

FY 2009 Budget Brief – HED – State Board of Regents

SUMMARY

The Utah State Board of Regents was formed in 1969 as the governing body for the Utah System of Higher Education (USHE). The Board consists of 18 members - 16 of whom are appointed by the Governor, including one student regent, and two members of the State Board of Education, appointed by the chair of that board, who serve as nonvoting members. The Board oversees the establishment of policies and procedures, executive appointments and master planning. In addition, the board approves financial and budgetary procedures, proposals for legislation, and develops governmental relationships.

ISSUES AND RECOMMENDATIONS

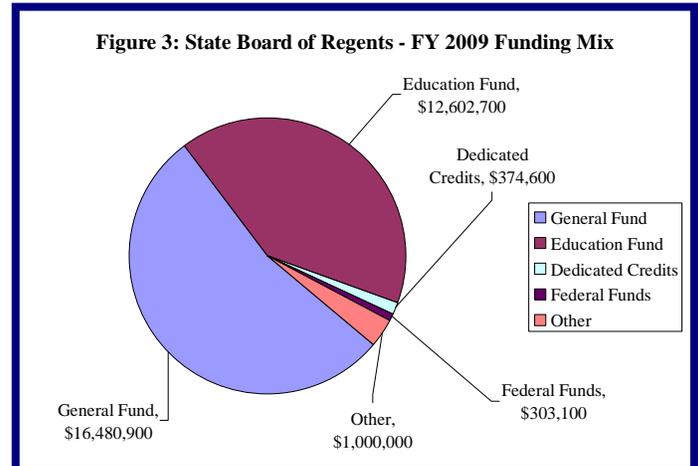
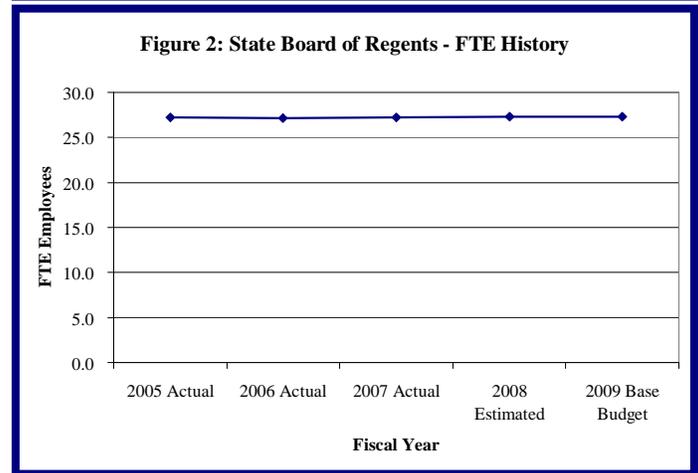
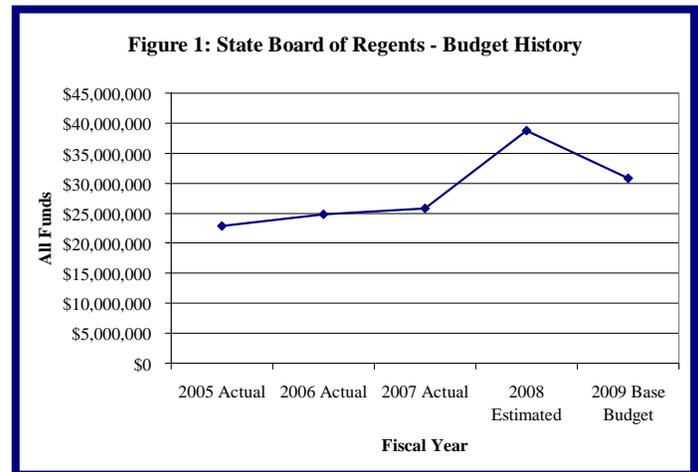
Base Budget: The total FY 2008 appropriated budget for the State Board of Regents was \$38,711,300, with \$16,480,900 from the General Fund and \$20,552,700 from the Education Fund (including a one-time Education Fund appropriation of \$7,950,000). After deducting the one-time Education Fund appropriation, the Base Budget for FY 2009 becomes \$30,761,300.

Higher Education Transfers: Included in the FY 2008 appropriation to the State Board of Regents, to be distributed to the institutions, was \$3,000,000 in ongoing funding and \$2,000,000 in one-time funding, for the Engineering Initiative. The Analyst recommends distributing the \$3,000,000 ongoing appropriation to each of the nine USHE institutions to be reflected in their ongoing budgets for placement on the Subcommittee’s priority list (see Issue Brief USHE – 12). The Board has distributed the one-time funding to the institutions, but because this was one-time, the funding will not be reflected in the ongoing budgets.

The Analyst also recommends that the Subcommittee put the transfer of \$110,500 from the Board’s budget to the Utah College of Applied Technology on the priority list. The purpose of this transfer is to reflect the transfer of one FTE position.

Student Financial Aid: The Analyst recommends funding for three financial aid programs be placed on the priority list (see Issue Brief USHE – 02).

