



Budget Brief: Utah Education Network

SUMMARY

The Utah Education Network (UEN), a partnership of Utah’s public and higher education institutions, delivers distance learning educational services statewide. It operates public television station KUEN-9, provides closed circuit two-way video services, and connects state computer networks to each other and the Internet. Its mission is to “provide the citizens of Utah access to the highest quality, most effective instructional experiences, administrative support services, library services, student services, and teacher resources regardless of location or time.”

ISSUES AND RECOMMENDATIONS

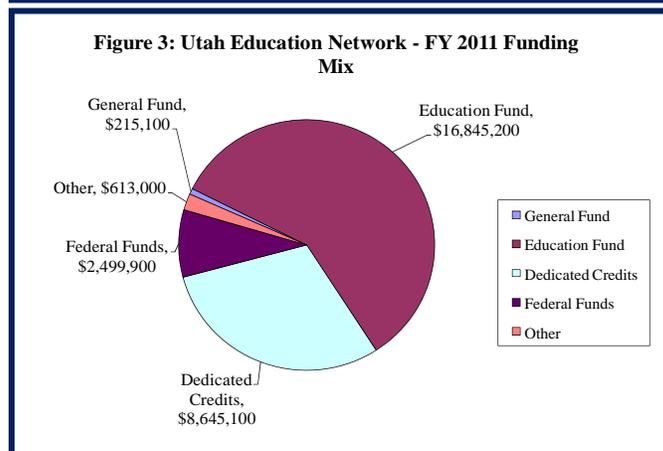
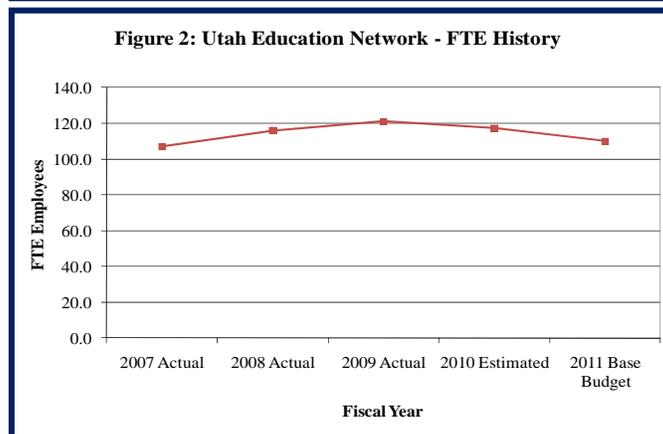
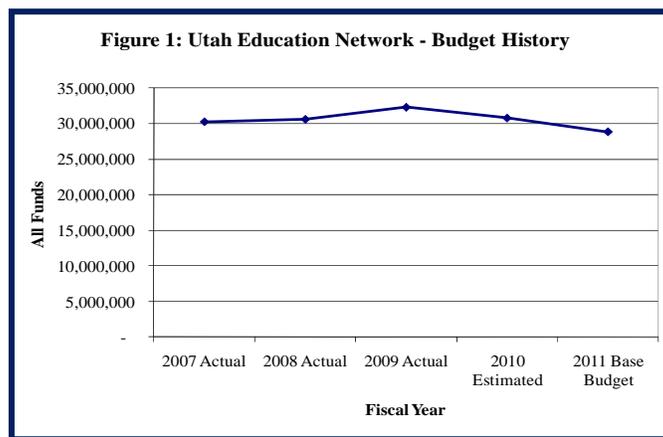
Base Budget: The total FY 2010 appropriated budget for the Utah Education Network was \$31,979,200. Of that total, \$249,600 was from the General Fund and \$18,699,600 in Education Funds, which includes Uniform School Funds. This FY 2010 base includes reductions that were made to the ongoing base for UEN of \$1,272,100 and \$2,700 in ISF rate impacts, with a one-time backfill of \$1,540,700.

The Executive Appropriations Committee (EAC) adopted FY 2011 General and Education Fund revenue estimates that are 98% of the original FY 2010 ongoing appropriations. The FY 2011 base budget bills (S.B. 1 and H.B. 1) reduce appropriations for all line items and programs proportionately to match revenues.

With this direction and implementation, UEN has a base budget for FY 2011 that has been adopted with the following funds: \$215,100 General Funds, \$12,345,900 Uniform School Funds, \$4,499,300 from the Education Fund, \$2,499,900 in Federal Funds, \$8,645,100 Dedicated Credits Revenue, and \$613,000 from Other Financing Sources. These funds combined give a total FY 2011 Appropriation of \$28,818,300, which is approximately 9.9% lower than the agency’s FY 2010 base appropriation.

FY 2011 5% Options

During FY 2010, the Utah Education Network received \$1,540,700 one-time backfill to mitigate for the current year ongoing reductions. This one-time funding will not be a part of UEN’s FY 2011 budget.



Additionally, in December 2009 the Executive Appropriations Committee allocated 95% of original FY 2010 ongoing appropriations to each subcommittee and directed the subcommittees to compile a list of options equal to a 5% ongoing cut. The EAC may use these options to make final adjustments to the FY 2011 budget.

