

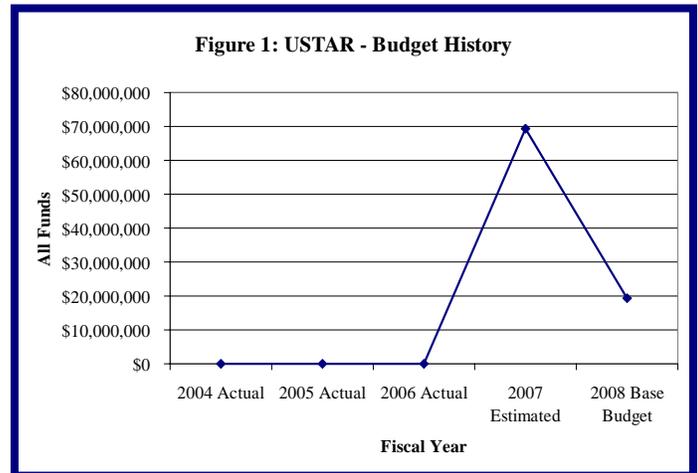
# Budget Brief – Utah Science, Technology, and Research

NUMBER EDR-13-07

## SUMMARY

During the 2005 General Session, the Legislature allocated funding to the University of Utah and Utah State University to recruit and hire research teams, purchase research equipment, and develop a high technology research and development initiative-later named the Utah Science, Technology, and Research, (USTAR) Economic Development Initiative. The 2006 General Session passage of S.B. 75 (USTAR Initiative) greatly broadened the scope and funding of USTAR, establishing statutory authority in UCA 63-38g, *Utah Science Technology and Research Governing Authority Act*.

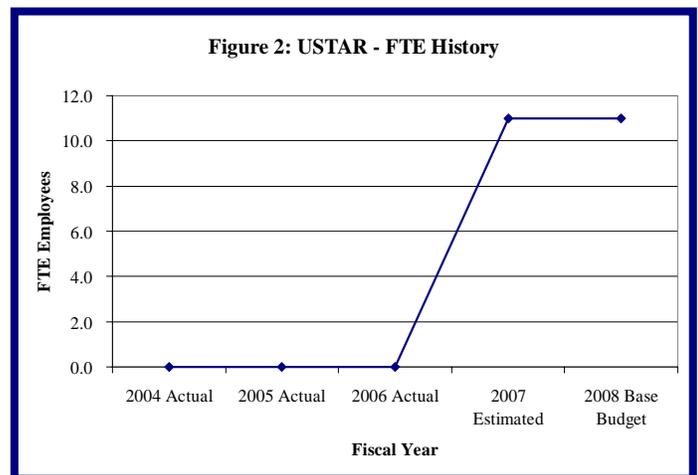
The USTAR program has three major components: construction of research buildings at the University of Utah and Utah State University, recruiting and hiring of top-notch research teams in fields where Utah has a competitive advantage, and operation of a technology outreach program at 5 locations throughout Utah. The USTAR research teams are expected to bring new funding to the state through federal and commercial contracts and grants for the development of new technologies. Ultimately, USTAR aims to generate more technology-based start-up firms and higher-paying job opportunities in Utah through the commercialization of these technologies.



## ISSUES AND RECOMMENDATIONS

### *USTAR Funding and Legislative Intent*

The 2006 USTAR legislation contains a new ongoing General Fund appropriation, “subject to future budget constraints,” of \$15.25 million to the USTAR Governing Authority. Intent language in the bill indicates that this appropriation is non-lapsing and identifies specific uses. The Governing Authority is to use up to \$250,000 for administrative costs, allocate up to \$11 million to University of Utah and Utah State University to fund research teams and the commercialization of technologies developed by these teams.



Senate Bill 75 also transferred the \$4 million ongoing General Fund appropriation authorized in S.B. 192, *High Technology Economic Development Appropriation* (General Session 2005) from the universities to the USTAR Governing Authority to “provide funding for the Utah Science Technology and Research Project.” The Governing Authority is working to develop rules for the future allocation of these funds. With the FY 2006 appropriation (authorized in S.B. 192), the University of Utah hired two research scientists, a fossil energy specialist and an information technology networks and memory specialist, and Utah State University hired research scientists in the fields of advanced nutrition and semi-conductor chips and wireless sensors.

