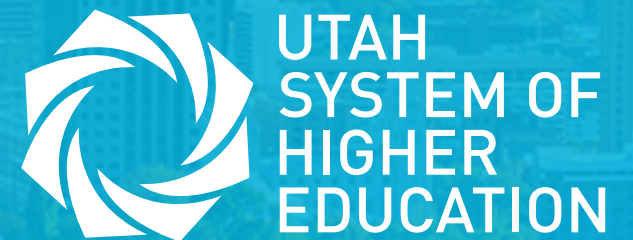


Utah and Higher Education Budgeting

Rich Amon
Chief Financial Officer



3 Areas for Discussion

1. Budgeting Basics
2. Budgeting in Utah
3. Budgeting for the System of Higher Education

Budgeting 101

Public Budgeting

- What is Budgeting?
- What experience do you have with budgets?
 - Personal
 - Professional



Public Budgeting

Process of:

- Setting Goals
- Allocating Resources
- Measuring Progress
- Assigning Responsibility
- Controlling Activities



Why do we Budget?



Responsible Budgeting

- Budgeting developed in the United States as a way to hold public officials accountable
- Government Officials (elected and appointed) are responsible to the public and have a standard of care over revenues (taxes, tuition, utility fees, etc)
- Separation of Powers and Checks and Balances in the U.S distribute power and limit abuse, but also create inefficiencies and redundancies

“The governments of the U.S. were not designed to be efficient or powerful, but to be tolerable and malleable.”

James Q. Wilson,
Bureaucracy 1989

Budget as Policy

- All policy requires some form of budget to accomplish
 - Personnel are one of the largest sources of government expenditure
 - Most policies require someone to implement and/or be responsible
- Follow the money to find an organization's priorities



**Who are the budget
players involved in
public budgeting?**



Budget Players

- Public Organization
- Legislative Body
- Budget Office
- Executive Officer (Gov/Mayor)
- Lobbyists and Interest Groups
- Citizenry



Role of the Legislature

- Hold the purse - appropriate money
- More representative of geographically diverse areas than executive
- In states and local government - mostly part-time (hold other jobs)
- Budget committees
 - Appropriations committees
 - Executive committees



Role of the Chief Executive

- Set context for spending
- Important to balance the budget
 - Recession
 - Growth Economy
- Tactical concerns
 - Relationship with Federal and local governments
 - Relationship with the legislature
 - Citizen concerns with taxes and government services



Utah Budgeting Process

Utah Budget Cycle

Financial
Closeout
Reporting
Prior year

Audits
Begin
Prior Year

Audits End
Prior Year



July 1

Aug

Sep

Oct

Nov

Dec

Jan

Feb

Mar

Apr

May

June 30

Current
Year
begins

Next Year
Internal
Budget
Discussions
begin

Finalize
Next Year
Budgets
Submit to
Governor

Governor
Budget
Office
Review and
Analyze
Budgets

Governor
Budget
Recommendations

Legislative
Session
Begins

Legislative
Committee
Hearings
Budgets

Legislative
Session Ends
Final Budgets
Appropriated
Current Year
Next Year

FY
ends

Legislative Budget Committees

Each legislator assigned to a committee by legislative management (Speaker/President)

1. Business, Economic Development and Labor
2. Executive Offices and Criminal Justice
3. Higher Education
4. Infrastructure and General Government
5. Natural Resources, Agriculture, and Environment
6. Public Education
7. Retirement and Independent Entities
8. Social Services

Executive Appropriations Committee oversees all committees



Line Items



Programs

- Differentiate specific Legislative funding purposes
- Funds may not be moved between Line Items

- Provide flexibility as well as accountability
- Funds may be moved between Programs within a Line Item

ITEM 32

To Utah Valley University - Education and General

From General Fund

59,301,600

From Education Fund

57,256,600

From Dedicated Credits Revenue

136,545,700

From Education Fund Restricted - Performance Funding Rest. Acct.

1,000,900

From Beginning Nonlapsing Balances

22,339,400

From Closing Nonlapsing Balances

(22,339,400)

Schedule of Programs:

