

UTAH SYSTEM OF
HIGHER EDUCATION

Utah System of Higher Education

Operating Revenues and Expenditures Report

Fiscal Year 2018

Board of Regents Operating Budget Request

Fiscal Year 2020

USHE's Greatest Assets

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

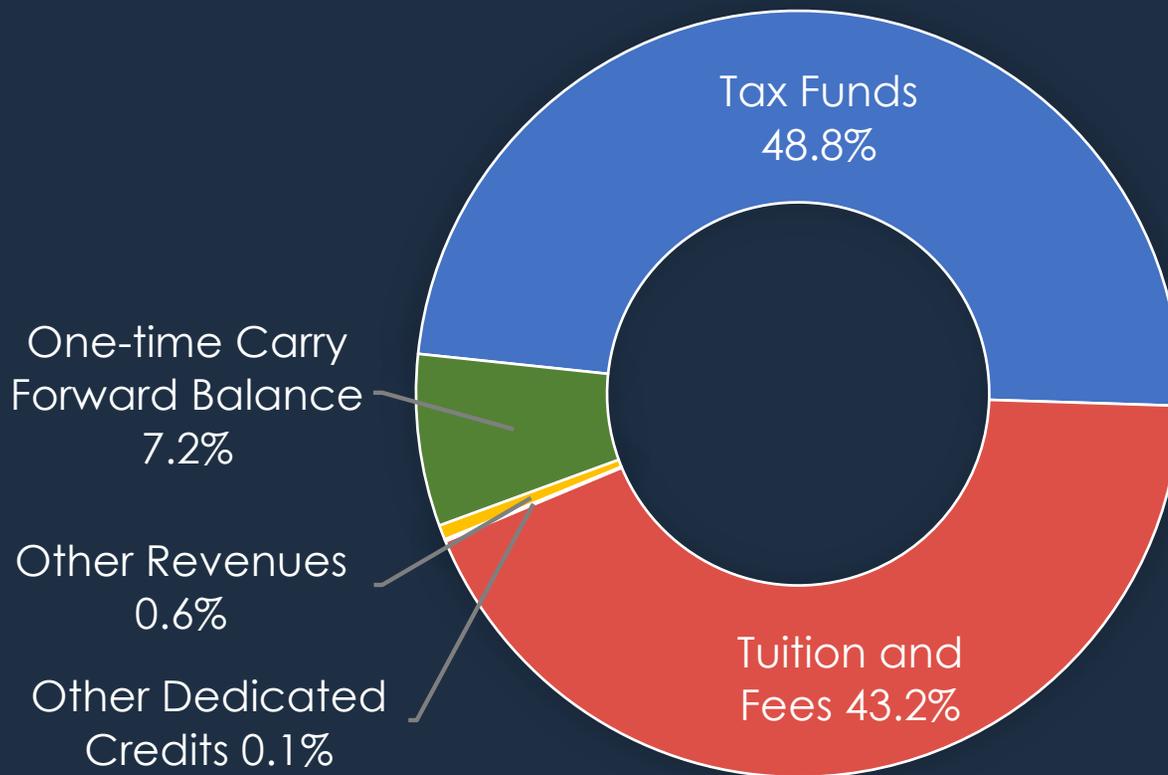
Salt Lake City:	181,743*
USHE:	220,000+

-
- 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>

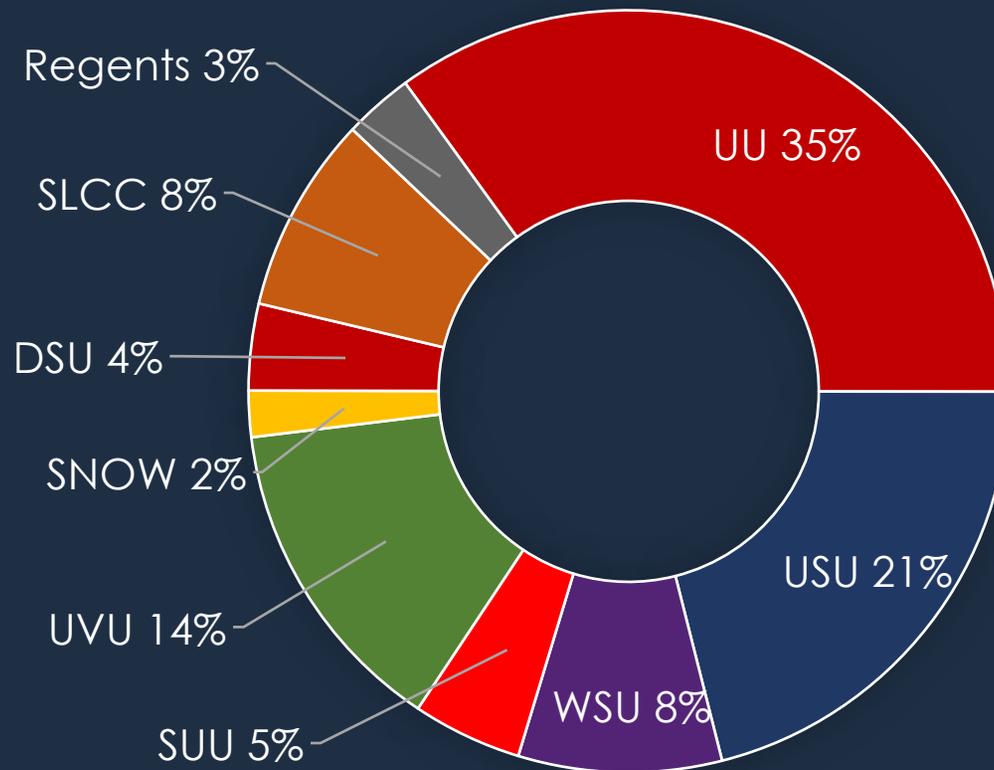
Revenue Budget by *Source* (FY18)



*Tax Funds include General Fund (Sales Tax) & Education (Income Tax)

**Regent Policy encourages institutions to maintain an annual non-lapsing carry-forward balance of 4-7%

Revenue Budget by *Institution* (FY18)



The State Board of Regents receives approximately 3% of appropriated funds:
Student aid (54%) | Pass through to institutions (34%) | Administration (12%)

Designated Uses of FY18 Funds

Tax Funds

Board Priorities (Incl. Compensation)

State-portion (75%) of Compensation	\$25,815,900
Student Growth Support	\$ 3,500,000
Scholarships	\$ 8,000,000
