

Office of the
Legislative Fiscal Analyst

FY 2002 Supplemental

Joint Appropriations Subcommittee for
Higher Education

Supplemental Funding Items

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Summary

Supplemental funding is for any items in the current fiscal year, which have funding issues that were not anticipated during the previous Legislative session. In most cases, the funding is for additional one-time appropriations for unexpected costs. However, based on the current economic situation in the State, the supplemental appropriation is a budget reduction to balance the FY 2002 State budget based on the projected revenue shortfall of \$202.5 million.

The Governor estimated a shortfall early in the fiscal year and requested a 2.5 percent “holdback” in expenditures. When it became apparent that the initial revenue shortfalls were correct, the Governor implemented the “holdbacks” for all levels of State government. The first “holdback” for the Utah System of Higher Education totaled \$14,688,400. After the reductions were made, the deficit increased from \$77 million to \$202.5 million. The Governor requested additional cuts and suggested using the State’s Rainy Day Fund to supplement the difference. However, the current supplemental recommendations do not include the use of the Rainy Day Funds.

Virtually all of State government is impacted to some degree by the proposed reductions in operating budgets. The Analyst identified specific functions that could be altered, downsized or eliminated as well as across-the-board cuts.

Analyst Recommends Holdback plus Reduction of \$8,842,500 for FY 2002

For FY 2002, the Analyst recommends a base budget reduction that includes the original “holdback” of \$14,636,200 in General Funds and \$52,200 in Income Tax for a total of \$14,688,400. The Analyst further recommends an additional reduction in the base budget of \$8,837,600 in General Funds and \$4,900 in Income Tax for a total reduction of \$8,842,500. The Supplemental negative appropriation for FY 2002 totals \$23,530,900 which represents a decrease of 3.9 percent in the base budget.

Higher Education			
Fiscal Year 2002 Appropriation from State Funds			
Institution	FY 2002 Increase in Funding	Recommended Reduction	Net Increase in Funds
University of Utah	\$18,455,600	(\$8,273,000)	\$10,182,600
Utah State University	11,827,900	(5,056,400)	6,771,500
Weber State University	4,818,100	(2,360,900)	2,457,200
Southern Utah University	2,918,000	(1,107,700)	1,810,300
Snow College	92,800	(643,500)	(550,700)
Dixie College	1,534,100	(704,200)	829,900
College of Eastern Utah	704,100	(419,000)	285,100
Utah Valley State College	6,132,800	(1,861,800)	4,271,000
Salt Lake Community College	6,029,900	(2,328,900)	3,701,000
State Board of Regents	7,080,700	(775,500)	6,305,200
Total FY 2002 Funding Increase	\$59,594,000	(\$23,530,900)	\$36,063,100
FY 2001 State Funds	\$546,281,000		\$546,281,000
FY 2002 State Funds	\$605,875,000	(\$23,530,900)	\$582,344,100
Percent Increase Over FY 2001	10.9%	-3.9%	6.6%

	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	406,294,200		406,294,200
General Fund, One-time	9,482,600	(23,473,800)	(13,991,200)
Uniform School Fund	50,000		50,000
Income Tax	181,181,100		181,181,100
Income Tax, One-time	8,867,100	(57,100)	8,810,000
Federal Funds	4,593,700		4,593,700
Dedicated Credits Revenue	201,292,900		201,292,900
Dedicated Credits - Land Grant	753,700		753,700
Federal Mineral Lease	839,500		839,500
GFR - Tobacco Settlement	4,000,000		4,000,000
Total	\$817,354,800	(\$23,530,900)	\$793,823,900
Programs			
University of Utah	293,912,300	(8,273,000)	285,639,300
Utah State University	177,007,500	(5,056,400)	171,951,100
Weber State University	82,628,600	(2,360,900)	80,267,700
Southern Utah University	37,518,600	(1,107,700)	36,410,900
Snow College	20,148,800	(643,500)	19,505,300
Dixie State College	22,507,300	(704,200)	21,803,100
College of Eastern Utah	14,391,100	(419,000)	13,972,100
Utah Valley State College	67,069,500	(1,861,800)	65,207,700
Salt Lake Community College	78,591,700	(2,328,900)	76,262,800
State Board of Regents	23,579,400	(775,500)	22,803,900
Total	\$817,354,800	(\$23,530,900)	\$793,823,900
FTE/Other			
Total FTE	11,136		11,136

2.0 Issues: Utah System of Higher Education

The following summarizes the recommended reductions for FY 2002 for the Utah System of Higher Education.