Education and General

249,522,300

Operations and Maintenance

4,582,500

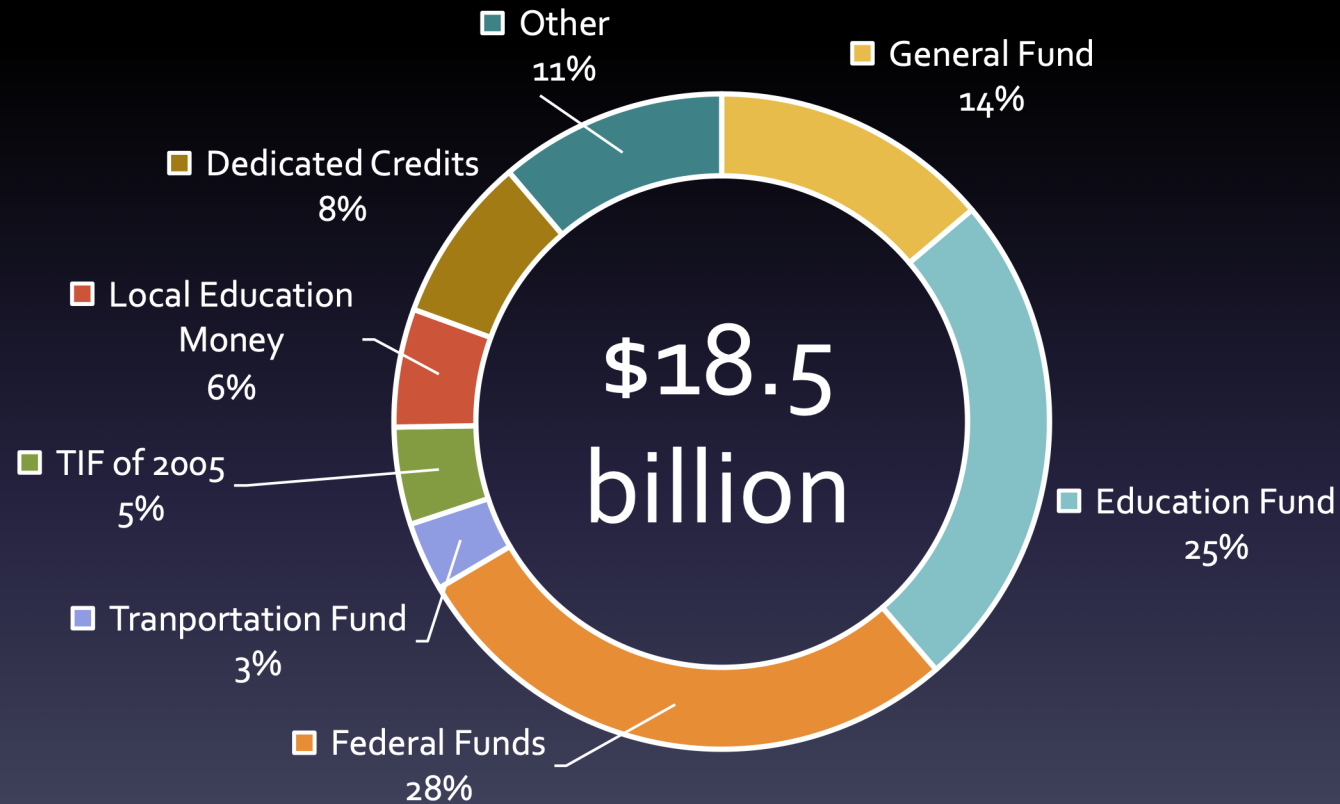
USHE Systemwide Line Items

- Education and General
 - The principal line item that funds each higher education institution
 - Provides significant flexibility for the institution to fund instruction, student services, operations, and other mission-related programs
- Educationally Disadvantaged
 - Support educational needs of students who, because of their social-economic status or demographics, have historically been disadvantaged from pursuing a higher education
 - Funds may be spent on tuition assistance, counselors, advisors, or tutoring

USHE Institution Specific Line Items

- University of Utah (12 Line Items)
 - School of Medicine
 - Cancer Research/Treatment
- Utah State University (11 Line Items)
 - Statewide Campuses
 - CTE (Career and Technical Ed.)
- Weber State University (2 Line Items)
- Utah Valley University (2 Line Items)
- Southern Utah University (4 Line Items)
 - Shakespeare
- Snow College (3 Line Items)
 - CTE (Career and Technical Ed.)
- Dixie State University (3 Line Items)
 - Zion Park Amphitheater
- Salt Lake Com. College (3 Line Items)
 - School of Applied Technology (CTE)

Where it all comes from...

