



Higher Education Budget Adjustments

Joseph Fitzgerald | November 14, 2023

Recommendation

We recommend that the Executive Appropriations Committee approve the restructuring of the budget for the Institutions of Higher Education effective beginning FY 2025 as recommended by the Higher Education Appropriations Subcommittee with the addition of a new line item for each institution titled “Special Projects” as detailed in this report and associated presentation.

Background

Per [UCA 53B-7-103](#), institutions of higher education in Utah have authority to accept funding and enter into contracts to support their missions outside of the normal appropriation process. Historically, the Legislature has not tracked or reviewed these funding streams; however, in Senate Bill 2, 2023 General Session, the Legislature included intent language tasking the Office of the Legislative Fiscal Analyst to work with the Utah System of Higher Education to develop a budget that includes all sources of revenue and expenditure for the 16 public higher education institutions in Utah. The Higher Education Subcommittee took on this task as their Accountable Budget Process during the 2023 interim and favorably recommends the following structure.

Proposed Structure

We recommend dividing the Higher Education budget into two primary sections. The first section, Operating and Capital Budgets, currently exists and would contain all existing appropriations including State funds and Dedicated Credits Revenue as a reflection of tuition and fees revenue. The second section, Higher Education Funds, would be a nonrestrictive section containing a forecast of all sources of revenue and expenditure for each institution. These revenue sources are divided into similar categories as to what institutions report in their annual financial reports, and specific revenue categories can be found in Table 1.

We further recommend a restructuring of the line items and appropriation units to support this enhanced reporting. We recommend creating a primary line item, entitled “Education and General”, at each institution that contains the majority of revenues and expenditures. The two research universities (the University of Utah and Utah State University) would have additional line items to reflect their special missions – Medical, University Hospital, and Cancer Research at the University of Utah and Veterinary Medicine at Utah State University. The institutions providing both degree-granting and technical education (Utah State University, Salt Lake Community College, and Snow College) would have separate line items for Career and Technical Education to ensure proper funding for the technical education side of their missions. Furthermore, each institution would have an additional line item titled “Special Projects” that would serve as a repository for special priorities and missions at each institution to allow for tracking over the years. This would include items such as SafeUT at the University of Utah and the Shakespeare Festival at Southern Utah University. A full breakdown of the currently proposed items can be found in Table 2.

Within the line items (excepting Special Projects), each institution will have uniform appropriation units. These appropriation units would reflect the standardized expenditure categories that all accredited institutions in the United States are required to report to the Integrated Postsecondary Education Data System within the United States Department of



Education. A list of the proposed appropriation units can be found in Table 3. Line items would have some or all of the listed appropriation units based on actual expenditures.

This standardized structure among all institutions will allow for comparison both within and among the institutions. For example, the appropriation unit titled “Instruction”, provides quick insight at an institution as to how much state funding is going toward instruction compared with total funding the institution is spending on instruction. This can then be compared with all other institutions’ spending on instruction to provide deeper insight into specific categories throughout the State.



<i>Revenue Category</i>	<i>Forecasted Amount</i>
State Appropriations	\$1.60 Billion
Tuition and Fees	\$971.86 Million
Grants and Contracts	\$1.56 Billion
Sales and Services: Auxiliary Enterprises	\$1.69 Billion
Sales and Services: Hospitals	\$3.38 Billion
Sales and Services: Educational Activities	\$66.44 Million
Independent Operations	\$235.90 Million
Gifts and Contributions	\$266.67 Million
Investment Income	\$178.98 Million
Capital Appropriations, Gifts, and Contracts	\$283.42 Million
Additions to Permanent Endowments	\$61.71 Million
Other Sources	\$338.33 Million
<i>Total</i>	<i>\$10.61 Billion</i>

Table 1: Proposed revenue sources and forecasted amounts for inclusion in the “Higher Education Funds” section of the Higher Education Base Budget Bill. Currently, only “State Appropriations” and “Tuition and Fees” are included in some form in an appropriations bill.



<i>Institution</i>	<i>Special Projects Items</i>
University of Utah	Natural History Museum of Utah Seismograph Stations Red Butte Garden SafeUT Statewide TV Administration Rocky Mountain Center for Occupational and Environmental Health Center on Aging Center for Medical Cannabis Research Poison Control Center
Utah State University	Agriculture Experiment Station Cooperative Extension Prehistoric Museum Water Research Laboratory
Southern Utah University	Rural Health Shakespeare Festival Utah Summer Games
Utah Tech University	Zion Park Amphitheater
Utah Valley University	Fire and Rescue Training
Weber State University	Rocky Mountain Center for Occupational and Environmental Health

Table 2: Current proposed structure of Special Projects Items. This line item can be utilized at each institution when it performs a special project that warrants additional oversight.