One-time Performance Funding	\$ 6,500,000
ISF Rate Reduction	(\$ 69,000)
UDA Fund Transfer	(\$ 310,000)

Tax Funds Total \$43,436,900

Legislative Priorities

Corrections Education Programs	\$ 313,400
Strategic Workforce Investment Grants	\$1,685,000
STEM Pipeline Programs	\$ 300,000
Public Safety Officers Financial Aid	\$ 200,000
Student Athlete Performance Fund	\$3,100,000
Engineering Initiative	\$4,000,000
Huntsman Cancer Center	\$6,240,000
Family Medicine Residency	\$1,200,000
My529 (One-time & Ongoing)	\$ 50,000
Safe UT App	\$ 550,000
911 Emergency Savings	(\$ 17,900)
Museum of Natural History	\$ 200,000

Tax Funds Total \$17,820,500

Tax Revenues
Appropriated:
\$61,257,400

(Includes ongoing and one-time increases)

Tuition Funds

Tuition-portion (25%) of Compensation	\$ 10,042,900
Additional Compensation Expenses	\$ 5,369,700
Student Support Programs	\$ 4,314,000
Instruction Support Programs	\$ 4,245,450
Building O&M	\$ 2,147,400
IT Support and cost escalations	\$ 1,350,000
Undesignated (New growth revenue)	\$ 15,591,365

