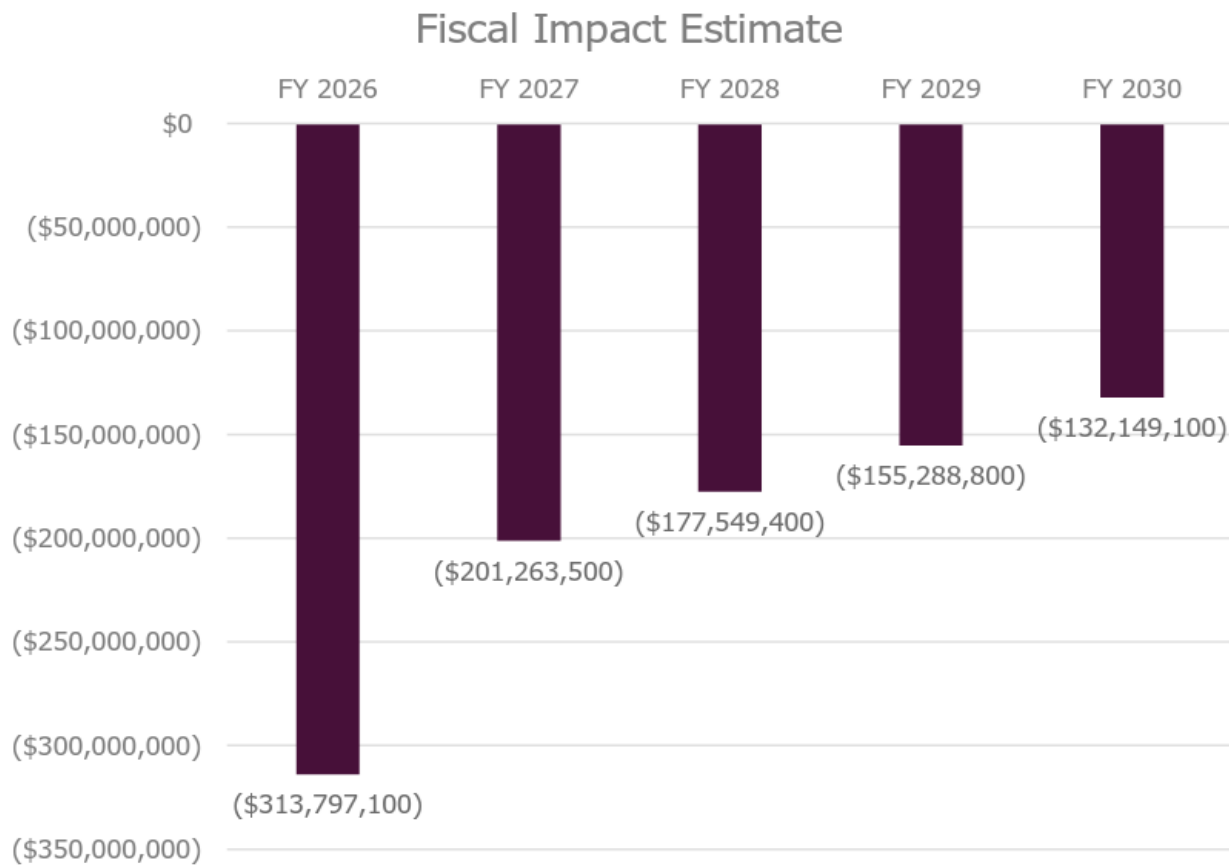
Utah's economic condition and outlook continue to out-perform the nation.

