

Office of the
Legislative Fiscal Analyst

FY 2001 Budget Recommendations

Joint Appropriations Subcommittee for
Higher Education

Utah System of Higher Education

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1.0 Summary: Utah System of Higher Education

The Utah System of Higher Education (USHE) is comprised of nine institutions of higher learning. The Utah System of Higher Education (USHE) is governed by 16 members of the State Board of Regents (SBR). The Governor appoints fifteen members of the Board, and the student body president’s council appoints the sixteenth member. In turn, the Board appoints the State Commissioner of Higher Education as well as all nine institutional presidents. The mission of the Utah System of Higher Education (USHE) is to provide high quality academic, professional, and applied technology learning opportunities designed to promote the intellectual, cultural, social, and economic well-being of its students. USHE strives to foster a society of lifelong learners, as well as prepare a work force for a technological, global marketplace and promote social responsibility, ethical values, and cultural awareness. The USHE consists of two research universities, two regional universities, two state colleges with a community college mission and three community colleges. The FY 2000 estimated annualized enrollments exceed 88,550 Full Time Equivalent (FTE) students. USHE as defined in the Utah Code section 53B-1-101 is

To provide a high quality, efficient, and economical public system of higher education through centralized direction and master planning.

Financial Information The recommended operating budget for FY 2001 totals \$694,995,100 for the Utah System of Higher Education (USHE). This figure represents the total funding for both academic and applied technology education (ATE) components for the USHE. The following table indicates the Plan of Financing for USHE:

	Analyst FY 2001 Base	Analyst FY 2001 Changes	Analyst FY 2001 Total
Financing			
General Fund	\$358,706,400	\$1,949,000	\$360,655,400
Uniform School Fund	3,545,600		3,545,600
Income Tax	148,393,500		148,393,500
Federal Funds	4,592,300		4,592,300
Dedicated Credits Revenue	176,448,100		176,448,100
Dedicated Credits - Land Grant	752,700		752,700
Federal Mineral Lease	2,213,500	(1,606,000)	607,500
Total	<u>\$694,652,100</u>	<u>\$343,000</u>	<u>\$694,995,100</u>
Programs			
University of Utah	\$250,563,100	\$497,600	\$251,060,700
Utah State University	153,510,500	384,300	153,894,800
Weber State University	70,902,300	197,000	71,099,300
Southern Utah University	30,808,000	75,300	30,883,300
Snow College	14,067,400	41,600	14,109,000
Snow College South	4,908,800		4,908,800
Dixie College	18,326,000	50,900	18,376,900
College of Eastern Utah	12,804,700	24,500	12,829,200
Utah Valley State College	53,056,500	153,600	53,210,100
Salt Lake Community College	66,669,200	477,700	67,146,900
State Board of Regents	19,035,600	(1,559,500)	17,476,100
Total	<u>\$694,652,100</u>	<u>\$343,000</u>	<u>\$694,995,100</u>
FTE	8,248.3		8,248.3

2.0 Issues: Utah System of Higher Education

2.10 Base Adjustments

2.11 Internal Service Fund Adjustments

The Analyst recommends a change to the base for Internal Service Fund adjustments of \$209,500. This figure includes a net increase for Risk Management of \$216,900 and a reduction for Fleet Management of \$7,400.

2.12 Retirement Rate Adjustments

The Analyst recommends a reduction in the base for retirement rates due to actuarial studies. The rate reduction is \$560,000 or 0.5 percent of the cost of funding USHE personnel on the State retirement system.

2.20 Recommendations

2.21 Mineral Lease Replacement

The Analyst recommends a replacement of Mineral Lease Funds of \$1,600,000 from the General Fund. To help mitigate the local impact of major energy and mineral developments on federal lands, the federal government shares the royalty revenue with State and local governments. These funds, called mineral lease payments, are sent back to the states for allocation to the impacted communities. Because of the extent of federal land holdings in Utah, the amount of funds available to this State are extensive. As provided by Statute, USHE received an annual appropriation from the Mineral Lease Account. This is the last year of Legislation calling for the replacement of these funds with General Funds.

2.30 Analyst's Recommendations if Additional Funding Becomes Available

2.31 Operation and Maintenance of New Facilities

The Analyst recommends \$2,598,300 in State General Fund revenue for Fiscal Year 2001 for the operation and maintenance of new facilities if additional funding becomes available. The operation and maintenance (O&M) of new facilities is an obligation of the State if the Legislature has approved both the construction of the facility and the payment of the O&M from State tax funds.

2.32 Enrollment Growth

The Analyst recommends an appropriation of \$8,808,100 in FY 2001 for a net enrollment growth of 2,183 FTE students if additional funding becomes available. The Plan of Financing includes \$6,196,000 from the General Fund and \$2,612,100 from tuition revenue. A major component of the USHE budget is the funding for student enrollment growth. Enrollment in higher education system-wide is still growing, and long-term projections indicate that growth will continue into the foreseeable future.

2.33 Americans with Disabilities (ADA)

The Analyst recommends an appropriation of \$400,000 from the General Fund for ADA if additional funding becomes available.

2.34 Vocational Rehabilitation

If additional funding becomes available, the Analyst recommends an appropriation from the General Fund of \$369,100. Because of federal funding limitations, the Utah State Office of Rehabilitation will be withdrawing financial support for disabled students enrolled in higher education. This funding will maintain the current level of support of existing disabled students on USHE campuses.

2.35 Utah Academic Libraries Consortium (UALC)

The Analyst recommends an appropriation of \$1,000,000 from General Funds if additional funding becomes available. The Utah Academic Library Consortium provides a synergistic effect for the nine institutions in the USHE, allowing for procurements and subscriptions of library materials that individual members could not purchase on their own. The UALC also effectively coordinates the identification and prioritization of the USHE library needs.