2.1 Original Governor’s “Holdbacks”

In the first series of “holdbacks”, the Governor implemented a 2.5 percent across-the-board cut for the Utah System of Higher Education (USHE). The Analyst recommends a total base budget reduction of \$14,688,400 which included \$14,626,200 of General Funds and \$52,200 of Income Tax. The following table illustrates this budget reduction for the USHE:

Institution	2.5% Base Reduction
University of Utah	(\$5,367,300)
Utah State University	(3,228,800)
Weber State University	(1,431,000)
Southern Utah University	(679,700)
Snow College	(394,900)
Dixie State College	(421,400)
College of Eastern Utah	(297,900)
Utah Valley State College	(1,033,600)
Salt Lake Community College	(1,365,100)
State Board of Regents	(468,700)
Total	(\$14,688,400)
Plan of Financing	
General Fund	\$14,636,200
Income Tax	52,200
Total	\$14,688,400

2.2 Across-the-Board-Cuts

In higher education it is very difficult to make specific recommendations for program reductions or eliminations because those processes require a phase out period. Students enrolled in the programs to be reduced or eliminated must be allowed to complete the curriculum. Also there is the challenge of downsizing faculty in a short period of time due to contractual agreements and tenured faculty. Therefore, the Analyst recommends a base budget reduction for FY 2002 of \$8,686,400 from General Funds which is about a 1.3 percent cut (\$2,781,900 is a one-time reduction and \$5,904,500 is an ongoing reduction). The following table indicates the allocation of the reductions for the Utah System of Higher Education:

FY 2002 Budget Reductions			
	One-time	Ongoing	Total
University of Utah	(\$681,500)	(\$2,760,000)	(\$3,441,500)
Utah State University	(486,300)	(1,838,800)	(2,325,100)
Weber State University	(359,000)	(368,600)	(727,600)
Southern Utah University	(159,900)	(189,800)	(349,700)
Snow College	(92,900)	(127,900)	(220,800)
Dixie State College	(116,200)	(92,700)	(208,900)
College of Eastern Utah	(59,300)	(116,500)	(175,800)
Utah Valley State College	(412,200)	(126,900)	(539,100)
Salt Lake Community College	(414,600)	(275,600)	(690,200)
State Board of Regents	0	(7,700)	(7,700)
Total	(\$2,781,900)	(\$5,904,500)	(\$8,686,400)

2.3 Elimination of Apprenticeship Program – (\$156,100)

Currently, four institutions offer apprenticeship programs on their campuses. In the State Board of Regent’s Policy R510-4.4 states:

Tuition for courses offered specifically for apprenticeship programs shall be at least one-half of, and no greater than, tuition for other credit courses at the institutions.

The Utah Code in Section 53B-8-101 (1) states:

The president of each institution may waive all or part of the tuition in behalf of a meritorious or impecunious resident student.

Currently, three of the four schools with apprenticeship programs offer a 40 to 50 percent tuition waiver. Students enrolled in the apprenticeship programs are usually employed in the vocation of study, and in some instances, their employer subsidizes their tuition. On the other hand, USHE students who are not enrolled in apprenticeship programs more often than not work as well as pay full tuition. Shouldn’t a student enrolled in the apprenticeship program be held to the same standard as other USHE students? There is State support for the Apprenticeship Program of \$312,300. Elimination of State funding would require students enrolled in the apprenticeship programs or their employers to pay 100% tuition in the future. The Analyst recommends a budget reduction of the Apprenticeship Program for FY 2002 of \$156,100 with \$151,200 as General Funds and \$4,900 as Income Tax.