UCOPE is a state-funded, need-based program for Utah residents. The program becomes more important as tuition increases. Last year, one-time funding in the amount of \$2,000,000 was approved. The Analyst recommends ongoing funding of \$1,000,000 and a one-time funding allotment of \$1,000,000 for the priority list.



Federal aid programs require state matching funds for program participation. An increase in state funds is required when federal regulations change the matching requirement. State funding is recommended in the amount of \$200,000 for the priority list to maintain the level of federal aid programs.

New Century Scholarships provide reduced tuition for students who complete a two-year degree (or equivalent) by the September following their high school graduation. The Analyst recommends \$1,742,000 in FY 2009 and \$659,700 in FY 2008 to cover the increase in the number of students achieving this goal be put on the priority list for funding.

IT Licensing and Infrastructure Costs: The Analyst recommends that an ongoing appropriation of \$900,000 for licenses for software and networks, and anti-virus protection be added to the priority list. In addition, the Analyst recommends that funding be added to the priority list for the infrastructure replacement costs for servers, switches, routers, and hubs. The Analyst recommends both a one-time appropriation of \$4 million as well as ongoing funding of \$4 million for the systematic replacement of the IT infrastructure (see Issue Brief USHE – 03).

Academic Library Consortium: The Analyst recommends that the Subcommittee place \$500,000 ongoing and \$2 million one-time on the priority list for the Academic Library Consortium for the continued access to the electronic resources and databases, as well as cover increased costs of journals and other library resources (see Issue Brief USHE – 04).

Initiatives: The Analyst recommends the Teacher Initiative (see Issue Brief USHE – 05) for placement on the priority list. The distribution to the Board of Regents for this initiative is \$456,100. This funding would augment the T.H. Bell Scholarship Program.

Emergency Management and Campus Security: The Analyst recommends adding a total of \$4 million in one-time funding to address security issues on the nine USHE campuses to the priority list (see Issue Brief USHE – 10). The allocation for the State Board of Regents for this proposal would be \$150,000.

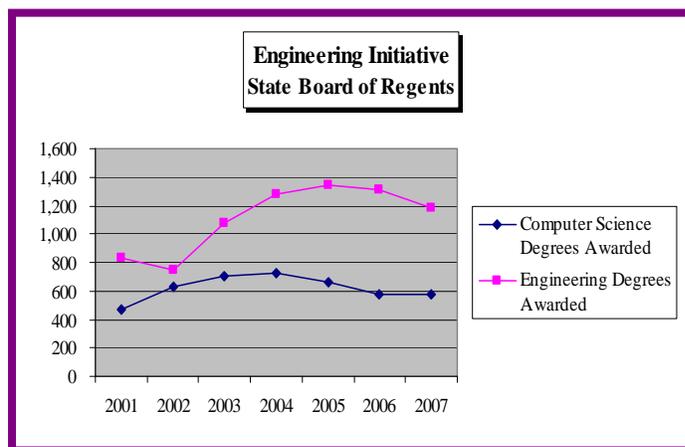
Capital Training Equipment: The Analyst recommends \$5 million in one-time funding be added to the priority list for the purchase/replacement of equipment on USHE campuses (see Issue Brief USHE – 11). The State Board of Regents would allocate these funds out based on competitive proposals from the institutions.

Non-Lapsing Balances: In response to the growing levels of non-lapsing balances at the USHE institutions, the Analyst recommends placing \$20 million of these funds on the priority list as an offset to the state funding for one-time increases (see Issue Brief USHE – 13). The distribution among the institutions is based on the amount that institution's non-lapsing balances are of the total \$83 million level. The corresponding amount for the State Board of Regents is \$128,700.

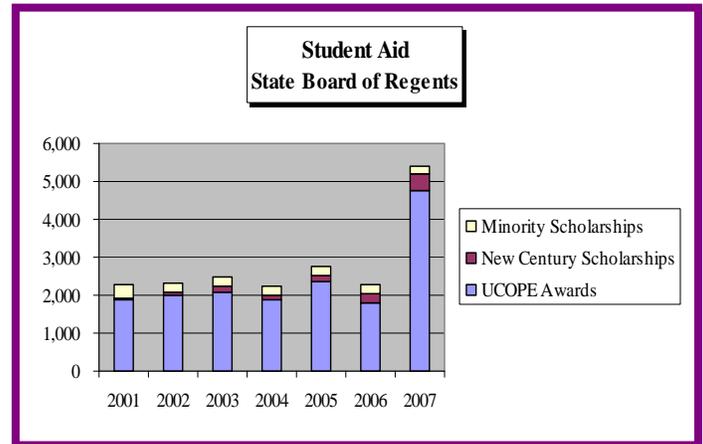
ACCOUNTABILITY DETAIL

The State Board of Regents' performance indicators include the results of the engineering initiative and the number of scholarships and financial awards granted to help students finance their education.

The Legislature began an effort in 2001 to double the number of graduates in engineering, computer science, and related technologies by 2006 and then to triple the number by 2009. In 2006 and 2007, the number of graduates dipped, but from 2002 through 2005, the number of computer science degrees awarded was up 39 percent and the number of engineering graduates was up nearly 62 percent.