2.36 Applied Technology Equipment

It is the recommendation of the Analyst, if additional funding becomes available, the Legislature appropriate from the General Fund \$1,000,000 for ATE equipment. The Applied Technology Education programs are typically technologically intensive programs requiring high tech equipment that tends to be very expensive.

3.0 Recommendations for FY 2001

3.10 Changes to the Base

3.11 Internal Service Fund Adjustments

The recommended appropriation for FY 2001 of \$209,500 includes \$216,900 for Risk Management and a decrease of \$7,400 for Fleet Management. These adjustments are passed through from the Department of Administrative Services to each state entity. The following table illustrates the allocation to the various institutions:

Internal Service Fund Adjustments

	Fleet Services	Risk Mgmt.	Total
University of Utah			
E&G	(\$1,700)	\$178,300	\$176,600
AHEC	(6,200)		(6,200)
Subtotal	(\$7,900)	\$178,300	\$170,400
Utah State University			
E&G	(\$1,900)	\$27,100	\$25,200
Coop Extension	(10,400)		(10,400)
Subtotal	(\$12,300)	\$27,100	\$14,800
Weber State University		(\$12,900)	(\$12,900)
Southern Utah University		(\$100)	(\$100)
Snow College			
E&G		\$7,300	\$7,300
Snow South	12,800		12,800
Subtotal	\$12,800	\$7,300	\$20,100
Dixie College		\$3,000	\$3,000
College of Eastern Utah		\$1,900	\$1,900
Utah Valley State College		(\$7,600)	(\$7,600)
Salt Lake Community College		\$13,800	\$13,800
State Board of Regents		\$6,100	\$6,100
TOTAL	(\$7,400)	\$216,900	\$209,500

3.12 Retirement Adjustments

Based on changes in retirement rates, the Analyst is recommending a reduction of \$560,000 or 0.5 percent of the cost of funding USHE personnel on the State retirement system. The distribution of these adjustments is included in the following table:

Institution	Retirement Rate Adjustment
University of Utah	\$184,000
Utah State University	127,800
Weber State University	47,700
Southern Utah University	28,100
Snow College	10,300
Dixie College	26,500
College of Eastern Utah	14,700
Utah Valley State College	73,300
Salt Lake Community College	46,200
State Board of Regents	1,400
Total	\$560,000

3.20 Analyst Recommendations

3.21 Mineral Lease Replacement - \$1,600,000

To help mitigate the local impact of major energy and mineral developments on federal lands, the federal government shares the royalty revenue with State and local governments. These funds, called mineral lease payments, are sent back to the states for allocation to the impacted communities. Because of the extent of federal land holdings in Utah, the amount of funds available to this State are extensive.

As provided by Statute, USHE received an annual appropriation from the Mineral Lease Account. Ensuing legislation called for the replacement of these funds with General Funds.

“ . . . in fiscal year 1996-97, 20% of the mineral lease funds appropriated to the Board of Regents . . . shall be appropriated to the Permanent Community Impact Fund and an equivalent amount shall be appropriated from the General Fund to the Board of Regents to replace the mineral lease monies that the Board of Regents would have otherwise received. An additional 20% of the funds appropriated to the Board of Regents . . . shall be appropriated to the Permanent Community Impact Fund in each succeeding fiscal year until 100% of the funds currently appropriated to the Board of Regents . . . are appropriated to the Permanent Community Impact Fund. An equivalent amount shall be appropriated from the General Fund to the Board of Regents each of the succeeding fiscal years to replace the mineral lease monies the Board of Regents would have otherwise received.”

As provided by Statute, the USHE receives an annual increase in Mineral Lease Funds due to inflationary changes in the Consumer Price Index (CPI). It is projected that the adjustment for FY 2001 will total \$40,500 based on a 2.60 percent change. This is the last year for the replacement of Mineral Lease Funds in higher education. The following table indicates the distribution of Mineral Lease Funds that will be replaced by General Funds at the nine USHE institutions:

Mineral Lease Re-allocation			
	GF	CPI	Total
	Appropriation	2.60%	Amount
University of Utah	\$485,100	\$12,500	\$497,600
Utah State University	322,400	8,400	330,800
Weber State University	192,000	5,000	197,000
Southern Utah University	73,400	1,900	75,300
Snow College	40,500	1,100	41,600
Dixie College	49,600	1,300	50,900
College of Eastern Utah	23,900	600	24,500
Utah Valley State College	149,700	3,900	153,600
Salt Lake Community College	222,900	5,800	228,700
State Board of Regents	0	0	0
Total	\$1,559,500	\$40,500	\$1,600,000

The Analyst recommends a Mineral Lease replacement for FY 2001 of \$1,600,000 from the General Fund.

3.30 Analyst’s Recommendations Based on Additional Funding

3.31 Operation and Maintenance of New Facilities – \$1,920,100

The operation and maintenance (O&M) of new facilities is an obligation of the State if the Legislature has approved both the construction of the facility and the payment of the O&M from State tax funds. **The Analyst recommends an appropriation of \$1,920,100 of the \$2,598,300 in State General Fund revenue for Fiscal Year 2001 for the operation and maintenance of new facilities if additional funding becomes available.**

The following table is the priority list of USHE O&M:

Operation and Maintenance Priority List	
Analyst Recommendation	
U of U Christensen Business Center	\$15,800
USU Widstoe Hall	477,400
USU Uintah Basin	103,300
Dixie Math and Adult Educ Bldg	63,100
Dixie Hurricane Center	28,300
SLCC Jordan Campus	627,000
SLCC Detroit Diesel	160,000
SUU Phys Ed Complex	347,300
CEU Student Center	97,900
	<u>\$1,920,100</u>