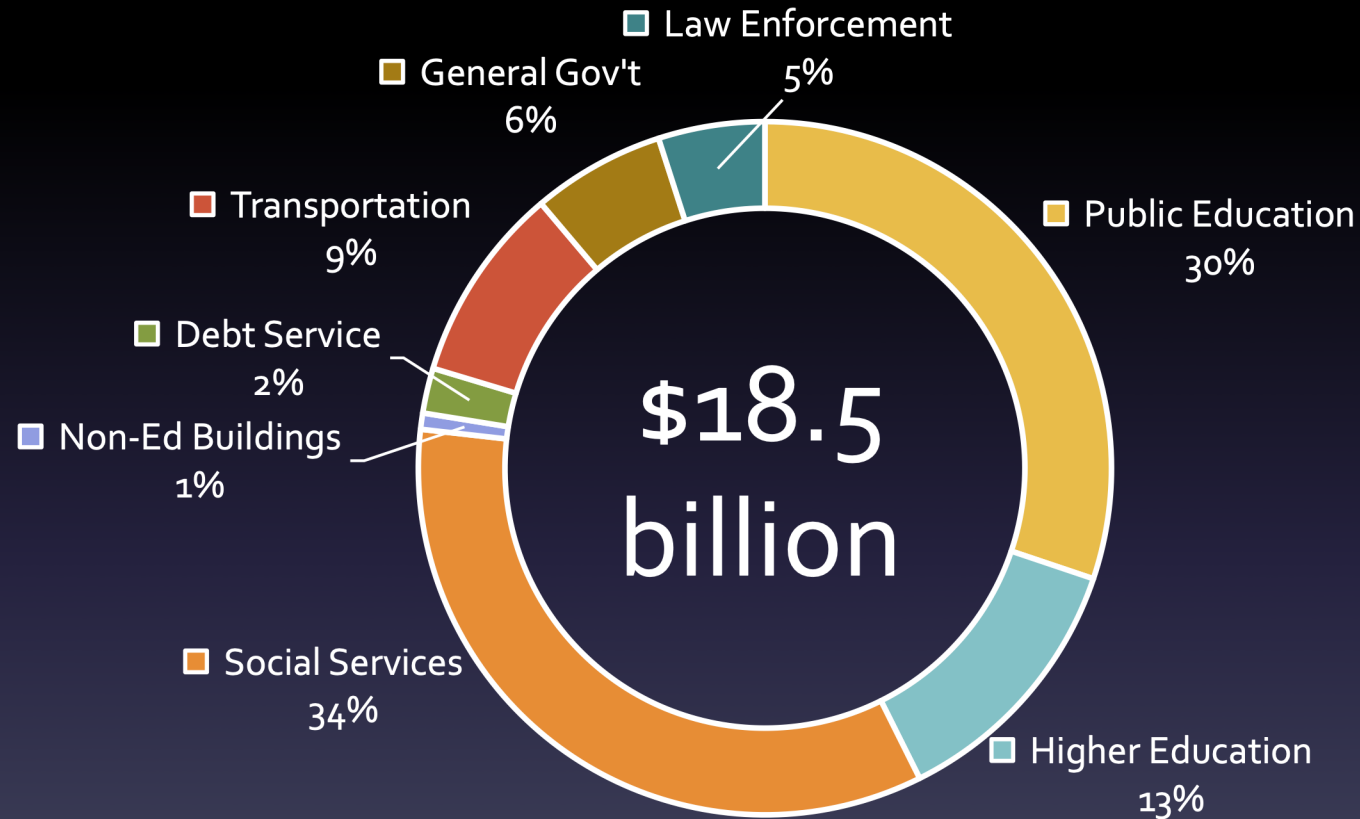


FY 2020 operating and capital budget including expendable funds and accounts, from all sources, by source of finance.



UTAH STATE
LEGISLATURE

Where it all goes...



FY 2020 operating and capital budget including expendable funds and accounts, from all sources, by use.



UTAH STATE
LEGISLATURE

GOVERNOR GARY R. HERBERT

BUDGET RECOMMENDATIONS



FISCAL YEAR 2020
FISCAL YEAR 2019 SUPPLEMENTALS

THEME: GROWTH AND QUALITY OF LIFE

BUDGET OVERVIEW

Goal: Maintain Utah's quality of life by proactively managing growth

Utah's population is expected to double by about 2070. The state needs to proactively address growth-related challenges while maintaining and improving Utah's already enviable quality of life and economic opportunities for all Utahns. The Governor's budget focuses on foundational economic development drivers such as those listed below.

KEY AREAS OF FOCUS IN FY 2020



Quality of Life in
Thriving Communities



Qualified
Workforce



Tax
Modernization



Water &
Clean Air



Effective &
Efficient Government

QUALITY OF LIFE IN THRIVING COMMUNITIES

Utah is growing rapidly, but limited undeveloped land remains on the Wasatch Front. Much of the growth should be absorbed through market-driven infill and mixed-use redevelopment coordinated with high-capacity transportation.