4.0 Additional Information: Utah System of Higher Education

4.1 Funding History

The following table illustrates the change in funding from FY 2001 to 2002 of \$67,166,200. The increase is due mainly to formula funding which includes enrollment growth and existing student support as well as mandated costs such as operation and maintenance of new facilities, American’s with Disabilities, and fuel and power rate increases.

	1999	2000	2001	2002	Difference
	Actual	Actual	Actual	Revised	2001 to 2002
Financing					
General Fund	358,690,100	357,879,200	364,369,800	406,294,200	41,924,400
General Fund, One-time	(1,378,500)	2,814,300		(13,991,200)	(13,991,200)
Uniform School Fund	50,000	3,545,600	50,000	50,000	
Income Tax	131,193,500	148,393,500	165,966,000	181,181,100	15,215,100
Income Tax, One-time		1,000,000		8,810,000	8,810,000
Federal Funds	4,716,596	4,546,247	3,986,000	4,593,700	607,700
Dedicated Credits Revenue	164,453,062	179,833,480	195,939,000	201,292,900	5,353,900
Dedicated Credits - Land Grant	568,537	456,977	808,900	753,700	(55,200)
Federal Mineral Lease	3,440,140	2,312,929	607,500	839,500	232,000
GFR - Tobacco Settlement				4,000,000	4,000,000
Transfers	1,378,500	1,628,500	4,279,000		(4,279,000)
Beginning Nonlapsing	23,783,823	20,052,218	30,304,200		(30,304,200)
Closing Nonlapsing	(22,131,594)	(23,841,564)	(39,652,700)		39,652,700
Total	\$664,764,164	\$698,621,387	\$726,657,700	\$793,823,900	\$67,166,200
Programs					
University of Utah	241,646,726	252,893,887	265,893,400	285,639,300	19,745,900
Utah State University	150,296,414	152,591,918	162,420,900	171,951,100	9,530,200
Weber State University	68,916,857	71,944,906	77,290,700	80,267,700	2,977,000
Southern Utah University	33,009,835	31,930,665	33,992,900	36,410,900	2,418,000
Snow College	14,593,589	18,944,474	19,819,900	19,505,300	(314,600)
Dixie State College	17,247,022	18,874,181	20,844,700	21,803,100	958,400
College of Eastern Utah	12,428,943	13,256,813	13,765,900	13,972,100	206,200
Utah Valley State College	50,523,120	54,650,500	59,911,600	65,207,700	5,296,100
Salt Lake Community College	64,642,051	69,206,351	72,717,700	76,262,800	3,545,100
State Board of Regents	11,459,607	14,327,692		22,803,900	22,803,900
Total	\$664,764,164	\$698,621,387	\$726,657,700	\$793,823,900	\$67,166,200
Expenditures					
Personal Services	526,382,973	555,289,757	595,166,800	589,487,600	(5,679,200)
In-State Travel	7,276,157	7,392,281	7,327,900	7,082,100	(245,800)
Current Expense	111,806,341	116,692,075	111,908,200	167,777,900	55,869,700
Capital Outlay	12,893,960	10,139,216	9,750,700	9,639,800	(110,900)
Other Charges/Pass Thru	6,404,733	9,108,058	2,504,100	19,836,500	17,332,400
Total	\$664,764,164	\$698,621,387	\$726,657,700	\$793,823,900	\$67,166,200
FTE/Other					
Total FTE	10,720	10,852	11,333	11,136	(197)