Tuition Total \$ 43,060,005

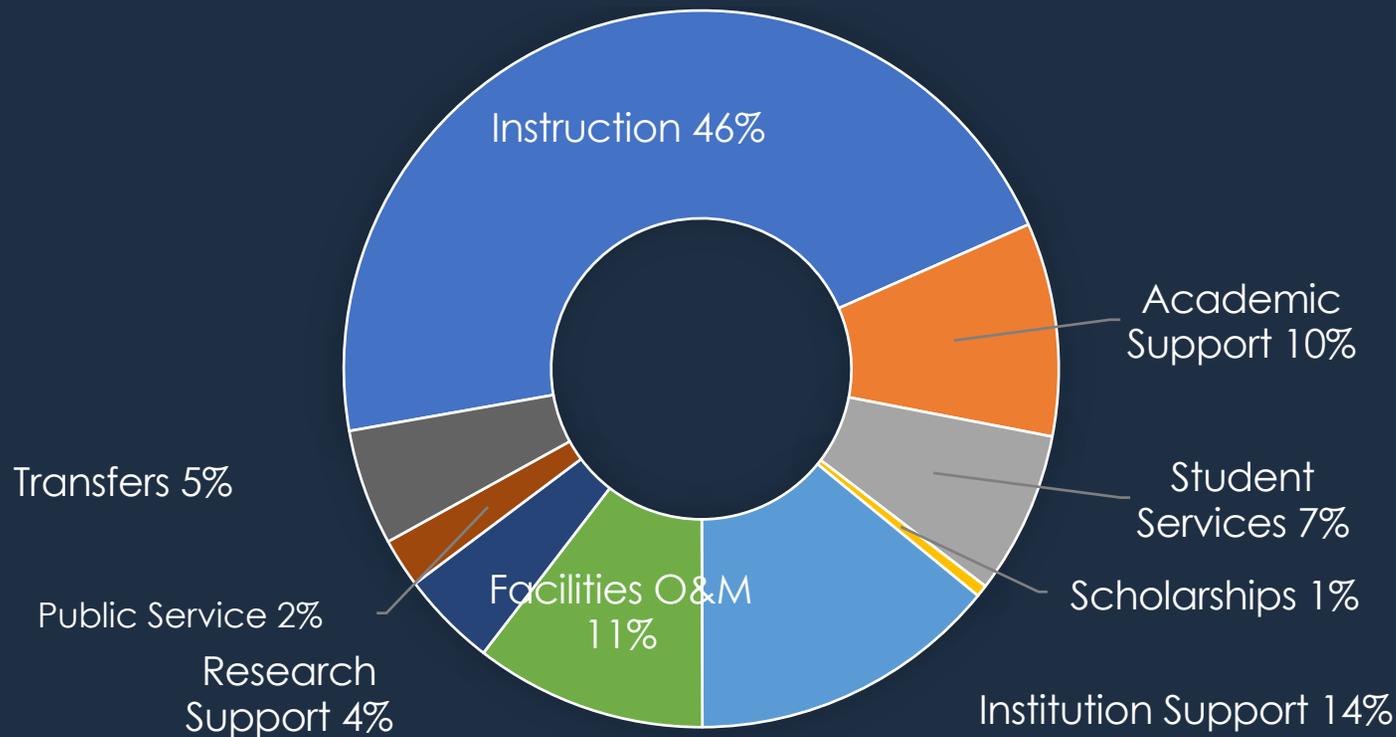
Tuition & Fee
Revenues :
\$43,060,005

Revenue from tuition rate increases: \$28,651,872
Revenue from new student growth: \$14,408,133