Open Space & Efficient Land Use

MORE THAN
**\$30
Million**

to fund efforts, together with local matching funds, that integrate and preserve open space as part of mixed-used plans, including funding for redeveloping under-used spaces, large community parks, and open space within developments



Allow a portion of the Transportation Investment Fund to be used for active transportation pathways

**\$20
Million**

to pursue creating Utah's first state forest at Tabby Mountain (Duchesne County), ensuring recreation access for hiking, camping, and hunting

Community-focused Growth

**\$6
Million**

to the arts community through a merit-based process



Enhance transit system and make targeted system expansions

**\$17
Million**

for affordable housing

QUALIFIED WORKFORCE

K-12 Education - \$445 Million Total New State-directed Funding (\$293 Million Ongoing, \$152 Million One-time)

Budget meets
\$1 BILLION
K-12 funding target a full year ahead of schedule (30% increase over 4 years)

4%

Weighted Pupil Unit (WPU) Increase

\$15 Million
WPU add-on for children at risk of academic failure

\$1 Billion
in unused local property tax

\$104 Million
for upgrading school facilities

\$32 Million
for school counseling
\$30 Million
Teacher bonuses



AMBITIOUS TARGET

Offer at least three unique computer science classes in every middle school in Utah

\$84 Million

(\$19 million new, \$65 million existing)
for flexible funds to address priority needs, including counseling and mental health

Higher Education - Targeted Investments in Areas That Demonstrate Measurable Impact

IMPROVING
EFFICIENCY &
GETTING RESULTS



Ensure affordability for students and taxpayers



Increase student completion rates



Decrease the time to completion

Targeted Investments

\$50 million scholarship endowment	\$19 million for equipment and technology	\$6.2 million for three-year bachelor's degree
\$6 million to post-secondary advisory corps counseling	Targeted investments together with compensation increases total \$69 million ongoing, meeting the \$275 million 4-year target a full year ahead of schedule	

POST-SECONDARY EDUCATION & A QUALIFIED WORKFORCE



The Governor continues commitment and challenges higher education to increase graduation rates while keeping the cost of education affordable

Highlights

The Governor calls on the Board of Regents to set new and ambitious goals that use innovative approaches to leverage systemic opportunities, lower costs, and increase quality and completion rates

The Governor calls on the Legislature to amend the Performance Funding statute to raise the bar and reach for more ambitious targets

The Governor calls on the Legislature to return program approval authority to the Board of Regents

The Governor recommends optimizing the use of existing facilities and recommends pausing new building construction for state and higher education buildings until a robust building utilization study is fully integrated into the building evaluation process

\$132.2 million of new funding for FY 2020 (\$68.5 ongoing and \$63.7 one-time)

Enough new ongoing funding has been allocated since FY 2016 to finance substantive changes—\$275 million (100 percent of the Governor's goal to invest \$275 million by FY 2021)

Objective

Prepare a critical mass of skilled workers for high-paying jobs to support significant job growth in the coming years by:

- dramatically increasing the completion rate and number of graduates while lowering per-student costs
- leading the nation in students completing high-quality technical education
- ensuring access and equity for all students, including first-generation and nontraditional students
- supporting training and certification programs for sectors currently experiencing skill gaps and labor shortages, and aligning graduate skills with workforce needs

Background

The 21st century economy requires a dynamic and educated workforce. Education drives innovation, attracts employers looking to fill high-skill jobs, and supports a higher quality of life. Post-secondary education levels correspond to higher average income and less government dependence.

Post-secondary education is among the largest state funding commitments and constitutes approximately 16 percent of the combined Education Fund and General Fund budget.

The Utah System of Higher Education (USHE), the Utah

2019-20 Operating Budget Comparison (Tax Funds Only)