If additional funds become available, the following list is items to be prioritized to receive O&M funding for FY 2001:

Analyst Recommendation Based on Additional Funding	
U of U Pioneer Theater	\$17,000
U of U Dumke Gymnastics	36,100
U of U Price Art Musuem	82,300
USU Technical Service Bldg	19,600
USU Horticulture	38,700
USU Lyric Theater	19,700
USU Cragun Property	18,900
SUU Am. Folk Ballet	14,000
UVSC Student Center	262,500
Dixie Student Center	169,400
	<u>\$678,200</u>
Total O & M	<u><u>\$2,598,300</u></u>

The following is a brief description of all USHE O&M funding requests for FY 2001:

University of Utah - \$151,200

Pioneer Memorial Theater – The Pioneer Memorial Theater is in the process of expanding its facility to accommodate a scene shop, additional storage space, and a rehearsal hall. The additional space is scheduled to be complete in October of 2000. The new space is being constructed totally from private donations. Based on the Board of Regent’s policy on Capital Facilities, Section R710, one-third of the facility qualifies for O&M by providing academic instruction. **If additional funding becomes available, the Analyst recommends O&M funding for FY 2001 of \$17,000.**

Dumke Gymnastics Facility – The gymnastic practice facility was completed in January of 1999, to provide a state of the art facility for the University of Utah’s gymnastic program. The facility includes space for training, locker rooms, conference rooms, athletic offices, computer labs, and a study hall for athletes. The O&M request is for the portion of the facility providing academic programs per the Board of Regent’s policies on Capital Facilities in section R710. **If additional funding becomes available, the O&M recommendation for FY 2001 is \$36,100.**

Price Art Museum – The Price Museum is comprised of art galleries, reception space, an educational center, an auditorium, and office space for museum and educational center staff. The museum will serve both public and higher education students as well as the general public. **If additional funding becomes available, the O&M recommendation for FY 2001 is \$82,300.**

Christensen Business Center – The Christensen Business Center is designed to facilitate the “case discussion method” of business instruction pioneered by Harvard University’s C. Roland Christensen. The facility includes space for discussion rooms, computer labs, seminar rooms, and faculty offices. In FY 99, eleven month of O&M was appropriated. **The funding recommendation for O&M for FY 2001 of \$15,800 is to cover the remaining month if additional funding becomes available.**

Utah State University – \$677,600

Widstoe Hall – This project includes the demolition of the old Widstoe Hall and the building of the new Widstoe Hall. The new chemistry and biochemistry departments will be housed in the new facility. The building includes labs, classrooms, and offices. The completion date was November of 1999. A credit of \$84,500 was given for the demolition of the existing Widstoe Hall. **If additional funding becomes available, the recommendation for FY 2001 is \$477,400 (\$561,900-\$84,500) for O&M.**

Uintah Basin Education Center in Roosevelt – The Uintah Basin Education Center is comprised of electronic learning classrooms, a library, multi-purpose room, storage, and mechanical space. The completion date is scheduled for October 2000. **The recommendation for FY 2001 is \$103,300 to cover 8 months of O&M if additional funding becomes available.**

Horticulture Greenhouse – The Horticulture Greenhouse is being renovated to accommodate the increasing academic demand as well as to meet code requirements. The structure includes a greenhouse, classroom space, and offices. **If additional funding becomes available, the Analyst recommends for FY 2001 an appropriation for O&M of \$38,700.**

Technical Services Building Renovation – This project is to renovate the Technical Services Building to house the University Police Department. **The O&M funding for FY 2001 of \$19,600 is recommended if additional funds become available.**

Lyric Theater – The Lyric Theater project includes the acquisition of 4,200 gross square feet adjacent to the existing Lyric Theater. The existing Lyric Theater was renovated to comply with current building codes. The additional space is needed to support additional students and staff for the Theatre Arts Programs. In a letter dated February 18, 1999, USU requested O&M funding only for the additional space. **The funding for FY 2001 for O&M of \$19,700 is recommended to cover the additional space, if additional funds become available.**

Cragun Property – This property consists of .90 acres and a former family residence located west of the campus and adjacent to the USU Family Life Center. The USU Family Life Center is in need of additional space to meet the needs of the various programs and projects. The additional property is to house the Community Outreach Programs. **If additional funds become available, the O&M recommendation for FY 2001 is \$18,900.**

Southern Utah University - \$361,300

Physical Education Complex – The new Physical Education Complex is scheduled to be complete January 1, 2001. **The funding recommendation of \$347,300 is for six months of O&M for FY 2001 if additional funding becomes available.**

American Folk Ballet – SUU purchased the Mann estate from the Endowment Fund to provide space for the American Folk Ballet secretary, Theater Art & Dance personnel, and student employees. The facility will also be used to teach Dance History and other seminar classes. **The O&M recommendation for FY 2001 is for \$14,000 if additional funds become available.**

Dixie College - \$260,800

Student Center – Dixie College is requesting O&M funding for the Student Center under the State Board of Regents policy R713, Funding of Student Centers. **If additional funding becomes available, the O&M funding recommendation for FY 2001, is \$169,400.**

Math and Adult Education Building – The LDS Church Institute building will be acquired by the Dixie College to add additional classrooms for the math and adult education curriculums. **The funding recommendation for FY 2001 is based on 4 months of O&M of \$63,100 if additional funding becomes available.**

Hurricane Center – The Hurricane Center will be complete July 1, 2000. The facility and land were acquired through private donations to meet the growing needs in Hurricane. **The O&M funding recommendation for FY 2001, is \$28,300 if additional funding becomes available.**

College of Eastern Utah - \$97,900

Student Center – CEU is requesting funding for O&M for the Student Center in Price which falls under the State Board of Regents policy R713, Funding of Student Centers. In the FY 1999 Legislative Session, the Student Center was funded from carryforward monies with the recommendation that the remaining O&M be funded in FY 2001. **The O&M funding recommendation for FY 2001, is \$97,900 if additional funding becomes available.**

Moab Facility – CEU is requesting O&M for the facility in Moab that is currently being leased.

