



# FY 2021 BUDGET ADJUSTMENT OPTIONS

HIGHER EDUCATION  
STAFF: SEÁN FAHERTY

ISSUE BRIEF

## SUMMARY

Statute requires the Office of the Legislative Fiscal Analyst to develop a balanced-budget recommendation for the Legislature. In developing these recommendations, staff review agency spending requests, Governor’s Budget items and other sources to determine priority areas for budget adjustment options. For FY 2021, the Fiscal Analyst has developed the following budget-adjustment options for consideration by the subcommittee as it reviews the Higher Education Base Budget:

### 1. USHE Unrestricted Funds vs. State Budget One-Time True-Up

a. Each year in their Annual Financial Reports, USHE institutions report on investments (both long and short term) and unrestricted and free cash. In a FY 2018 snapshot, unrestricted cash for the 8 USHE institutions totaled \$686.9 million with \$490 m coming from the University of Utah. These reports provide a snapshot of financial actions and are contingent on the various funds, sources of income and enterprises each institution undertakes. Not all funds are discretionary. Nevertheless, the institutions have significant amounts of unrestricted investment money and these amounts should be considered when looking at allocating additional state appropriations. To begin this discussion, we recommend reducing the FY 2021 EF/GF appropriations for each institution by 2% of their 2018 value of unrestricted cash and short-term investments as follows:

i. University of Utah	(\$9,785,600)
ii. Utah State University	(\$827,600)
iii. Weber State University	(\$621,400)
iv. Southern Utah University	(\$374,000)
v. Snow College	(\$129,200)
vi. Dixie State University	(\$444,000)
vii. Utah Valley University	(\$955,800)
viii. Salt Lake Community College	(\$599,400)
ix. Total	(\$13,737,000)

### 2. UTECH Equipment Funding

- a. The System requests \$2 million ongoing for new equipment. The Legislature appropriated \$1 m one-time in FY 20 that was converted to ongoing by EAC in December 2019.
  - i. We recommend funding 50% of this request or \$1 million ongoing in FY 2021

3. FY 2021 SB 117 Targeted Jobs Tax Increase for Performance Funding Transfer
  - a. S.B. 117, passed during the 2017 General Session set up a process by which income tax revenue calculated to be related to certain growth areas can be set aside and appropriated for Performance Funding Formula-based distribution to Institutions of Higher Education. For FY21, the value of this transfer is \$8.3 million. The transfer is not automatic, the Committee will have to prioritize it. **\*\*Please see separate Issue Brief on this topic\*\***

We recommend that the Legislature transfer the \$8.3 million to the Performance Funding Restricted Account beginning in FY 2021

4. Increase Appropriation for Hearing-Impaired Students
  - a. To accommodate students with hearing impairments, the Legislature appropriates almost \$800,000 each year. The funding reimburses institutions for expenses incurred for interpreters and note takers. Funding is available to USHE institutions as well as UTECH campuses. Over the past ten years, the appropriation has been short an average of \$1.2 million each year.
    - i. We recommend funding an additional \$1 million ongoing to support schools in serving these students.
5. UTECH Employer-Driven Support Increase
  - a. The System requests \$9,035,200 ongoing in new funding for Student Support, Program development and expansion of existing programs.
    - i. We recommend funding 50% of that request, or \$4,517,700 in FY 2021.
6. UTECH Industry Competitiveness Funding
  - a. The System request ongoing funding increasing over the next 3 years to support bring instructor and staff salaries up to what a consultant report has deemed competitive levels. The system has made very clear arguments for certain instruction areas such as medical/health and IT-related courses. Their initial year of funding request is \$1.8 million.
    - i. We recommend funding 50% of this request, or \$896,000 in FY 2021.

**RECOMMENDATION:**

The Committee should consider these budget-adjustment options as it reviews agency spending and requests and prioritizes them for the Executive Appropriations Committee.