State Revenue Situation

Numerous factors contribute to the FY 2027-2028 state revenue situation, such as:

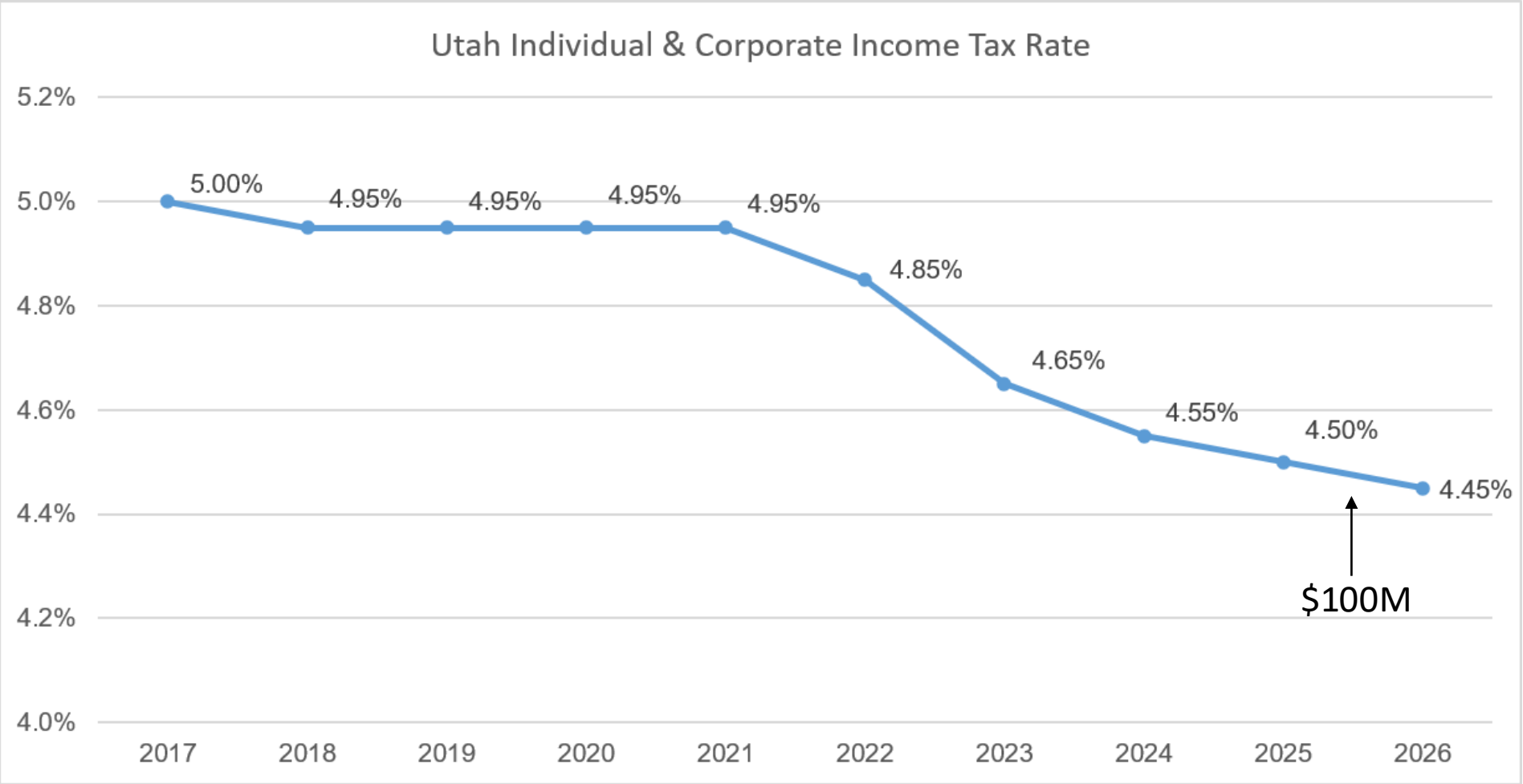
- Economic Outlook
- **Federal Tax Law Conformity & State Tax Policy Priorities**
- Current Collection Dynamics
- Governor's Office & Legislative Fiscal Analyst Consensus Process & Asymmetric Risk

Total Fiscal Impact



H.R. 1 Tax impacts to Utah revenue are primarily sourced to increases in the standard deduction, certain allowances for business deductions and expensing, and temporary personal exemptions and deduction of overtime earnings.