The Board of Regent's policy, R501-4.5.3 states:

O & M costs associated with leased facilities shall be treated as lease costs under the Regent's lease policies rather than as O & M costs of capital facilities.

Based on the Regent's policy, the Analyst's recommends funding the O&M for the Moab Center from current institutional funds.

Utah Valley State College - \$262,500

Student Services Building – UVSC purchased the Central Utah Journal Building December 31, 1999. The facility is to be utilized as a student services building for admissions, assessment, advising, counseling, registration, financial aid, and parking services. A portion of the space will be used for a mail room and warehouse. Based on a letter written to the Associate Commissioner for Finances and Facilities on April 8, 1999, UVSC requested O&M at a rate of \$5.25 per square foot. **The O&M funding recommendation for FY 2001 based on a rate of \$5.25 per square foot is \$262,500 if additional funding becomes available.**

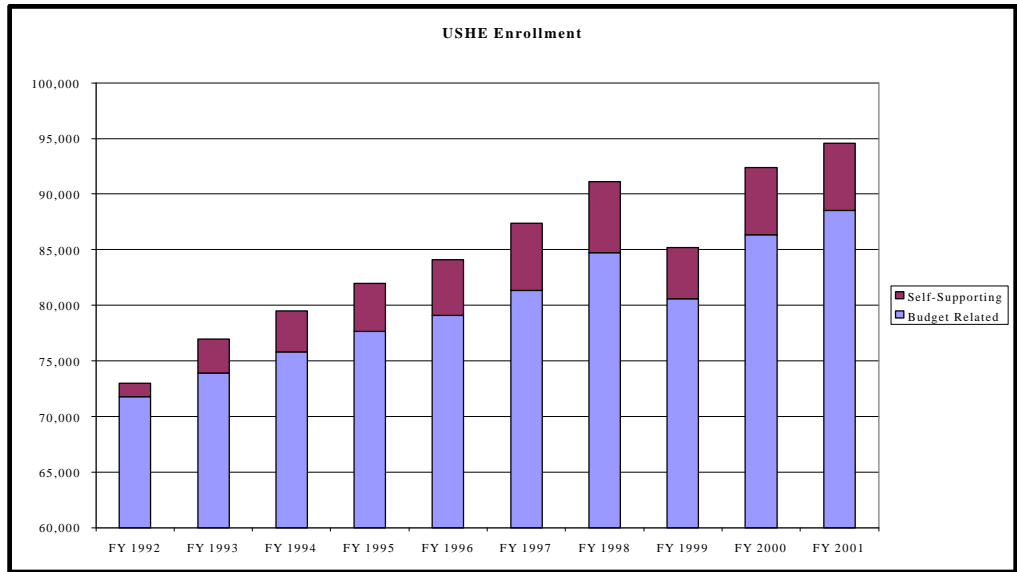
Salt Lake Community College - \$787,000

Jordan Campus – The Jordan Campus is scheduled to be operational October of 2000. The new campus covers approximately 12 acres. The High Tech Building and the utility tunnel that will be used to deliver heat, cooling, water, and cables require significant front end costs. **The funding recommendation for O&M for FY 2001 for the Jordan Campus is \$627,000 if additional funding becomes available.**

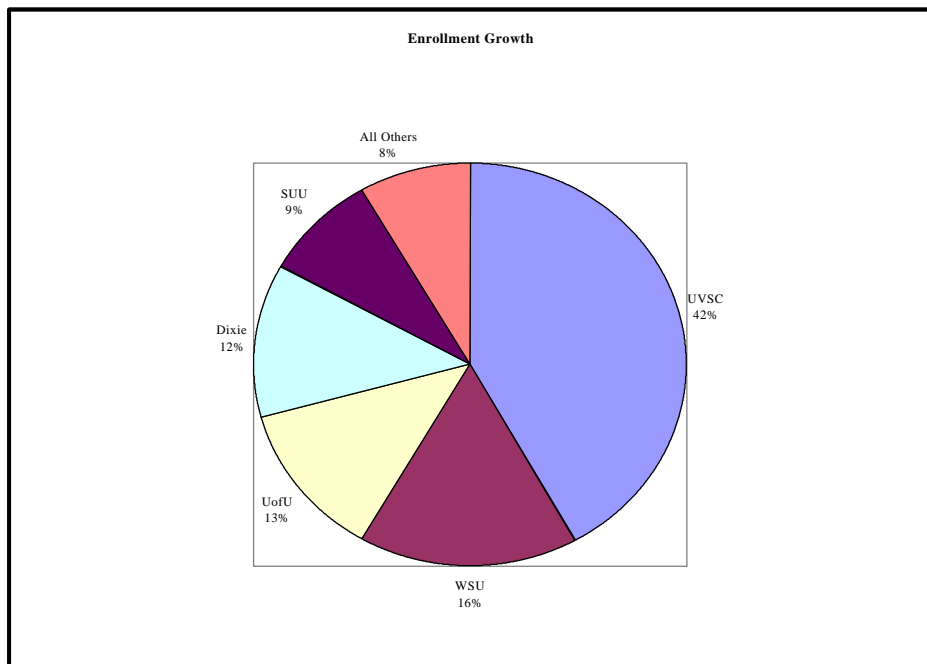
Detroit Diesel Facility – The purchase of the Smith Detroit Diesel facility was completed August 1, 1999. Smith Detroit Diesel will lease the facility for approximately one year, with an option to extend the lease for 6 months during the construction of their new facility. **If additional funding becomes available, the O&M recommendation for FY 2001 is \$160,000 for 5 months. If Smith Detroit Diesel does not need the facility the additional six months, it is recommended that SLCC request a supplemental for the additional O&M.**

3.32 Enrollment Growth - \$8,808,100

A major component of the USHE budget is the funding for student enrollment growth. Enrollment in higher education systemwide is still growing, and long-term projections indicate that growth will continue into the foreseeable future. The trend in enrollment growth is illustrated in the following chart. As the graph clearly depicts, USHE is recovering from the decline of FY 1999 due to the USHE change from the quarter to semester system.