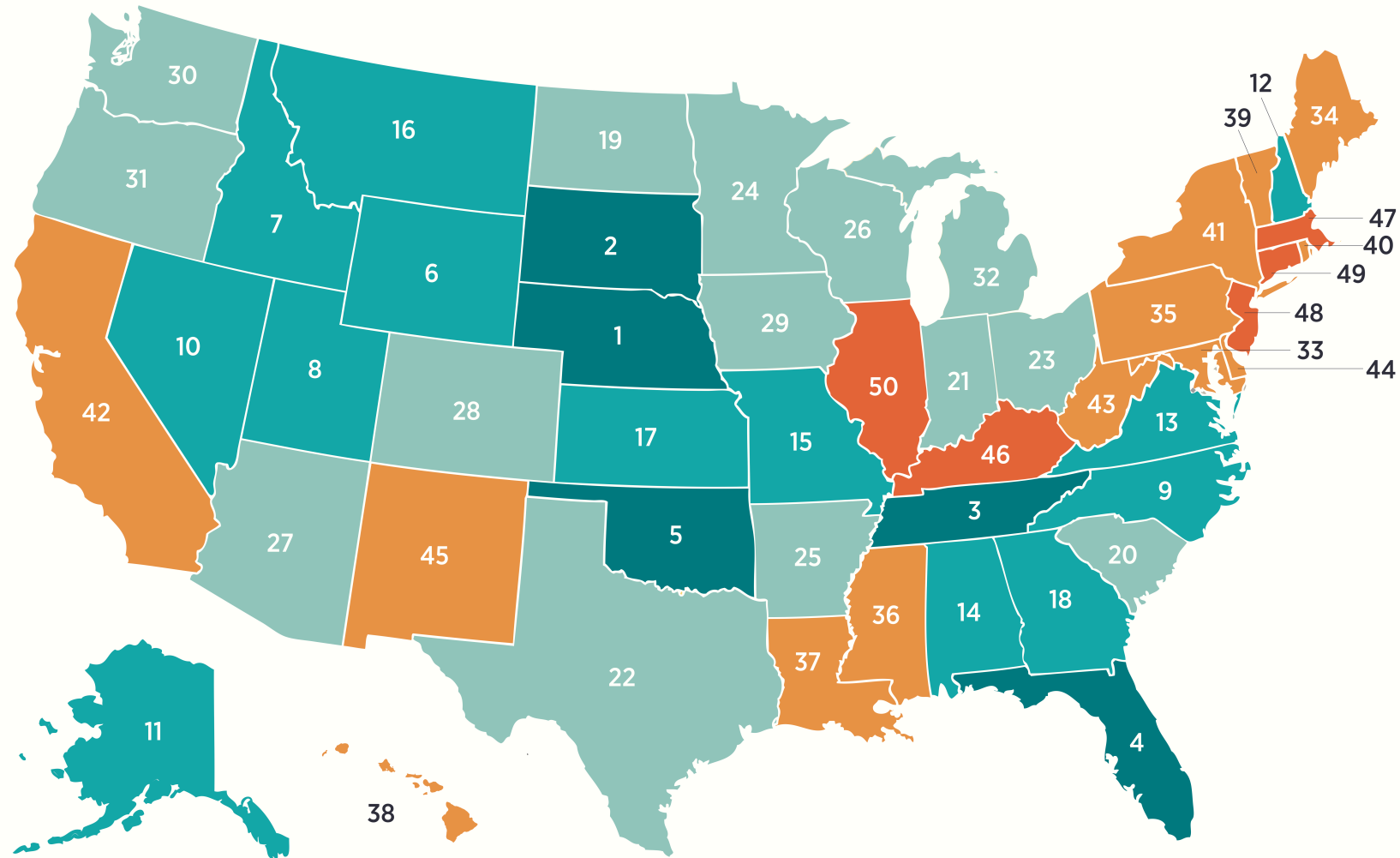
Board of Regents Request as compared to Governor Herbert and Executive Appropriations Committee