Understanding Higher Ed Expenditures

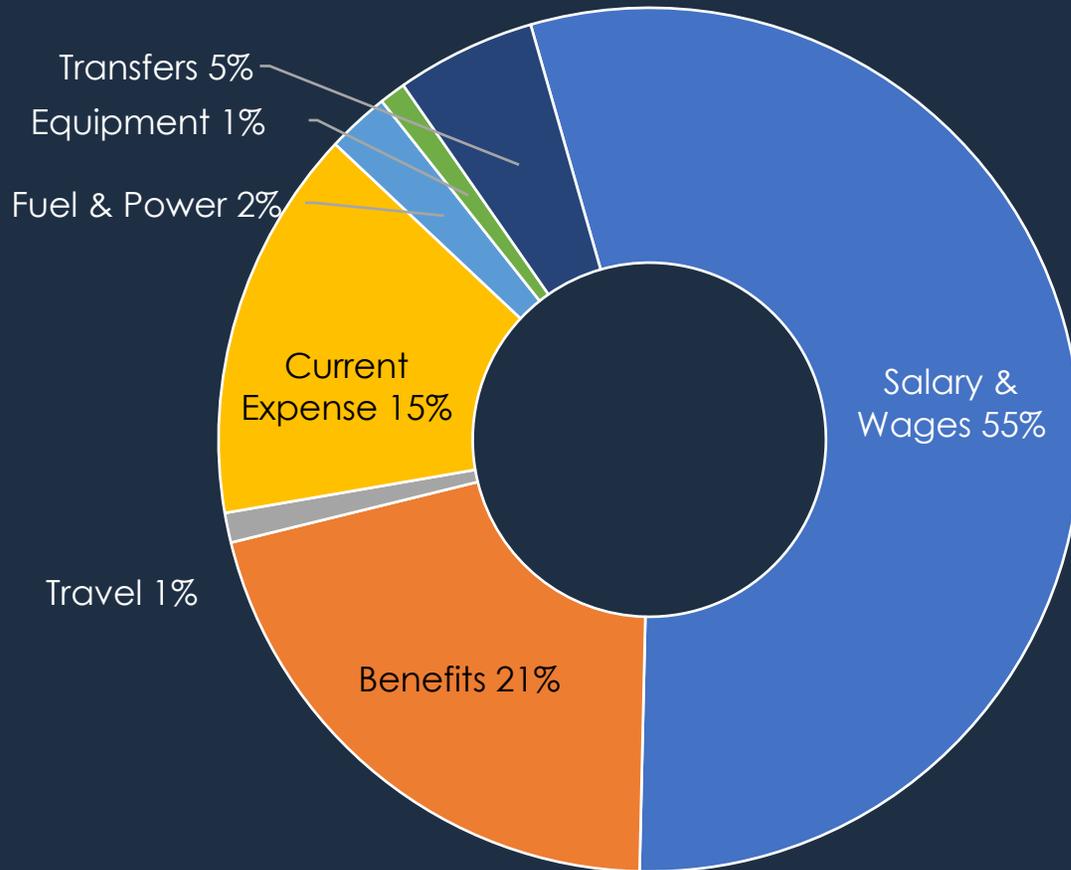
Category / Function

Expenses by Function (FY18)



- 63% of expenses are student instruction and support services.
- USHE spent 93% of its appropriated revenues in FY18, with 6.5% in non-lapsing balances (recommended by Regent Policy).

Expenses by Category (FY18)



76% covers compensation for 18,000+ USHE employees (excludes UU hospitals/clinics).

Cost Increases in FY18 over FY17

Net Operating Expense Increase over FY17: \$91,361,641 (5.4%)

Expense Function	2017	2018	\$ Change	% Change
Instruction	780,968,649	829,283,350	48,314,701	6.2%
Academic Support	162,448,019	172,889,963	10,441,944	6.4%
Student Support	115,443,334	131,934,537	16,491,204	14.3%
Scholarships	12,176,485	9,706,402	-2,470,083	-20.3%
Institution Support	246,144,671	252,070,554	5,925,884	2.4%
Facilities & O&M	179,733,768	188,172,887	8,439,119	4.7%
Research	77,721,099	77,963,169	242,070	0.3%
Public Service	44,049,650	39,867,469	-4,182,181	-9.5%
Transfers	85,744,273	93,903,256	8,158,983	9.5%
Total Expenses	1,704,429,947	1,795,791,588	91,361,641	5.4%

\$75.2 million (82%) of the FY18 total budget increase supported instruction and additional academic and student support needs

Cost Increases in FY18 over FY17

Net Operating Expense Increase over FY17: \$91,361,641 (5.4%)

Expense Category	2017	2018	\$ Change	% Change
Salaries & Wages	938,152,633	984,188,412	46,035,779	4.9%
Benefits	358,222,411	373,711,486	15,489,075	4.3%
Travel	18,568,620	20,007,578	1,438,957	7.7%
Current Expense	245,537,619	264,208,777	18,671,158	7.6%
Fuel & Power	42,571,274	42,004,640	-566,634	-1.3%
Equipment	15,048,518	17,735,439	2,686,921	17.9%
Transfers	86,328,873	93,935,256	7,606,383	8.8%
Total Expenses	1,704,429,947	1,795,791,588	91,361,641	5.4%

Employee costs (salary, wages, and benefits) are the largest cost driver for FY18: \$61.5 million (67%) of the total expense increase from the previous year

76% of Costs are People

	2017	2018	Change	% Change
Employee Changes	14,136	14,494	358	2.5%
FTE Faculty/Adjunct/TA Positions	6,936	7,044	108	1.6%
Executive Positions	248	241	-7	-2.8%
Full-Time Staff*	6,952	7,209	257	3.7%

***New Full-Time Staff: 257**
Instruction/Academic: 184
Student Support: 62
Business Ops & Facilities: 71
Research: -12
Public Service: -48