For FY 2001, it is projected that 2,183 (2,512 enrollment growth FTE students less a decline in growth of 329 FTE students) new FTE students will be attending USHE institutions. It is estimated that 1,053 or 42 percent of the new students will be attending Utah Valley State College. The distribution of new students for FY 2001 is illustrated in the following chart:



Direct Cost of Instruction

Annually, the Regents estimate the number of students that will be in attendance each year at the nine institutions. The enrollment figure is collected by level of instruction. The enrollment figures are reported for vocational, lower division, upper division, basic graduate, and advanced graduate programs. The recommended appropriation is determined on the change in student mix for each institution. For FY 2001, it is projected that \$9,014,800 will be needed to cover the Direct Cost of Instruction for 2,512 new FTE students.

In addition to calculating the direct cost of instruction, a factor (Indirect Cost of Instruction) is added to cover the impact these new students have on the libraries, computer labs, student financial aid service and advising. The Analyst used \$400 per FTE student for a total of \$1,004,800 in the recommendation for FY 2001. Due to limited State resources available for FY 2001, the Analyst used the FY 2000 indirect cost factor in his recommendation.

Enrollment Growth Funds						
	FTE Enrollment Growth	Direct Cost of Instruction	Indirect Cost of Instruction	Total Cost	***** Plan of Financing *****	
					General Fund	Tuition Revenue
University of Utah	314	\$2,778,000	\$125,600	\$2,903,600	\$2,658,700	\$244,900
Utah State University	12	(94,500)	4,800	(89,700)	283,900	(373,600)
Weber State University	411	1,479,300	164,400	1,643,700	896,700	747,000
Southern Utah University	216	663,400	86,400	749,800	256,300	493,500
SUU University Center	36	149,700	14,400	164,100	101,700	62,400
Snow College South	53	181,200	21,200	202,400	151,200	51,200
Snow South Secondary	34	90,000	13,600	103,600	103,600	0
Dixie College	311	662,000	124,400	786,400	246,300	540,100
CEU San Juan Center	5	16,600	2,000	18,600	9,400	9,200
Utah Valley State College	1,053	2,905,600	421,200	3,326,800	1,843,400	1,483,400
Salt Lake Community College	67	183,500	26,800	210,300	216,100	(5,800)
Total	2,512	\$9,014,800	\$1,004,800	\$10,019,600	\$6,767,300	\$3,252,300

The distinction between the Analyst’s figure for new Enrollment Funding and that of the State Board of Regents and that of the Governor is the factor used to fund the indirect cost of instruction. The Regents requested \$600 per FTE, while the Governor used \$475 per FTE student.

New enrollment funding in the above table is partially offset when institutions show declining enrollment figures as illustrated in the following table:

Declining Enrollment						
	FTE	Direct	Indirect	***** Plan of Financing *****		
	Enrollment	Cost of	Cost of	Total	General	Tuition
	Growth	Instruction	Instruction	Cost	Fund	Revenue
UofU - Non-med	(\$11)	(\$204,600)	(\$4,400)	(\$209,000)	(\$82,800)	(\$126,200)
USU - Uintah Basin CEC	(132)	(422,100)	(52,800)	(474,900)	(250,300)	(224,600)
USU - Southeast CEC	(23)	(174,900)	(9,200)	(184,100)	(146,500)	(37,600)
Snow College	(146)	(296,800)	(58,400)	(355,200)	(159,300)	(195,900)
College of Eastern Utah	(17)	18,500	(6,800)	11,700	67,600	(55,900)
Total	(\$329)	(\$1,079,900)	(\$131,600)	(\$1,211,500)	(\$571,300)	(\$640,200)

The Plan of Financing of \$10,019,600 for Enrollment Growth is \$6,767,300 from the General Funds coupled with \$3,252,300 from tuition revenue for the 2,512 FTE students. This is offset by the decline in enrollments. The enrollment growth drops to a net of 2,183 FTE students and decreases the enrollment growth funding to \$8,808,100. **It is recommended that \$8,808,100 be appropriated for a net of 2,183 (2,512 less 329) new FTE students for FY 2001 if additional funding becomes available. The Plan of Financing includes \$6,196,000 from the General Fund and \$2,612,100 from tuition revenue.**

3.33 Americans With Disabilities Act (ADA) - \$400,000

The Americans With Disabilities Act is designed to remove barriers that prevent disabled persons from fully participating in activities that are available to the general public. As student enrollment grows and access increases, the number of disabled students participating in college life on Utah campuses also increases. Therefore, additional programmatic needs are required for disabled students on campus. This recommendation is to enhance funding for interpretive programs for the deaf, provide enlarged print services and readers for the blind, and purchase specialized equipment for these students.