4.2 Funding Detail of Supplemental Appropriations for Each Higher Education Institution:

University of Utah			
	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	113,962,400		113,962,400
General Fund, One-time	1,581,900	(8,273,000)	(6,691,100)
Uniform School Fund	50,000		50,000
Income Tax	100,673,900		100,673,900
Income Tax, One-time	4,109,600		4,109,600
Dedicated Credits Revenue	68,881,400		68,881,400
Dedicated Credits - Land Grant	653,100		653,100
GFR - Tobacco Settlement	4,000,000		4,000,000
Total	<u>\$293,912,300</u>	<u>(\$8,273,000)</u>	<u>\$285,639,300</u>
Programs			
Education and General	248,727,600	(7,101,600)	241,626,000
Educationally Disadvantaged	747,100	(18,700)	728,400
School of Medicine	27,115,300	(701,500)	26,413,800
University Hospital	4,776,800	(160,700)	4,616,100
Regional Dental Education Program	703,500	(15,000)	688,500
Research and Training	5,738,800	(143,500)	5,595,300
Public Service	1,178,300	(29,500)	1,148,800
Statewide TV Administration	2,506,500	(88,000)	2,418,500
Land Grant Management	502,100		502,100
Area Health Education Centers	579,400	(14,500)	564,900
Poison Control Center	1,336,900		1,336,900
Total	<u>\$293,912,300</u>	<u>(\$8,273,000)</u>	<u>\$285,639,300</u>
FTE/Other			

Utah State University			
	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	103,795,300		103,795,300
General Fund, One-time	2,754,200	(5,029,200)	(2,275,000)
Income Tax	25,351,500		25,351,500
Income Tax, One-time	597,500	(27,200)	570,300
Federal Funds	3,902,300		3,902,300
Dedicated Credits Revenue	39,666,600		39,666,600
Dedicated Credits - Land Grant	100,600		100,600
Federal Mineral Lease	839,500		839,500
Total	\$177,007,500	(\$5,056,400)	\$171,951,100
Programs			
Education and General	133,233,600	(3,945,600)	129,288,000
Educationally Disadvantaged	243,200	(6,100)	237,100
Uintah Basin Continuing Education Center	4,142,900	(93,900)	4,049,000
Southeastern Utah Continuing Education	1,083,300	(17,500)	1,065,800
Brigham City Continuing Education Center	875,400	(6,900)	868,500
Tooele Continuing Education Center	1,874,700	(20,300)	1,854,400
Water Research Laboratory	2,422,200	(39,600)	2,382,600
Research and Training Grants	2,626,800	(65,700)	2,561,100
Ecology Center	866,500	(21,700)	844,800
Agricultural Experiment Station	15,099,900	(431,700)	14,668,200
Cooperative Extension Division	13,909,000	(394,100)	13,514,900
Jensen Historic Farm	162,300	(4,100)	158,200
Production Center	367,100	(9,200)	357,900
Land Grant Management	100,600		100,600
Total	\$177,007,500	(\$5,056,400)	\$171,951,100
FTE/Other			

Weber State University			
	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	45,555,900		45,555,900
General Fund, One-time	1,343,400	(2,360,900)	(1,017,500)
Income Tax	11,686,700		11,686,700
Dedicated Credits Revenue	24,042,600		24,042,600
Total	<u>\$82,628,600</u>	<u>(\$2,360,900)</u>	<u>\$80,267,700</u>
Programs			
Education and General	82,287,500	(2,352,400)	79,935,100
Educationally Disadvantaged	341,100	(8,500)	332,600
Total	<u>\$82,628,600</u>	<u>(\$2,360,900)</u>	<u>\$80,267,700</u>
FTE/Other			

Southern Utah University			
	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	21,858,900		21,858,900
General Fund, One-time	319,700	(1,107,700)	(788,000)
Income Tax	5,327,700		5,327,700
Dedicated Credits Revenue	10,012,300		10,012,300
Total	<u>\$37,518,600</u>	<u>(\$1,107,700)</u>	<u>\$36,410,900</u>
Programs			
Education and General	37,410,200	(1,105,000)	36,305,200
Educationally Disadvantaged	95,200	(2,400)	92,800
Shakespeare Festival	13,200	(300)	12,900
Total	<u>\$37,518,600</u>	<u>(\$1,107,700)</u>	<u>\$36,410,900</u>
FTE/Other			