The FY 2010 ongoing base for the Utah Education Network is \$17,408,500. The options for UEN include the following for a total 5% reduction of \$870,400:

Current Expense – (\$34,800)

Out-of-State Travel – (\$46,300)

Professional and Support Staff – (\$200,000)

DP Current Expense – (\$204,300)

Leased Redundant Network Circuits – (\$385,000)

Some effects of not replacing the \$1.5 million FY 2010 backfill and reducing the UEN budget by 5% include:

- 1. Reduction of estimated 12.0 FTE in professional and technical staff positions.** This figure was an initial estimate if UEN were to also eliminate leased redundant circuits (see #2 below). However, with limited flexibility in reducing the network budget, UEN estimates loss of 25.0 FTE without making reductions to the network or network operations.
- 2. Elimination of leased redundant circuits on the Network backbone.** Effects include: diminishing the reliability of the network; higher amounts of network down-time; deter the capacity for individuals and institutions utilizing the network (NOTE: the UEN network backbone provides Internet capacity for the USHE institutions, UCAT, elementary and secondary schools, charters, school district offices, some state agencies and local government entities); high possibility of loss of \$2 matching E-rate funds for every \$1 of state funds lost.
- 3. Reduction in operating and equipment replacement funds.** Defective or obsolete equipment would be replaced much slower or not at all. Expenses for daily operation of the network would be reduced.
- 4. Possible loss of National Telecommunications Information Administration (NTIA) Broadband Technology Grant.** The loss of this grant, including state matching funds of \$3,465,500, would result in a loss to the state of approximately \$13.4 million federal funds. The combination of state funds with the NTIA grant would serve to connect 88 elementary and charter schools and 35 public libraries with high-speed networks. [Source: "Impact of Cutting UEN's State Budget" document, UEN, January 26, 2010.]

Recommendation: The Analyst recommends the subcommittee consider the aforementioned options for 5% reduction of the FY 2010 ongoing budget in the Utah Education Network line item with their possible effects upon agency operations in the short and long term.

The Analyst also recommends that the subcommittee give particular attention to the funds that are currently supporting multi-year contracts within the UEN line item. These funds currently comprise approximately 58% of the UEN budget. Disruption of such contracts may affect some services to USHE institutions, school districts, charter schools, state and local government agencies, and public libraries. As well, reductions at this level may have effects upon matching funds in the Federal E-rate program, which provides nearly two-thirds of the costs for network circuits in the state education network.

BUDGET DETAIL TABLE

The budget detail table below outlines UEN’s budget from FY 2009 Actual through the FY 2011 Base Budget. The total change from FY 2010 Appropriated to FY 2011 Base, as well as the change in just state funds represents an approximately 10.0 percent reduction.

Utah Education Network						
Sources of Finance	FY 2009 Actual	FY 2010 Appropriated	Changes	FY 2010 Revised	Changes	FY 2011* Base Budget
General Fund	242,700	219,500	0	219,500	(4,400)	215,100
General Fund, One-time	7,400	30,100	0	30,100	(30,100)	0
Uniform School Fund	13,573,400	12,597,900	0	12,597,900	(252,000)	12,345,900
Uniform School Fund, One-time	1,463,900	1,183,100	0	1,183,100	(1,183,100)	0
Education Fund	4,867,200	4,591,100	0	4,591,100	(91,800)	4,499,300
Education Fund, One-time	519,200	327,500	0	327,500	(327,500)	0
Federal Funds	2,375,900	1,450,000	1,049,900	2,499,900	0	2,499,900
Dedicated Credits Revenue	8,299,800	10,500,000	(1,894,900)	8,605,100	40,000	8,645,100
Other Financing Sources	876,400	1,080,000	(467,000)	613,000	0	613,000
Beginning Nonlapsing	217,200	0	115,000	115,000	(115,000)	0
Closing Nonlapsing	(115,000)	0	0	0	0	0
Total	\$32,328,100	\$31,979,200	(\$1,197,000)	\$30,782,200	(\$1,963,900)	\$28,818,300
Line Items						
Utah Education Network	32,328,100	31,979,200	(1,197,000)	30,782,200	(1,963,900)	28,818,300
Total	\$32,328,100	\$31,979,200	(\$1,197,000)	\$30,782,200	(\$1,963,900)	\$28,818,300
Categories of Expenditure						
Personnel Services	9,925,500	9,768,500	(223,000)	9,545,500	(298,400)	9,247,100
In-state Travel	157,400	105,700	60,700	166,400	0	166,400
Out-of-state Travel	224,100	121,600	102,400	224,000	(4,000)	220,000
Current Expense	1,927,900	2,954,600	(1,320,900)	1,633,700	(34,100)	1,599,600
DP Current Expense	16,125,900	16,688,300	1,618,700	18,307,000	(1,627,400)	16,679,600
DP Capital Outlay	3,798,400	2,003,700	(1,171,500)	832,200	0	832,200
Capital Outlay	168,900	215,100	(141,700)	73,400	0	73,400
Other Charges/Pass Thru	0	121,700	(121,700)	0	0	0
Total	\$32,328,100	\$31,979,200	(\$1,197,000)	\$30,782,200	(\$1,963,900)	\$28,818,300
Other Data						
Budgeted FTE	121.1	104.5	12.8	117.3	(7.3)	110.0
Vehicles	10.0	11.0	0.0	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.