The distribution of these funds is included in the following Table:

Americans With Disabilities Act	
Institutions	FY 2001 Recomm.
University of Utah	\$65,600
Utah State University	51,900
Weber State University	10,000
Southern Utah University	10,000
Snow College	10,000
Dixie College	10,000
College of Eastern Utah	10,000
Utah Valley State College	103,100
Salt Lake Community College	129,400
Total	\$400,000

It is recommended that the Legislature increase the appropriation for ADA support by \$400,000 if additional funding becomes available.

3.34 Vocational Rehabilitation - \$369,100

In 1990, when the Americans with Disabilities Act passed, it was intended that higher education would assume the responsibility for auxiliary aids and services for post secondary disabled students. These services include interpreters, readers, real-time captioning and note takers for handicapped students.

The Utah State Office of Rehabilitation (USOR), a Department in the State Office of Education, coordinates the placement of handicapped students in higher education programs. For FY 1998, they paid \$738,100 to higher education to provide auxiliary support services for these students.

Because of federal funding limitations, USOR will be withdrawing financial support to USHE institutions. It is their position, under ADA legislation, that it is the financial responsibility of higher education to fund these costs.

Beginning October 1, 1999, USOR reduced financial support for auxiliary aids and services by 25 percent. Fall semester 2000, the State Office of Rehabilitation will reduce payment to institutions of higher education by 50 percents. Funding will be reduced by 75 percent for fall semester 2001. It is expected that institutions of higher education will assume the full cost of supportive services by fall of 2002. The following table illustrates the distribution of vocational rehabilitation funding required by each institution:

Vocational Rehabilitation					
Institutions	Interpreters	Readers	Notetakers	Total	FY 2001 Recomm.
University of Utah	\$24,500	\$20,500	\$600	\$45,600	\$22,800
Utah State University	180,300	5,600	19,500	205,400	102,700
Weber State University	19,600	30,700	800	51,100	25,600
Southern Utah University					
Snow College		2,800		2,800	1,400
Dixie College					
College of Eastern Utah					
Utah Valley State College	143,400	1,400	15,000	159,800	79,900
Salt Lake Community College	222,300	7,000	44,000	273,300	136,700
Total	\$590,100	\$68,000	\$79,900	\$738,000	\$369,100

It is recommended by the Analyst, that the Legislature appropriate \$369,100 from the General Fund to replace Vocational Rehabilitation funds for FY 2001 if additional funds become available.

3.35 Applied Technology Education

Introduction

The USHE offers Applied Technology Education (ATE) at eight of the nine higher education institutions (the University of Utah does not have an ATE mission). Each institution of higher education has an ATE mission to successfully prepare individuals with the skills necessary to meet the occupational demands of an increasingly technological global marketplace. The ATE curriculum includes short-term intensive training programs customized for business and industry, credit and non-credit certificate programs, as well as associated degree programs. Approximately 22 percent of the students at the USHE institutions with an ATE mission are enrolled in ATE. Almost 40 percent of Salt Lake Community College's (SLCC) full time equivalent (FTE) students are in ATE programs. It is important to note that the USHE institutions teach more ATE students than all of the Applied Technology Centers put together (4,464,602 membership hours which converts to 5,709 FTE's). The following table shows the number of FTE students receiving credit enrolled in ATE:

USHE Budget Related FTE's for Credit			
Institution	ATE FTE's	Total FTE's	% of ATE
Utah State University	532	15,871	3.35%
Weber State University	2,363	10,956	21.57%
Southern Utah University	742	5,221	14.21%
Snow College	458	2,600	17.62%
Dixie College	846	3,336	25.36%
College of Eastern Utah	680	1,928	35.27%
Utah Valley State College	3,235	10,058	32.16%
Salt Lake Community College	5,428	13,773	39.41%
Total	14,284	63,743	22.41%

Non-credit training programs vary in length, but are often shorter than traditional credit programs. The non-credit programs are tailored to meet the specific needs of business and industry. The following table indicates the headcount of Non-credit students:

USHE ATE Non-Credit Headcount	
Institution	Total Headcount
Weber State University	3,563
Southern Utah University	1,590
Snow College	171
Dixie College	1,650
College of Eastern Utah	1,920
Utah Valley State College	23,019
Salt Lake Community College	17,451
Total	49,364

The information for the two tables above was taken from the SBR's 1999-2000 Data Book. The numbers reflect FY 98 enrollments.

3.36 Applied Technology Education Equipment - \$1,000,000 (one-time)

The ATE programs are typically technologically intensive programs requiring high tech equipment that tends to be very expensive. Funding for ATE equipment is needed in order to meet the demands of the programs and stay current with the most up to date equipment to meet industry standards. **If funding becomes available, the Analyst recommends appropriating one-time funding from the General Fund for ATE equipment in the amount of \$1,000,000 for FY 2001. The following table shows the allocation based on FTE's for each institution:**

ATE Equipment	
Utah State University	37,200
Weber State University	165,400
Southern Utah University	52,000
Snow College	32,100
Dixie College	59,200
College of Eastern Utah	47,600
Utah Valley State College	226,500
Salt Lake Community College	380,000
Total	<u><u>1,000,000</u></u>

3.50 Intent Language

Tuition Revenue

It is the intent of the Legislature that tuition revenue generated from tuition rate increases shall remain with the institution (after compensation). However, the allocation of tuition revenue for institutional needs shall be determined by the President of each institution in conjunction with the student body representation.

Agency Response: The Regent's budget implementation guidelines instructed the presidents to distribute the excess tuition after consulting with the student body.

It is the recommendation of the Analyst that the intent language for Tuition Revenue is included in FY 2001.

Salary Equity

It is the intent of the Legislature that any salary increases be distributed to faculty, professional and classified employees in an equitable manner.

Agency Response: Regent's budget implementation guidelines instructed the presidents to distribute the salary dollars equitably to all categories of employees.