Utah System of Higher Education Budget Priorities	Board of Regents Amount	Governor Herbert		Executive Appropriations Committee		
		Amount	Above/ (Below) SBR	Amount	Above/ (Below) Gov	Above/ (Below) SBR
On-going Increase						
Compensation	\$26,162,039	\$30,194,800	\$4,032,761	29,887,900	(\$306,900)	\$3,725,861
2% Salary Increase (75/25 match) ¹	19,574,148	24,464,200	4,890,052	24,222,400	(241,800)	4,648,252
5% Health Premium Increases (75/25 match) ²	6,587,891	5,730,600	(857,291)	5,665,500	(65,100)	(922,391)
Affordable Access	14,180,200	11,374,400	(2,806,200)	4,677,400	(6,696,600)	(9,502,800)
Regents' Scholarships	4,000,000	4,000,000	-	-	-	(4,000,000)
Statewide Advising Corp	5,995,000	5,995,000	-	-	(5,995,000)	(5,995,000)
Institution Based Student Aid, Student Employment & Internships	3,185,200	-	(3,185,200)	-	-	(3,185,200)
First Gen and Underserved Student Access Programs	1,000,000	-	(1,000,000)	-	-	(1,000,000)
Equity Funding for Technical Education Tuition in Rural Utah	-	1,379,000	1,379,000	2,033,300	654,300	2,033,300
Access Utah Promise Scholarship	-	-	-	2,000,000	2,000,000	2,000,000
T.H. Bell Program Amendments	-	-	-	304,100	304,100	304,100
Career & Technical Education Scholarship	-	-	-	300,000	300,000	300,000
Student Prosperity Savings	-	-	-	40,000	40,000	40,000
Timely Completion	15,366,287	6,150,000	(9,216,287)	3,800,000	(2,350,000)	(11,566,287)
Three Year Bachelor's Degree	2,800,000	6,150,000	3,350,000	3,800,000	(2,350,000)	1,000,000
Advising, Retention, And Student Success Programs	10,566,287	-	(10,566,287)	-	-	(10,566,287)
Online Programs	2,000,000	-	(2,000,000)	-	-	(2,000,000)
Workforce and Research	10,019,800	-	(10,019,800)	7,050,000	7,050,000	(2,969,800)
Health Professions and Related Programs	5,619,800	-	(5,619,800)	-	-	(5,619,800)
Engineering, IT, and Related Technologies	4,100,000	-	(4,100,000)	-	-	(4,100,000)
Construction, Composites and Diesel Technologies/Technicians	300,000	-	(300,000)	-	-	(300,000)
Engineering Initiative	-	-	-	5,000,000	5,000,000	5,000,000
Cancer/Medical Innovation/IP Research	-	-	-	1,000,000	1,000,000	1,000,000
Strategic Workforce Initiative	-	-	-	956,100	956,100	956,100
Rare Insect Conservation Coordinator	-	-	-	93,900	93,900	93,900
Student Growth & Capacity	18,646,800	9,830,000	(8,816,800)	12,956,000	3,126,000	(5,690,800)
Systemwide Cyber Security	7,150,000	7,150,000	-	-	(7,150,000)	(7,150,000)
New Faculty for High Demand, High Growth Programs	7,701,800	-	(7,701,800)	-	-	(7,701,800)
Student Services and Operational Support	905,000	-	(905,000)	-	-	(905,000)
Institutional IT, Classroom Equipment & Data Technology	1,390,000	-	(1,390,000)	-	-	(1,390,000)
Institution Salary Equity	1,500,000	-	(1,500,000)	-	-	(1,500,000)
Suicide Prevention Psychiatry Medical Residents	-	1,500,000	1,500,000	800,000	(700,000)	800,000
Technical Education Program in Rural Utah	-	655,000	655,000	-	(655,000)	-
Reading Clinic for K-12 Students	-	525,000	525,000	-	(525,000)	-
Institution Based Programs	-	-	-	5,000,000	5,000,000	5,000,000
SafeUT Operations	-	-	-	1,770,000	1,770,000	1,770,000
School of Dentistry	-	-	-	1,500,000	1,500,000	1,500,000
Rural and Underserved Medicine Training Experience	-	-	-	1,500,000	1,500,000	1,500,000
4-H Initiative	-	-	-	1,270,200	1,270,200	1,270,200
Wellness	-	-	-	550,000	550,000	550,000
Dual Immersion Transition to College	-	-	-	500,000	500,000	500,000
Teacher Education Initiative	-	-	-	60,000	60,000	60,000
Utah Communications Authority	-	-	-	5,800	5,800	5,800
Performance Based Funding	-	-	-	31,500,000	31,500,000	31,500,000
Internal Service, Operations and Maintenance	-	-	-	6,268,900	6,268,900	6,268,900
Operations and Maintenance	-	-	-	3,894,000	3,894,000	3,894,000
Internal Service Funds (Liability, Fleet, Property, AG)	-	-	-	2,374,900	2,374,900	2,374,900
Subtotal - USHE Priority On-going Increase	84,375,126	57,548,800	(26,826,326)	96,140,200	38,591,400	11,765,074
USHE Budget Priorities Percent Increase	8.3%	5.6%	-2.6%	9.4%	3.8%	1.2%
One-time Increase⁴	(2,997,500)	47,002,500	50,000,000	2,243,200	(44,759,300)	5,240,700
Endowment Scholarship Fund (need based) ³	-	50,000,000	50,000,000	-	(50,000,000)	-
Statewide Advising Corp	(2,997,500)	(2,997,500)	-	-	-	-
Advance Research & Treatment of Cancer	-	-	-	5,000,000	5,000,000	5,000,000
Statewide Public Safety Intelligence Tool	-	-	-	500,000	500,000	500,000
Cancer/Medical Innovation/PPP Research	-	-	-	500,000	500,000	500,000
Utah Coal Country Strike Team	-	-	-	500,000	500,000	500,000
Strategic Workforce Initiative	-	-	-	356,300	356,300	356,300
Primary Care Workforce	-	-	-	300,000	300,000	300,000
Carbon Combustion Lab	-	-	-	250,000	250,000	250,000
Kem C. Gardner Policy Institute	-	-	-	210,000	210,000	210,000
Study Adverse Effects of Cannabis	-	-	-	20,000	20,000	20,000
Psychiatry Medical Residents	-	-	-	(800,000)	(800,000)	(800,000)
Operations and Maintenance	-	-	-	(4,593,100)	(4,593,100)	(4,593,100)
Subtotal - One-time Increase	(2,997,500)	47,002,500	50,000,000	2,243,200	(44,759,300)	5,240,700
USHE Budget Priorities Percent Increase	-0.3%	4.6%	4.9%	0.2%	-4.4%	0.5%

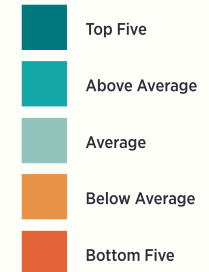
2018
EDITION

OVERALL FISCAL CONDITION

HOW DO THE 50 STATES RANK?