State Revenue Situation



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FISCAL YEAR 2026: SEPTEMBER UPDATE

SUMMARY TABLES BY FUND

SUMMARY CATEGORY	PROJECTED YEAR END GROWTH RATE	CURRENT YTD GROWTH RATE	PROJECTED YTD COLLECTIONS RANGE	ACTUAL YTD COLLECTIONS	STATUS INDICATOR	PROJECTED YEAR END COLLECTIONS
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GENERAL FUND

Sales Tax Total	-5.23%	-4.57%	\$3,233,900 - \$3,233,900	\$3,256,300		\$3,233,900
All Other GF	-4.12%	-7.29%	\$753,400 - \$753,400	\$626,000		\$753,400
General Fund Total	-5.02%	-5.02%	\$3,987,300 - \$3,987,300	\$3,882,300		\$3,987,300

INCOME TAX FUND AND UNIFORM SCHOOL FUND*

Individual Income Tax Total	2.73%	5.09%	\$6,787,800 - \$6,787,800	\$6,943,300		\$6,787,800
Net Withholding	3.78%	4.19%	\$5,497,300 - \$5,497,300	\$5,519,000		\$5,497,300
Net Final Payments Plus SALT	-1.51%	8.70%	\$1,290,400 - \$1,290,400	\$1,424,300		\$1,290,400
Corporate Tax	-31.26%	-39.05%	\$652,000 - \$652,000	\$578,100		\$652,000
All Other ITF/USF	-20.77%	22.49%	\$151,400 - \$151,400	\$234,000		\$151,400
Income Tax Fund Total	-2.01%	0.11%	\$7,591,200 - \$7,591,200	\$7,755,500		\$7,591,200

*Net Withholding and Net Final Payments Plus SALT are subcomponents of the Individual Income Tax Total.

TOTAL OF GF/ITF/USF

GF Plus ITF Total	-3.07%	-1.66%	\$11,578,500 - \$11,578,500	\$11,637,900		\$11,578,500
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\$60M Surplus

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State Revenue Situation

Consensus revenues are estimated by GOPB, LFA & the State Tax Commission, with formal adoption by the Governor & Legislature

- Use common economic indicators (October)
- Forecast revenues by Tax Type & Fund (November)
- Announced in Governor's Budget & Executive Appropriations Committee (December)
- Conservative estimates recognize asymmetric risk

In other words, revenue projections this early in the process is...

But only kind of!



State Revenue Situation



Committee of the Whole

52,767 TOTAL VIEWS

Committee of the Whole 10/2/25 pt. 3

USHE FY 2026-2027 Operating Budget Request Budget Request Ceiling



Info

Committee of the Whole 10/2/25 pt. 3

11 MONTHS AGO • 546 VIEWS

Committee of the Whole 10/2/25 pt. 3

Hypothetical 2026 GS New Revenue	One-Time	Ongoing
Hypothetical New Revenue Available	\$731,852,000	\$636,641,000
Hypothetical Federal Tax Legislation Conformity	-\$315,000,000	-\$200,000,000
Hypothetical Net New Budget Available	\$416,852,000	\$436,641,000
<i>Hypothetical Net New Budget Available to USHE</i>	<i>\$70,864,800</i>	<i>\$74,229,000</i>

- Emphasis on **hypothetical** and **ceiling**, as these estimates carry-forward FY 2025 growth that was over 3x the consensus projection.
- Highlights the importance of **system-level priorities & scalability**; if newly available revenue is much more limited, **it may be a Compensation & Performance Funding Only** year.