Appropriation Units

Instruction
Research
Public Service
Academic Support
Student Services
Institutional Support
Operations and Maintenance of Plant
Depreciation
Scholarships and Fellowships Expenses
Auxiliary Enterprises
Hospital Services
Independent Operations
Other Expenses and Deductions
Custom Fit

Table 3: This is a list of all possible appropriation units to be found within the main line item and any unique line items at each institution. An institution will only have an appropriation unit if they perform that function.

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LEGISLATIVE
FISCAL
ANALYST

Higher Education Budget Restructure

Joseph Fitzgerald

Financial Analyst

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Introduction

“The Legislature intends that the Utah System of Higher Education (USHE) work with the Office of the Legislative Fiscal Analyst (LFA) and the Division of Finance during the 2023 Interim to create a budget that reflects all sources of revenue and all expenses and expenditures for each institution of higher education. USHE and LFA shall report that budget to the Higher Education Appropriations Committee before its final 2023 Interim meeting for potential inclusion in an appropriations act” (S.B. 2, 2023 General Session)



Higher Education Accountable Budget Process | Legislative Fiscal Analyst

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Overview

- Restructure of Higher Education Base Budget Bill to reflect all sources of revenues and expenditure
- Reorganization of Institutions' Line Items and Programs
 - Enhanced transparency, comparability within and across Institutions



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Bill in 2 Sections

- First Section: Operating and Capital
 - State Appropriations
 - Modified from historic base bill
 - \$2.72 Billion in Appropriations
- Second Section: Higher Education Funds
 - All revenue sources for higher education institutions
 - \$10.02 Billion in Revenue (Including State Appropriations)



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First Section: Operating and Capital

- Base Bill with new structure
 - General Fund: \$765,551,100
 - Income Tax Fund: \$924,825,600
 - Federal Funds: \$3,909,000
 - Dedicated Credits (Tuition and Fees): \$971,863,400
 - Other: \$49,405,500
 - *Total: \$2.72 Billion*



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Second Section: Higher Education Funds

- All Sources of Revenue and Expenditure
 - **State Appropriations: \$1.60 Billion**
 - **Tuition and Fees: \$971.86 Million**
 - Grants and Contracts: \$1.56 Billion
 - Sales and Services: Auxiliary Enterprises: \$1.69 Billion
 - Sales and Services: Hospitals: \$3.38 Billion
 - Sales and Services: Educational Activities: \$66.44 Million
 - Independent Operations: \$235.90 Million
 - Gifts and Contributions: \$266.67 Million
 - Investment Income: \$178.98 Million
 - Capital Appropriations, Gifts, and Contracts: \$283.42 Million
 - Additions to Permanent Endowments: \$61.71 Million
 - Other Sources: \$338.33 Million
 - *Total: \$10.61 Billion*



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Proposed Structure

- Institution
 - Education and General
 - Instruction
 - Research
 - Public Service
 - Academic Support
 - Student Services
 - Institutional Support
 - Operations and Maintenance of Plant
 - Depreciation
 - Scholarships and Fellowships Expenses
 - Auxiliary Enterprises
 - Hospital Services
 - Independent Operations
 - Other Expenses and Deductions
 - Custom Fit



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Special Line Items

- University of Utah
 - Medical (School of Medicine and Dentistry)
 - University Hospital
 - Cancer Research Center
- Utah State University
 - Veterinary Medicine
 - Career and Technical Education
- Snow College and Salt Lake Community College
 - Career and Technical Education



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Special Projects Line Item

- Located at each institution as needed
- Contains special initiatives to track over time
- Some initiatives temporary, others permanent
- Reviewed regularly during Accountable Budget Process
- Mature initiatives can be moved into Education and General
- Displayed in Operating and Capital, rolled up in Higher Education Funds



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Special Projects Line Item Examples

- **University of Utah**
 - Natural History Museum of Utah
 - Seismograph Stations
 - Red Butte Garden
 - SafeUT
 - Statewide TV Administration
 - Rocky Mountain Center
 - Center on Aging
 - Center for Medical Cannabis Research
 - Poison Control Center
- **Utah State University**
 - Agriculture Experiment Station
 - Cooperative Extension
 - Prehistoric Museum
 - Water Research Laboratory
- **Southern Utah University**
 - Rural Health
 - Shakespeare Festival
 - Utah Summer Games



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Utah Board of Higher Education Adjustments

- Combine “Access Utah Promise Scholarship Program,” and “New Century Scholarships” into “Utah Promise Grant”
- Change the name of “T.H. Bell Teaching Incentive Loans Program” to “T.H. Bell Education Scholarship Program”
- Change the name of “Public Safety Officer Career Advancement Reimbursement” to “Public Safety Officer Career Advancement Grant”
- Separate “Emerging Tech Talent Initiative” funds \$5,101,600 from “Student Financial Aid” program into a new program under Talent Ready Utah
- Move newly funded “First Responder Mental Health” \$450,000 ongoing from Admin to a separate program under Student Assistance line item
- Move newly funded “Prime Pilot Program Amendments” \$510,500 ongoing from Admin to a separate program under Student Assistance line item



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Thank You



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