OVERALL FISCAL CONDITION RANK



TOP FIVE

1. Nebraska
2. South Dakota
3. Tennessee
4. Florida
5. Oklahoma

BOTTOM FIVE

46. Kentucky
47. Massachusetts
48. New Jersey
49. Connecticut
50. Illinois

SOURCE

Eileen Norcross and Olivia Gonzalez, "Ranking the States by Fiscal Condition, 2018 Edition" (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, October 2018).

Utah System of Higher Education (USHE) Budgeting

The Utah System of Higher Education

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 Size 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 billion
 - Total Operating Budget with Hospitals: \$6.7 billion
 - Over 180,000 students served annually

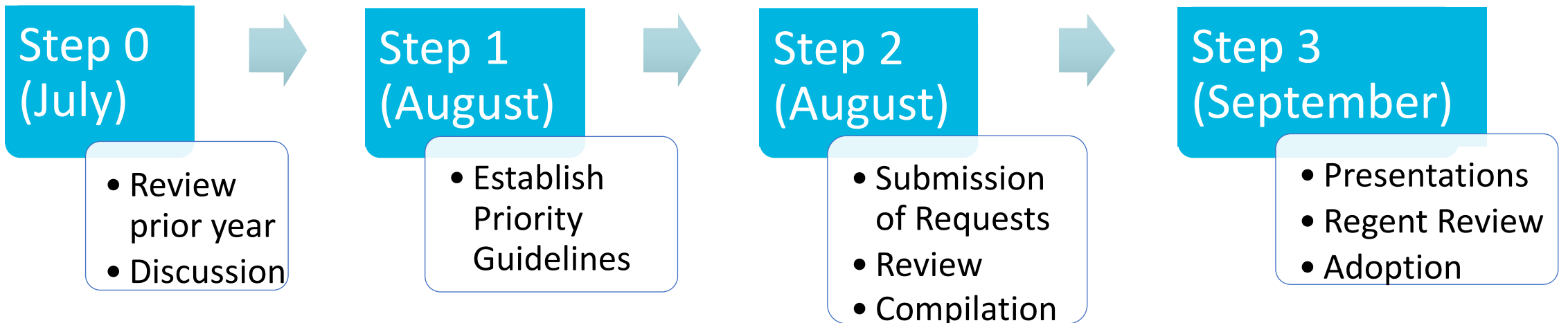
*Population Estimate from SaltLakeCityUtah.org – November 26, 2018

**DWS Website - <https://jobs.utah.gov/wi/data/library/firm/majoremployers.html>

The Utah System of Higher Education



USHE Budget Timeline



FY 2020-21 Budget Development Process Guidelines

Four budget categories:

1. Compensation and Mandatory Increases
2. Institution Priorities (Performance, CTE, O&M)
3. Growth Funding
4. Regent Priority Initiatives

FY 2021 Budget Development Guidelines

Budget Priorities

1. College Access Advisors - \$3M
2. Compensation (75/25 split) - \$36M
3. Institutional Priorities
 - Performance Funding - \$34.5M
 - O&M - \$0.5M
4. Growth Funding - \$3.9M
 - ❖ USHE Schools of Applied Technology

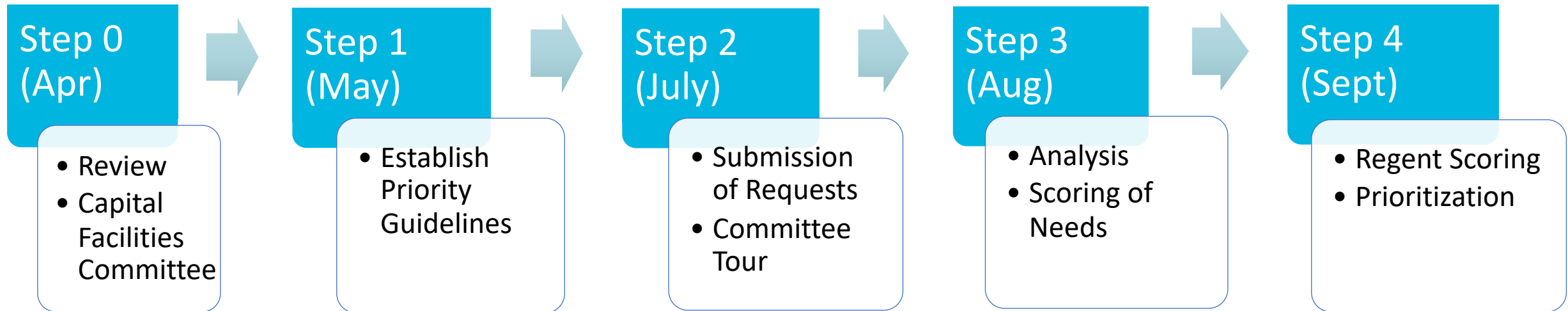
Performance Funding Allocation - \$34.5M

