HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE

FY 2021 Base Budget Adjustments

Revenue Update
2020 Interim

Range Estimate – May 2020

Point Estimate Used for Budgeting Expected in Mid-June

- *Determine the Final Budget Adjustment Amounts*

S.B. 3001 Shifted Appropriations from FY20 to FY21

FY21 Range Indicates a Range of ($600k) to ($1.3b)

Range Revenue Forecast May 2020
Executive Appropriations Committee
May 13, 2020
In Thousands of Dollars

a	b	c	d	e	f	g	h	i
	May Consensus Ranges				**Difference from February Consensus Targets**			
	FY20		FY21		FY20		FY21	
	Low	High	Low	High	Low	High	Low	High
1 **General Fund (GF)**	2,558,000	2,736,000	2,457,000	2,716,000	(240,000)	(62,000)	(464,000)	(205,000)
2 Sales and Use Tax	2,044,000	2,193,000	1,971,000	2,180,000	(213,000)	(64,000)	(398,000)	(189,000)
3 **Education Fund (EF)**	3,978,000	4,212,000	5,494,000	5,930,000	(1,199,000)	(965,000)	17,000	453,000
4 Individual Income Tax	3,577,000	3,754,000	5,048,000	5,380,000	(1,060,000)	(883,000)	124,000	456,000
5 Corporate Tax	344,000	397,000	402,000	496,000	(133,000)	(80,000)	(88,000)	6,000
6 **GF/EF Total**	6,536,000	6,949,000	7,951,000	8,646,000	(1,439,000)	(1,026,000)	(447,000)	248,000
7 **Transportation Fund (TF)**	582,000	625,000	589,000	654,000	(68,000)	(25,000)	(100,000)	(35,000)
8 **GF/EF/TF Total**	7,118,000	7,574,000	8,540,000	9,300,000	(1,507,000)	(1,051,000)	(547,000)	213,000
9 **GF/EF Net Final Payments**					(599,000)	(186,000)	(1,287,000)	(592,000)

Notes:
1) The Range Forecast does not include revenue changes passed in the 2020 GS or subsequent special sessions.
2) Estimates are based upon limited data and will be updated as data quality improves.
3) Net final payments includes a shift of $840 million from FY20 to FY21.
4) Ranges estimates are based on select GF/EF sources.

05/13/2020

- 1 -

Office of the Legislative Fiscal Analyst

LFA

Subcommittee Meeting
2020 Interim | Directions for Appropriations Subcommittees

Executive Appropriations Motion

- Develop Budget Reduction Scenarios
  - Reduce FY 2021 Base Budget Amounts by 2%, 5%, and 10%
  - Group Items in 2/5/10 Scenarios Based on General Priority (Easiest to Hardest)
  - No Need to Prioritize within Tranche
- Assume All New Funding for FY 2021 is Rescinded to Cover Shortfall
  - A Desired New Item/Program Offset by Additional Base Budget Reductions

Goal, Why Higher Education?

- Determine Thoughtful, Targeted, Adjustments
  - Across-the-Board Cuts Last
- Participation of All Budget Areas
  - Excluding Public Education = Higher Reductions in Other Budgets (Up to 30%)
- Caucuses & Leadership Teams
  - EAC Chairs, Majority/Minority Leadership, Caucuses will Take Subcommittee Recommendations, Refine, & Develop a Budget
- No Direction on Subsequent Meetings
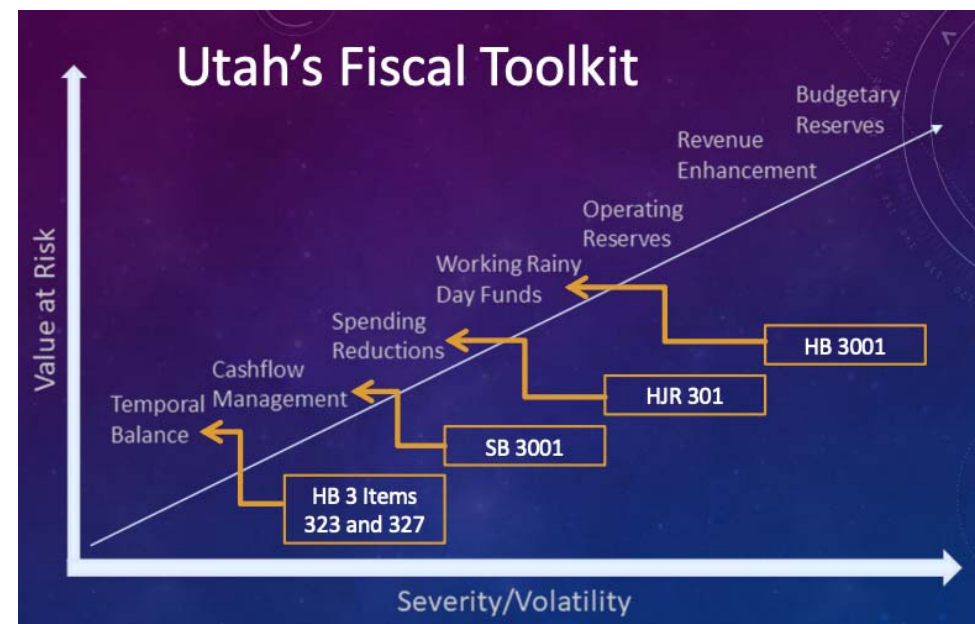- Special Session in Mid June

LFA

Fiscal Management
2020 Interim | Utah's Fiscal Toolkit

What About Rainy-Day Funds?
- Rainy-Day Funds (or Budgetary Reserves) Are a Budgetary Tool
  - Part of the Plan – "Mid to Late Storm"
  - Only One-Time Funding – Won't Fix Ongoing Structure/Economic Changes
- Education Fund Budget Reserve
  - Balance = $555 M (FY21 Est.)
  - More Restrictive than General Fund Budget Reserve – 63J-1-313
    - Only to Resolve an Education Fund "Operating Deficit"
    - Appropriations Exceed Revenue Estimates (Usually End of Year)

Where do State Funds Go?
FY 2021 Base | State Appropriated Budget

State Funds by Program

- Total State Funds = $1.2 Billion
  - $889 Million in the Higher Education budget comes from Dedicated Credits such as tuition

- Base Budget Reduction Targets

	2%	5%	10%
Ongoing Base $1.2 Billion:	$24,000,000	$61,000,000	$122,000,000

Institution/Agency	Total State Funds
University of Utah	$351,527,600
Utah State University	$231,133,300
Weber State University	$98,042,700
Southern Utah University	$49,426,000
Utah Valley University	$128,701,500
Snow College	$29,630,500
Dixie State University	$44,276,400
Salt Lake Community College	$108,135,300
Board of Regents	$55,095,500
UTech (All)	$105,164,000
All State Funds Higher Ed	**$1,201,132,800**

LFA

QUESTIONS?