



TARGETED JOBS PERFORMANCE FUNDING

HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
STAFF: SEÁN C. FAHERTY

ISSUE BRIEF

SUMMARY

During the 2017 General Session, the Legislature passed S.B. 117, Higher Education Performance Funding, which required that a certain amount of individual income tax revenue be deposited into a restricted account to be used for higher education institutions that meet certain performance metrics.

The Legislature established a restricted account within the Education Fund known as the Performance Funding Restricted Account. The account was seeded with \$16,500,000 ongoing in FY 2018. This full amount was backed-out, one-time in FY 2018 and reduced by \$5 million in FY 2019 for \$11.5 million available that year.

In FY 2020, the full amount was made available to Utah System of Higher Education (USHE) and Utah System of Technical Education (UTECH) for distribution to institutions.

Upon appropriation by the Legislature, the restricted account is eligible to receive a percentage of the estimated revenue growth from targeted jobs. The value of this transfer is \$8,292,500 in FY 2021.

OBJECTIVE

The Legislature needs to affirmatively vote to transfer up to \$8.3 million from the Education Fund to the Performance Funding Restricted Account and then appropriate funds from the restricted account to the Board of Regents and Technical College Commissioner's Office.

Those offices can then distribute the funds to higher education institutions and technical colleges that have demonstrated that they have met the required performance as outlined in 53B-7-705 (6).

FY21 TARGETED JOBS FUNDING TRANSFER

DISCUSSION AND ANALYSIS

FY 2020 and 2021 Performance Funding:

The FY 2021 Higher Education Base Bill has the following distribution of the existing \$16.5 million from the Performance Funding Restricted Account:

Institution/Agency	FY 20 Perf. Funding Restricted Funding	FY 21 Base Budget Reallocation	Total FY 2021 Distribution	Notes
University of Utah	\$3,173,300	\$1,306,400	\$4,479,700	
Utah State University	\$2,242,900	\$903,100	\$3,146,000	
Weber State University	\$1,196,200	\$477,000	\$1,673,200	
Southern Utah University	\$555,500	\$234,900	\$790,400	
Utah Valley University	\$1,315,200	\$699,700	\$2,014,900	
Snow College	\$294,000	\$107,600	\$401,600	
Dixie State University	\$384,700	\$107,800	\$492,500	
Salt Lake Community College	\$1,188,200	\$519,800	\$1,708,000	
Board of Regents	\$4,500,000	(\$4,356,300)	\$143,700	One-Time use for Systemwide Improvements
Bridgerland Technical College	\$0	\$261,400	\$261,400	
Davis Technical College	\$0	\$355,600	\$355,600	
Dixie Technical College	\$0	\$94,700	\$94,700	
Mountainland Technical College	\$0	\$205,300	\$205,300	
Ogden-Weber Technical College	\$0	\$238,900	\$238,900	
Southwest Technical College	\$0	\$104,700	\$104,700	
Tooele Technical College	\$0	\$60,800	\$60,800	
Uintah-Basin Technical College	\$0	\$91,200	\$91,200	
UTECH Commissioner's Office	\$1,650,000	(\$1,412,600)	\$237,400	One-Time use for Systemwide Improvements
Totals:	\$16,500,000	\$0	\$16,500,000	

The \$381,100 appropriated to the two system offices is available to them one-time as a result of intent language included in S.B. 2 in the 2019 General Session. This funding will be available to institutions to earn through the Performance Funding formulas established by each system in FY 2021.

FY 2021 Targeted Jobs Funding:

SB 117 describes a process by which, upon appropriation by the Legislature, estimated revenue growth from targeted jobs shall be deposited in the restricted account for the fiscal year beginning on July 1, 2018. The bill requires the Department of Workforce Services to estimate the amount of growth, over a baseline amount, in individual income tax revenue generated by targeted jobs. GOED may, after consulting with DWS, designate a job that has significant industry importance as a targeted job. This framework, targeted jobs and tax revenue calculation can be seen in the following table.

The Legislature then determines the transfer of eligible tax revenue (20% or \$8.3 million in FY 2021) from the Education Fund to the Performance Funding Restricted Account and then appropriates from that fund to both higher education institutions and technical colleges as a 90/10% split as outlined in the legislation. (lines 350-352) This funding would be in addition to the \$16.5 million currently sourced from the restricted fund and distributed to higher education agencies.

RECOMMENDATIONS:

We recommend that the Committee:

- Transfer the eligible \$8.3 million in FY 2021 from the Education Fund to the Performance Funding Restricted Account.
- Require both the Utah System of Higher Education and the Utah System of Technical Colleges report back to the Committee no later than August 31, 2020 on the distribution of these funds.