• 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

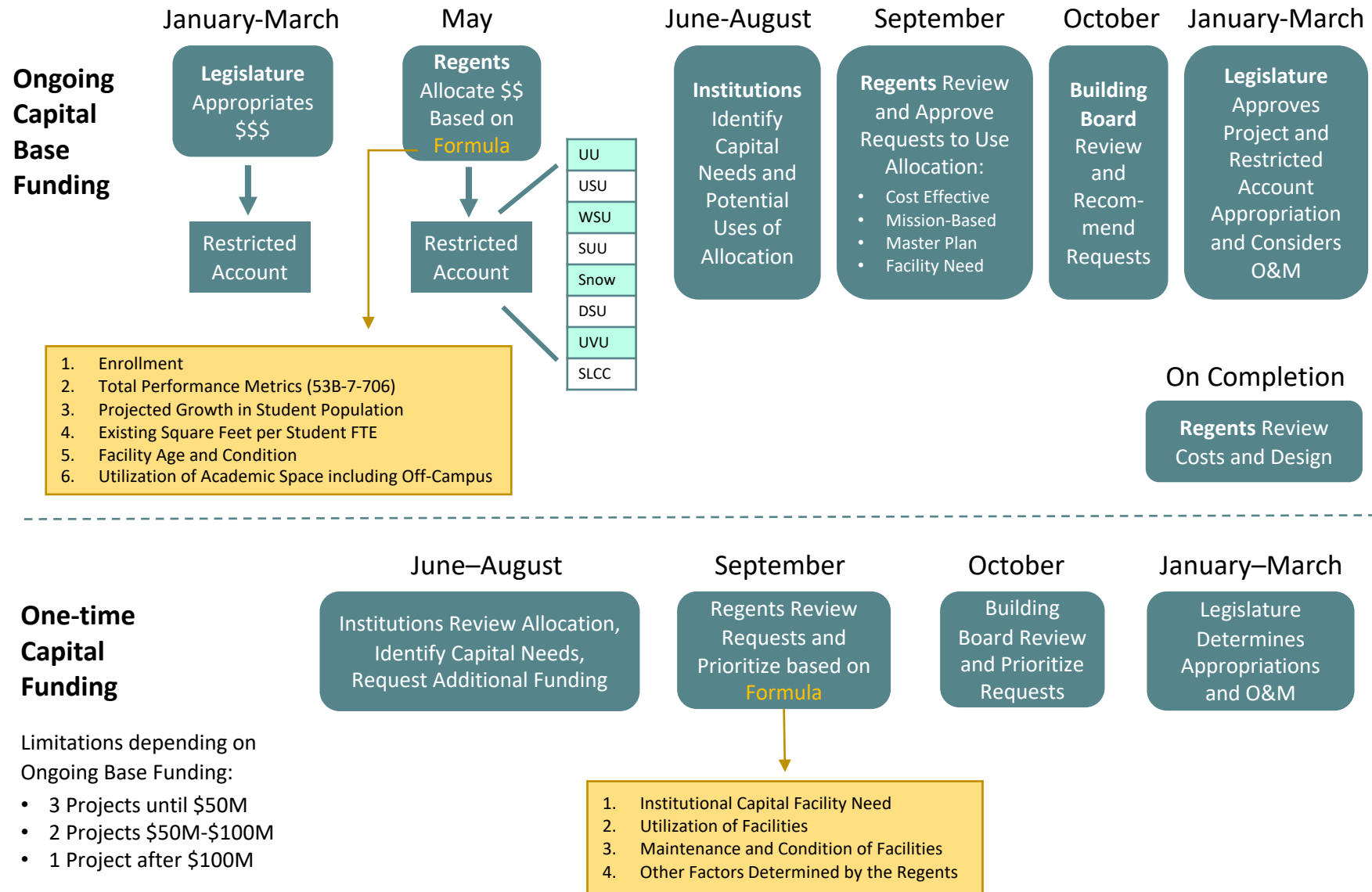
Current Performance Funding Model

		Completion	Underserved Students	Market Demand	Research	Awards per FTE	Total	1. Measures
2. Weight	Weighting	15%	10%	25%	10%	40%	100%	
	University of Utah							
	Available Allocation (29.31%)	\$1,175,820	\$ 783,880	\$1,959,700	\$ 783,880	\$3,135,520	\$7,838,800	3. Appropriation 4. Allocation
5. Progress	1% Progress Measure (increase/decrease)	3.16%	150.46%	5.15%	4.22%	3.17%		
	Actual Award within Available Allocation	\$1,175,820	\$ 783,880	\$1,959,700	\$ 783,880	\$3,135,520	\$7,838,800	
	Percent (%) Funded	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	6. Award
7. Balance	Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$	

USHE Capital Prioritization Process



SB 102 - Utah System of Higher Education - Capital Funding Model





QUESTIONS