As the cost of a post-secondary education has increased, the Legislature has made efforts to provide additional financial aid opportunities. The figure shows the growth in the number of scholarships and awards over the past five years. The significant increase in 2007 reflects the larger number of awards given due to the increase in both ongoing and one-time funding for student aid.



BUDGET DETAIL

Base Budget: The Legislative Fiscal Analyst recommends approval of State Board of Regents' FY 2009 adjusted base budget in the amount of \$30,761,300, with \$16,480,900 from the General Fund, \$12,602,700 from the Education Fund, \$303,100 from Federal Funds, \$374,600 from Dedicated Credits, and \$1,000,000 from the Restricted Prison Telephone Surcharge Account.

Intent Language: In the past, there have been several items of legislative intent language included in the various appropriations acts regarding higher education issues. During the 2005 General Session, there was an effort to reduce the amount of intent language, especially those items that were repeated year after year. As a result, there was only one item of intent language that affected the State Board of Regents included in the appropriations acts for FY 2008. This item requires a report from the Board of Regents to the Higher Education Appropriations Subcommittee showing how the Utah System of Higher Education will deliver five different two- and four-year degrees at a per-student cost of no more than \$500 per year, accommodating at least 10,000 students during FY 2009 (HB 150, Item 129). This report was made during the Higher Education Appropriations Subcommittee meeting on September 12, 2007 and also to the Executive Appropriations Committee on September 18, 2007. The report looked at low cost programs at various institutions and through various delivery methods. The report indicated that a cost of \$500 per student would be virtually impossible, that a price of \$2,500 to \$3,000 would be a more realistic target.

LEGISLATIVE ACTION

The Analyst recommends that the Subcommittee adopt a base budget for State Board of Regents in the amount of \$30,761,300. The approved allocation is \$16,480,900 (General Fund) and \$12,602,700 (Education Fund).

The Analyst recommends that the Subcommittee develop a prioritization list of items for additional funding for FY 2009 and FY 2008 (Supplemental).

BUDGET DETAIL TABLE

State Board of Regents						
Sources of Finance	FY 2007	FY 2008	Changes	FY 2008	Changes	FY 2009*
	Actual	Appropriated		Revised		Base Budget
General Fund	16,480,700	16,480,900	0	16,480,900	0	16,480,900
Education Fund	3,439,700	12,602,700	0	12,602,700	0	12,602,700
Education Fund, One-time	4,080,100	7,950,000	0	7,950,000	(7,950,000)	0
Federal Funds	1,142,160	303,100	0	303,100	0	303,100
Dedicated Credits Revenue	418,639	374,600	0	374,600	0	374,600
GFR - Prison Telephone Surcharge Account	819,436	1,000,000	0	1,000,000	0	1,000,000
Beginning Nonlapsing	557,097	0	0	0	0	0
Closing Nonlapsing	(1,138,397)	0	0	0	0	0
Total	\$25,799,435	\$38,711,300	\$0	\$38,711,300	(\$7,950,000)	\$30,761,300
Line Items						
Administration	4,181,839	6,451,700	0	6,451,700	(950,000)	5,501,700
Engineering Initiative	1,200,000	5,000,000	0	5,000,000	(2,000,000)	3,000,000
Federal Programs	1,142,160	303,100	0	303,100	0	303,100
Campus Compact	100,000	100,000	0	100,000	0	100,000
Student Aid	8,817,022	11,195,800	0	11,195,800	(2,000,000)	9,195,800
Western Interstate Commission for Higher Educati	895,100	1,021,900	0	1,021,900	0	1,021,900
T.H. Bell Scholarship Program	630,774	1,999,100	0	1,999,100	0	1,999,100
Higher Education Technology Initiative	3,845,600	7,709,700	0	7,709,700	(3,000,000)	4,709,700
Jobs Now Initiative	1,516,876	1,000,000	0	1,000,000	0	1,000,000
Electronic College	586,564	746,500	0	746,500	0	746,500
Utah Academic Library Consortium	2,883,500	3,183,500	0	3,183,500	0	3,183,500
Total	\$25,799,435	\$38,711,300	\$0	\$38,711,300	(\$7,950,000)	\$30,761,300
Categories of Expenditure						
Personal Services	2,742,731	3,027,700	54,200	3,081,900	0	3,081,900
In-State Travel	71,045	60,000	25,000	85,000	0	85,000
Current Expense	2,771,934	1,292,900	942,700	2,235,600	(700,000)	1,535,600
Capital Outlay	42,260	55,000	0	55,000	0	55,000
Other Charges/Pass Thru	20,171,465	34,275,700	(1,021,900)	33,253,800	(7,250,000)	26,003,800
Total	\$25,799,435	\$38,711,300	\$0	\$38,711,300	(\$7,950,000)	\$30,761,300
Other Data						
Budgeted FTE	27.3	34.5	(7.2)	27.3	0.0	27.3

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