November 7, 2017

President Wayne L. Niederhauser  
Speaker Gregory H. Hughes  
Utah State Legislature  
Salt Lake City, UT  84114

Dear President Niederhauser and Speaker Hughes:

The Higher Education Appropriations Subcommittee is pleased to report its actions during the 2017 Interim. You asked us to reach a conclusion and be prepared to report on the following topics:

1. Base Budgets, including selected “deep dives”
2. Engineering Initiative Report
3. Plans for funding approved during the 2017 Session:
   a. USHE growth
   b. UCAT Market Demand
   c. USHE Performance Funding
   d. SWI reports (FY 2017 funding)
4. Student/Athlete funding uses and results
5. Strategic Workforce Investment additional allocation recommendations ($764,000 still available for FY 2018)
6. Performance Measures from 2017 General Session H.B. 1
7. Fiscal Note/Building Block follow-up report
8. UESP presentation
9. Other statutorily-required reports

Following is our report on the items you asked us to study.

1. Base Budgets. The subcommittee heard three USHE line item and three USTC line item deep dives. These included the following: Utah State University – Brigham City Campus, Snow College – Education and General, Salt Lake Community College – School of Applied Technology, Utah System of Technical Colleges – Custom Fit, Dixie Technical College, and Mountainland Technical College.
2. The Technology Initiative Advisory Board is statutorily required to report annually to the State Board of Regents. The Board presented its report to the subcommittee.
3. When presentations were made that included these items, the institutions presented anticipated uses for this funding. However, because this new funding was appropriated shortly before the subcommittee’s meetings, significant time was not allocated for these items. They
will be reviewed during the 2018 General Session and further in the Fiscal Note/Building Block follow-up report.

4. The Legislature provided a total of $3.1 million to improve the academic performance of student athletes at five of the USHE institutions. Since the report was provided when the institutions had had the funding for less than a month, the report listed intended purposes for this funding item.

5. A report was provided giving a two-year history (FY 2017 & FY 2018) and the FY 2019 projection for the proposals approved and funded under the Strategic Workforce Investments (S.B. 103, 2016 General Session). There is currently unallocated funding available, but allocations require a proposal to be submitted to the Legislature, which will evaluate it and then may fund it though the appropriations process. Current FY 2018 unallocated funding can be included in a FY 2018 supplemental or a FY 2019 appropriation.

6. The subcommittee reviewed the performance measures as outlined in H.B. 1 (2017 General Session). Institutions are preparing and planning on presenting the results to the subcommittee by the October 15, 2018 deadline.

7. Following the presentation of the Fiscal Note/Building Block Follow-up Report to the Executive Appropriations Committee, the items that were higher education-specific were presented in detail to the subcommittee, along with any additional information received since the original report. The subcommittee was given the location of the full report.

8. The Utah Educational Savings Plan (Utah’s 529 plan) made a presentation to the subcommittee. The Plan now has 341,000 account holders and $11 billion under its direction. These funds are held by the UESP for account holders to pay for future higher education costs for their beneficiaries.

9. S.B. 117, Higher Education Performance Funding (2017 General Session) requires both the Utah System of Higher Education and the Utah System of Technical Colleges to establish a model for determining the institution’s performance and to submit that model to the Higher Education Appropriations Subcommittee. These metrics were presented to the subcommittee.

In addition to the items you asked us to study, we studied the previously-funded Technology Intensive Concurrent Enrollment (TICE) program and “major creep” between USHE institutions, which impacts students when transferring from one institution to another. We heard a report on tuition waivers, and revisions that the Board of Regents has approved dealing with the Regents’ Scholarship, as authorized by S.B. 256 (2017 General Session). We also heard a presentation from the Nursing Consortium, explaining the need for additional nurses in the state.

The Subcommittee also heard a report on pre-funded Operation and Maintenance (O & M) funding that can be adjusted based on the various projects’ completion dates. The Subcommittee took action to approve one-time reductions in the amount of $277,500 for FY 2018 and $2,100,500 for FY 2019.

The Subcommittee also approved the one-time reduction of $5,000,000 from the Performance Funding Restricted Account, to reflect the incremental step in the funding for S.B. 117 for FY 2019.
We request that legislative leadership approve the one-time O & M reductions and the one-time Performance Funding reduction as shown below:

1. FY 2018 Supplemental
   Various Institutions
   Education Fund
   Operations and Maintenance ($277,500)
2. FY 2019
   Various Institutions
   Education Fund
   Operations and Maintenance ($2,100,500)
3. FY 2019
   State Board of Regents
   Performance Funding Restricted Account ($5,000,000)
   Performance Funding ($5,000,000)

Sincerely,

Chairs of the Higher Education Appropriations Subcommittee.

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Sen. Evan Vickers, Co-Chair

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Rep. Keith Grover, Co-Chair

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Rep. Derrin Owen, Vice Chair