### *Research Buildings*

Senate Bill 75 authorized the issuance and sale of \$111.1 million in general obligation bonds and appropriated \$50 million one-time from the General Fund in Fiscal Year 2007 to the USTAR Governing Authority for the

construction of two research buildings—one at the University of Utah and the other at Utah State University. Before these funds may be expended, the universities must certify, together, non-state fund commitments of \$40 million.

See Issue Brief CRA-07-001, *USTAR Research Buildings*, for more details on USTAR building funding and progress.

**Technology Outreach and Innovation Program**

As noted previously, intent language in S.B. 75 directs the USTAR Governing Authority to use up to \$4 million annually towards the operation of a technology outreach program, which will link local businesses and entrepreneurs with USTAR resources. The Governing Authority has identified Weber State University, Salt Lake Community College, Utah Valley State College, and Utah State University’s Uintah Basin Campus as outreach center sites. A center serving southern Utah will be located at either Dixie College or Southern Utah University.

See Issue Brief CRA-07-002, *USTAR Technology Outreach and Innovation Program*, for more details.

**ACCOUNTABILITY DETAIL**

The USTAR Governing Board and Executive Director are working to develop meaningful performance measures as part of the Governor’s Balanced Scorecard Initiative. Indicators for FY 2007 will address success in the areas of recruitment, research, technology development, and commercialization.

**BUDGET DETAIL**

Figures 1 and 2 on the previous page and the following table show budget details for the USTAR. Funding for FY 2007 and FY 2008 is comprised entirely of General Fund monies. The ongoing appropriation of \$19.25 million and one-time appropriation of \$50 million for buildings are tracked in separate line items. Within the USTAR line item, are four programs—Administration, Technology Outreach, Research Teams, and USTAR Projects—with funding levels that match legislative intent as described in S.B. 75.

USTAR						
Sources of Finance	FY 2006 Actual	FY 2007 Appropriated	Changes	FY 2007 Revised	Changes	FY 2008* Base Budget
General Fund	0	19,250,000	0	19,250,000	0	19,250,000
General Fund, One-time	0	50,000,000	0	50,000,000	(50,000,000)	0
<b>Total</b>	<b>\$0</b>	<b>\$69,250,000</b>	<b>\$0</b>	<b>\$69,250,000</b>	<b>(\$50,000,000)</b>	<b>\$19,250,000</b>
<b>Line Items</b>						
USTAR	0	19,250,000	0	19,250,000	0	19,250,000
USTAR Capital Developments	0	50,000,000	0	50,000,000	(50,000,000)	0
<b>Total</b>	<b>\$0</b>	<b>\$69,250,000</b>	<b>\$0</b>	<b>\$69,250,000</b>	<b>(\$50,000,000)</b>	<b>\$19,250,000</b>
<b>Categories of Expenditure</b>						
Personal Services	0	201,600	0	201,600	1,205,900	1,407,500
In-State Travel	0	5,000	0	5,000	0	5,000
Out of State Travel	0	5,000	0	5,000	0	5,000
Current Expense	0	19,035,000	0	19,035,000	(1,205,300)	17,829,700
DP Current Expense	0	3,400	0	3,400	(600)	2,800
Other Charges/Pass Thru	0	50,000,000	0	50,000,000	(50,000,000)	0
<b>Total</b>	<b>\$0</b>	<b>\$69,250,000</b>	<b>\$0</b>	<b>\$69,250,000</b>	<b>(\$50,000,000)</b>	<b>\$19,250,000</b>
<b>Other Data</b>						
Budgeted FTE	0.0	2.0	9.0	11.0	0.0	11.0

\*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

**LEGISLATIVE ACTION**

The Analyst recommends the following budget action for USTAR:

- Adopt a base budget totaling \$19,250,000 for the entire USTAR agency.