Key Higher Education Outcomes

- **Access:** Increase number of students participating in higher education
- **Timely Completion:** Encourage students to attend full-time and take additional credit hours measured by increase in the number of full-time students
- **Workforce:** Support statewide workforce needs by increasing student completion

	2017	2018	Change	% Change
Total Students Served (Fall EOT Headcount)	175,138	186,161	11,023	6.3%
Number of Budget-related FTE Students	119,967	122,086	2,118	1.8%
Number of Degrees & Certificates	36,701	37,756	1,055	2.9%

Expenses per Degree/Certificate

Annual change in expenses for degrees and certificates compared to the **Higher Education Price Index (HEPI)** and **Consumer Price Index (CPI)**:

	2017	2018	Change	% Change
Average Instruction Expenses per Degree & Certificate	\$43,123	\$44,442	\$1,319	3.1%
HEPI				2.8%
CPI				2.3%

Board of Regents
Cost Management Efforts
and
Operating Budget
Request

Fiscal Year 2020

Cost Management Efforts

- **Increased financial scrutiny by the Board**

- Institution budget and financial report deep dives
- Fiscal health dashboard
- Revised tuition approval process
- Leveraging state resources for IT and library purchases
- Future: USHE shared services

- **Increased productivity and utilization**

- Increased student to faculty ratio
- Increased student completion rates
- Establishment of classroom and laboratory utilization standards

- **Institution cost management efforts**

- Online instruction
- Self-funded insurance plans
- Efficient use of energy resources
- Reallocation of faculty and staff positions
- Realignment and consolidation of campus auxiliary services

Recent Changes to the Board Budget Development Process

FY16: Board Adopts Strategic Plan

- Identified 5% as the estimated annual revenue increase needed to implement the Board's strategic objectives between 2016 and 2025

FY17: Implemented annual budget development guidelines

- Requires all requests connect to Strategic Plan
- Required institutional plans for use of new budget requests

FY18: Moved to priority versus formula-based allocation

- Discontinued practice of formula-based budget allocation to focus on institutional priorities

FY19: Campus budget visits by Commissioner's Office

- Prior to the final Board action, Commissioner and staff visited all institutions to learn more about budget priorities and needs.

Future FY20: Refine the Board's final budget prioritization process

FY20 USHE Tax Funds Budget Request

\$58,213,087* (5.7%)

Statewide Priorities

College Access Advisors:	\$5,995,000
System Cyber Security:	\$7,150,000
Scholarship Program Growth:	\$4,000,000

Institution requests align to Board of Regents' Strategic Priorities:

Affordable Access

Timely Completion

Workforce and Research

Student Growth and Capacity

University of Utah:	\$8,500,000
Utah State University:	\$4,300,000
Weber State University:	\$5,500,000
Southern Utah University:	\$4,497,987
Snow College:	\$1,225,000
Dixie State University:	\$4,450,000
Utah Valley University:	\$7,349,100
Salt Lake Community College:	\$5,246,000

*Does not include state funded compensation and mandated internal service fund rate adjustments



Statewide College Access Advisor Program

Regents' Top Legislative Priority

Utah's Pipeline Problem

90%

of Utah parents
expect their children
to go to college



Only

2/3

of Utah's high school
seniors make it to
college within 5 years

- Many feel it is not an option
- Don't know how to start
- Especially true for underserved, first-generation college students

College Access Advisor for Every High School

Timeline

2019: 33 high schools

2020: 50% of high schools

2021: all high schools

Funding

Internal re-allocations

One-time 50% reduction (\$2,997,500)

Ongoing funds (\$5,995,000)



A Proven Model: Enrolling in the Right College

Students with College Access Advisors enrolled in college at a rate

10% *higher than the state average*

For every meeting with a college access advisor, students are more likely to enroll in college:

13% *1 Meeting* **42%** *3-5 Meetings* **145%** *6 Meetings*

A Proven Model: Graduating from College



For every meeting with a college access advisor, students are more likely to *graduate from college*:

5%

All Students

8%

*First-generation
Students*

VIDEO

Endorsements

Utah State Board of Education
Utah Valley Chamber of Commerce Policy Committee
Salt Lake Chamber of Commerce
Governor's Education Excellence Commission
Ogden-Weber Chamber of Commerce
Utah State Superintendents Association
Utah School Counselors Association
Women in the Economy Commission
United Way Promise Partnership Regional Council



Statewide College Access Advisor Program

Regents' Top Legislative Priority