The Analyst recommends that the intent language for Salary Equity is included in FY 2001.

Operation & Maintenance (O&M)

It is the intent of the Legislature that all State Agencies and institutions use facility operation and maintenance (O&M) funding only for O&M purposes.

Agency Response: The Commissioner's Office closely monitors O&M budgets and ensures that all funds appropriated for O&M are used specifically for that purpose.

The Analyst recommends the intent language for Operation and Maintenance is included in FY 2001.

Motor Pool Fleet Participation

It is the intent of the Legislature that all State Agencies, in cooperation with the Division of Fleet Operations, fully implement the three core components of CARS fleet information system by July 1, 1999, in accordance with UCA 63A-9-401 (1) (b). The three core components are as follows: 1) Inventory tracking center, 2) Motor Pool Utilization Center (Reservations) and 3) Work Order Center. It is further the intent of the Legislature that all State Agencies fully utilize CARS to obtain at least six calendar months of fleet cost data prior to the FY 2000 General Session.

Agency Response: All nine USHE institutions have implemented the three components of CARS. The requirement for at least six calendar months of fleet cost data prior to the FY 2000 General Session will not be available until after the Legislative Session. USHE continues to work with Administrative Services to obtain consistent cost data from each institution.

It is the recommendation of the Analyst that the following intent language be included in FY 2001:

It is the intent of the Legislature that the USHE fully utilize CARS to obtain at least six calendar months of fleet cost data by May of 2000.

Performance Indicators and Productivity Funding

It is the intent of the Legislature that the Council of Presidents and a representative of the Board of Regents working in conjunction with the Legislative Fiscal Analyst and a representative of the Governor's Office, shall recommend during the 1999 Interim Session key performance indicators with appropriate baseline and comparison information that will be used to determine the criteria for allocating productivity funds to the nine institutions of higher education. The criteria shall include a combination of enrollment funding and incentives tied to key performance indicators and accountability measures. All funding criteria shall be submitted to the Higher Education Appropriations Subcommittee and the Executive Appropriations Committee for discussion and review. It is also the intent of the Legislature that these performance indicators shall be used by the Utah System of Higher Education when they report to the Legislature prior to the beginning of each Legislative General Session on the quality of instruction, enhanced productivity and efficiency. The allocation of funds will be based on each institution's demonstration of improved quality of instruction, and enhanced productivity and efficiency. After the total amount is determined for each institution and approved by the Executive Appropriations Committee, the funds will be allocated to the appropriate line items of each institution to provide the flexibility for each president to manage the fiscal resources of their institution. Failure to meet their established performance objectives may result in the Executive Appropriations Committee determining an amount of funds to lapse back to the State General Fund or Uniform School Fund. The Board of Regents and the Council of Presidents shall supply a written report to the Higher Education Appropriations Subcommittee and Executive Appropriations Committee by December 1 of the allocation year with an accounting of how the funds were spent and the benefits derived from those funds.

Agency Response: The USHE in cooperation with the Legislative Leadership, the Governor's Office, and the Legislative Fiscal Analyst's Office have designed a comprehensive performance-based funding system. System-wide indicators have been identified and baselines have been measured. Institution specific indicators will continue to be refined. The Higher Education Subcommittee will be discussing these performance indicators during the 2000 Legislative Session.

It is the recommendation of the Analyst that this intent language for Accountability and Performance Base Funding be included in FY 2001.

Electronic Course-work and Programs

Funding is designated for distance learning program development by the nine USHE institutions. The Regents are also directed to establish accountability measures and a master plan for the operation of the item in consultation with the nine institutions and the Legislative Fiscal Analyst.

Agency Response: Program development and appropriated accountability measures are being evaluated for this program through master planning.

The Analyst recommends that intent language for Electronic Course-work and Programs be included in FY 2001.

Dixie College Status

Any surplus revenues shall be transferred to the State Board of Regent-Dixie College University Center.

Agency Response: Appropriate transfers have been made to Dixie College.

It is the recommendation of the Analyst that the Dixie College Status intent language be excluded in FY 2001.

Fuel and Power

The State Board of Regents are directed to closely supervise the fuel and power budgets. If surplus fuel and power funds appear likely in FY 2000, the Regents may authorize expenditures in excess of 10 percent of the projected surplus for energy efficiency projects.

Agency Response: Transfers out of the USHE fuel and power budgets are authorized to the extent that an institution maintains a 10 percent reserve in such budgets. The transfers are only allowed for energy efficient projects.

The Analyst recommends that intent language relating to Fuel and Power is included in FY 2001.

Utah Academic Library Consortium (UALC)

The State Board of Regents in consultation with the Utah Academic Library Consortium should coordinate the acquisition of library materials for the nine USHE institutions.

Agency Response: The UALC in consultation with the State Board of Regents continues to coordinate and implement the procurement of library materials for the nine USHE institutions.

It is the recommendation of the Analyst that intent language for the UALC be included in FY 2001.

Graduate Tuition

The State Board of Regents, in cooperation with the Legislative Fiscal Analyst are to present a report on graduate tuition to the Executive Appropriations Committee by October, 1999.

Agency Response: A report on graduate tuition was presented to Executive Appropriations June 15, 1999.

It is the recommendation of the Analyst that the intent language for Graduate Tuition be excluded in FY 2001.

University Hospital Fees

Patient fees shall be retained by the Hospital provided that they are spent in compliance with the Hospital's operating budget approved by the State Board of Regents.

Agency Response: It is a standing practice that all patient fees be retained by the Hospital for the operating budget.

The Analyst recommends that the intent language for University Hospital Fees be included in FY 2001.