Nate's Last Year Ongoing Estimate
w/out state tax cut

May 2026 Consensus Revenue (In Thousands)
Executive Appropriations Committee
May 19, 2026

a	b			c			d			e			f			g		
	FY 2026			FY 2026			FY 2026			FY 2027			FY 2027			FY 2027		
	February 2026 Consensus	Legislative Changes	May 2026 Consensus	February 2026 Consensus	Legislative Changes	May 2026 Consensus	February 2026 Consensus	Legislative Changes	May 2026 Consensus	February 2026 Consensus	Legislative Changes	May 2026 Consensus	February 2026 Consensus	Legislative Changes	May 2026 Consensus	February 2026 Consensus	Legislative Changes	May 2026 Consensus
1 General Fund	3,974,045	13,292	3,987,338	3,974,045	13,292	3,987,338	4,063,427	32,551	4,095,977	4,063,427	32,551	4,095,977	4,063,427	32,551	4,095,977	4,063,427	32,551	4,095,977
2 Income Tax Fund	7,592,538	(1,300)	7,591,238	7,592,538	(1,300)	7,591,238	7,926,336	(131,047)	7,795,290	7,926,336	(131,047)	7,795,290	7,926,336	(131,047)	7,795,290	7,926,336	(131,047)	7,795,290
3 Total GF/EF	11,566,584	11,992	11,578,576	11,566,584	11,992	11,578,576	11,989,763	(98,496)	11,891,267	11,989,763	(98,496)	11,891,267	11,989,763	(98,496)	11,891,267	11,989,763	(98,496)	11,891,267
4 Econ Dev Tax Increment Finance	(3,255)		(3,255)	(3,255)		(3,255)	(3,255)		(3,255)	(3,255)		(3,255)	(3,255)		(3,255)	(3,255)		(3,255)
5 Net General/Income Tax Fund	11,563,329	11,992	11,575,321	11,563,329	11,992	11,575,321	11,986,508	(98,496)	11,888,012	11,986,508	(98,496)	11,888,012	11,986,508	(98,496)	11,888,012	11,986,508	(98,496)	11,888,012

Last Year's Ongoing Actual w/out
state tax cut: \$433,179,000

FY 2027-28 Operating Budget Request

Hypothetical Revenue & Request Ceiling

Hypothetical 2027 GS New Revenue	One-Time	Ongoing
Hypothetical New Revenue Available	\$0	\$650,000,000
Hypothetical FY 2026 Revenue Surplus	\$100,000,000	\$100,000,000
Hypothetical FY 2026 Medicaid Deficit	-\$100,000,000	-\$100,000,000
Hypothetical Net New Budget Available	\$0	\$650,000,000
<i>Hypothetical Net New Budget Available % to USHE</i>	<i>\$0</i>	<i>\$106,600,000</i>

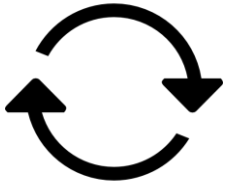
- Emphasis on ***hypothetical*** and ***ceiling***, as these estimates consider offsetting revenues and expenditures which are highly uncertain.
- Highlights the importance of ***system-level priorities & scalability***; if newly available revenue is much more limited, ***it may be a Compensation & Performance & Growth Funding Only*** year.

USHE FY 2027-2028 Operating Budget Requests

Development Process



System-wide consensus on Commissioner's Recs



Reallocations of existing appropriations to self-support key system-level initiatives



Bifurcated recommendation categories that acknowledge state revenue scarcity; scalable & flexible top priorities



Significant investment in workforce and areas of strategic importance to Utah

USHE FY 2026-2027 Operating Budget Requests

Structure

System-Level Recommendations

- Reallocations, Compensation & Mandatory Increases, Performance Funding, Growth Funding, Talent Ready Utah, O&M, etc.

Technical College Recommendations

- Increased capacity to meet student and employer demand

Degree-Granting Recommendations

- Top institutional priorities for workforce and areas of strategic importance to the state

USHE FY 2027-2028 Operating Budget Requests

Let's Dive In!





UTAH SYSTEM OF
HIGHER EDUCATION