Western Governor's University

\$704,300 of the Western Governor's University non-lapsing balances for FY 1999 lapse to the General Fund.

Agency Response: The Division of Finance lapsed the FY 1999 non-lapsing balance to the General Fund in the amount of \$704,300.

It is the recommendation of the Analyst that the intent language for the Western Governor's University be excluded in FY 2001.

Health Insurance

The Legislature would like to know whether a single system risk pool for USHE employee health insurance will lead to reduced premium costs.

Agency Response: The Legislative Fiscal Analyst's Office prepared a report for Executive Appropriations on risk pools with several recommendations.

The Analyst recommends that the intent language for Health Insurance be excluded in FY 2001.

UEN Distance Education Delivery System

Scheduling and programming of technology delivered courses should be coordinated through the Utah Education Network. Each institution within the USHE shall have access to distance education technology.

Agency Response: The Utah Education Network coordinates the scheduling and programming of technology delivered courses for EdNet, UtahLink, the Satellite System located at USU, CEU's Star School, and KULC.

It is the recommendation of the Analyst that the intent language for Distance Education Delivery System be included in FY 2001.

4.0 Additional Information

4.1 Plan of Financing USHE

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
Financing	Actual	Actual	Actual	Estimated	Analyst
General Fund	\$418,946,300	\$370,469,300	\$360,086,000	\$359,056,900	\$360,655,400
General Fund, One-time				2,814,300	
Uniform School Fund			50,000	3,545,600	3,545,600
Income Tax	28,068,500	97,732,500	131,193,500	148,393,500	148,393,500
Income Tax, One-time	10,500,000			1,000,000	
Federal Funds	4,290,172	4,637,095	4,716,596	4,592,300	4,592,300
Dedicated Credits Revenue	152,913,211	164,911,643	164,453,062	175,915,100	176,448,100
Dedicated Credits - Land Grant	1,180,571	1,126,402	568,537	752,700	752,700
Federal Mineral Lease	6,033,002	4,799,312	3,440,140	2,213,500	607,500
Transfers	1,332,731				
Beginning Nonlapsing	31,203,265	26,076,554	23,783,823		
Closing Nonlapsing	(31,092,564)	(26,584,847)	(22,131,594)		
Total	\$623,375,188	\$643,167,959	\$666,160,064	\$698,283,900	\$694,995,100
% Change		3.2%	3.6%	4.8%	-0.5%
Programs					
University of Utah	\$228,224,345	\$236,501,951	\$241,646,726	\$250,598,200	\$251,060,700
Utah State University	135,703,017	144,370,354	150,296,414	154,255,400	153,894,800
Weber State University	64,087,963	67,721,175	68,916,857	71,199,200	71,099,300
Southern Utah University	27,901,933	30,098,719	33,009,835	31,036,100	30,883,300
Snow College	13,691,242	13,922,459	14,593,589	14,164,400	14,109,000
Snow College South				4,609,500	4,908,800
Dixie College	15,004,418	15,518,752	17,247,022	18,895,100	18,376,900
College of Eastern Utah	11,610,587	12,632,095	12,428,943	12,841,500	12,829,200
Utah Valley State College	41,533,013	44,665,689	50,523,120	53,653,000	53,210,100
Salt Lake Community College	61,130,842	63,945,023	64,642,051	67,100,000	67,146,900
State Board of Regents	24,487,828	13,791,742	12,855,507	19,931,500	17,476,100
Total	\$623,375,188	\$643,167,959	\$666,160,064	\$698,283,900	\$694,995,100
Expenditures					
Personal Services	\$481,374,032	\$503,950,693	\$526,382,973	\$543,538,760	\$541,981,103
In-State Travel	5,740,831	6,840,599	7,276,157	7,393,200	7,379,737
Out of State Travel		2,239,243			
Current Expense	107,762,813	110,663,009	113,202,241	122,219,942	122,132,743
DP Current Expense					204,900
DP Capital Outlay				9,475	9,475
Capital Outlay	10,365,719	11,325,062	12,893,960	12,184,286	12,165,841
Other Charges/Pass Thru	18,131,793	8,149,353	6,404,733	12,938,237	11,121,301
Total	\$623,375,188	\$643,167,959	\$666,160,064	\$698,283,900	\$694,995,100
FTE	10,275.4	10,473.7	10,719.8	11,268.4	8,248.3

4.10 USHE Recommendations

Legislative Fiscal Analyst's Office FY 2001 Recommended Budget Adjustments Utah System of Higher Education	
Utah System of Higher Education Base Adjustments	
Fleet Services	(\$7,400)
Risk Management	216,900
Retirement Adjustments	(560,000)
	(\$350,500)
 Plan of Financing	
General Fund	(\$350,500)
 Utah System of Higher Education Recommendations	
Mineral Lease Replacement	\$40,500
USU Landscape Management	100,000
USU Water Research Lab	(46,500)
SLCC ATE Replacement	249,000
	\$343,000
 Plan of Financing:	
General Fund	\$1,949,000
Mineral Lease	(1,606,000)
	\$343,000
 Utah System of Higher Education Unfunded Building Blocks	
O&M	\$2,598,300
Enrollment Growth	8,808,100
ADA	400,000
Voc Rehab	369,100
AHEC	300,000
Library Portion of UALC	2,000,000
Reading Skills Center	250,000
ATCSR's	455,000
Education Technology Initiative	3,700,000
Financial Aid	459,000
UCOPE	500,000
Administrative Data Processing/MIS	800,000
Internet-Based Student Advising	100,000
ATE Equipment (one-time)	1,000,000
	\$21,739,500
 Plan of Financing	
General Fund	\$18,127,400
General Fund One-time	1,000,000
Dedicated Credits	2,612,100
	\$21,739,500