Snow College			
	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	10,919,500		10,919,500
General Fund, One-time	185,700	(643,500)	(457,800)
Income Tax	4,873,000		4,873,000
Dedicated Credits Revenue	4,170,600		4,170,600
Total	<u>\$20,148,800</u>	<u>(\$643,500)</u>	<u>\$19,505,300</u>
Programs			
Education and General	15,818,400	(519,500)	15,298,900
Educationally Disadvantaged	34,700	(900)	33,800
Snow College South	4,295,700	(123,100)	4,172,600
Total	<u>\$20,148,800</u>	<u>(\$643,500)</u>	<u>\$19,505,300</u>
FTE/Other			

Dixie State College			
	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	13,805,400		13,805,400
General Fund, One-time	232,300	(704,200)	(471,900)
Income Tax	3,053,600		3,053,600
Dedicated Credits Revenue	5,416,000		5,416,000
Total	<u>\$22,507,300</u>	<u>(\$704,200)</u>	<u>\$21,803,100</u>
Programs			
Education and General	22,382,400	(701,900)	21,680,500
Educationally Disadvantaged	33,100	(800)	32,300
Zion Park Amphitheater	91,800	(1,500)	90,300
Total	<u>\$22,507,300</u>	<u>(\$704,200)</u>	<u>\$21,803,100</u>
FTE/Other			

College of Eastern Utah			
	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	9,562,000		9,562,000
General Fund, One-time	171,600	(419,000)	(247,400)
Income Tax	2,356,500		2,356,500
Dedicated Credits Revenue	2,301,000		2,301,000
Total	<u>\$14,391,100</u>	<u>(\$419,000)</u>	<u>\$13,972,100</u>
Programs			
Education and General	11,810,500	(355,000)	11,455,500
Educationally Disadvantaged	124,200	(3,100)	121,100
Prehistoric Museum	186,200	(6,400)	179,800
San Juan Center	2,270,200	(54,500)	2,215,700
Total	<u>\$14,391,100</u>	<u>(\$419,000)</u>	<u>\$13,972,100</u>
FTE/Other			

Utah Valley State College			
	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	31,002,000		31,002,000
General Fund, One-time	892,200	(1,861,800)	(969,600)
Income Tax	10,339,500		10,339,500
Income Tax, One-time	450,000		450,000
Dedicated Credits Revenue	24,385,800		24,385,800
Total	<u>\$67,069,500</u>	<u>(\$1,861,800)</u>	<u>\$65,207,700</u>
Programs			
Education and General	66,930,900	(1,861,800)	65,069,100
Educationally Disadvantaged	138,600		138,600
Total	<u>\$67,069,500</u>	<u>(\$1,861,800)</u>	<u>\$65,207,700</u>
FTE/Other			

Salt Lake Community College			
	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	40,756,800		40,756,800
General Fund, One-time	1,751,600	(2,328,900)	(577,300)
Income Tax	13,846,900		13,846,900
Dedicated Credits Revenue	22,236,400		22,236,400
Total	<u>\$78,591,700</u>	<u>(\$2,328,900)</u>	<u>\$76,262,800</u>
Programs			
Education and General	73,453,200	(2,181,700)	71,271,500
Educationally Disadvantaged	192,900	(4,800)	188,100
Skill Center	4,945,600	(142,400)	4,803,200
Total	<u>\$78,591,700</u>	<u>(\$2,328,900)</u>	<u>\$76,262,800</u>
FTE/Other			

State Board of Regents			
	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	15,076,000		15,076,000
General Fund, One-time	250,000	(745,600)	(495,600)
Income Tax	3,671,800		3,671,800
Income Tax, One-time	3,710,000	(29,900)	3,680,100
Federal Funds	691,400		691,400
Dedicated Credits Revenue	180,200		180,200
Total	<u>\$23,579,400</u>	<u>(\$775,500)</u>	<u>\$22,803,900</u>
Programs			
Administration	3,546,300	(95,400)	3,450,900
Engineering Initiative	4,000,000	(25,000)	3,975,000
Federal Programs	301,400		301,400
Student Aid	6,609,800	(145,500)	6,464,300
Western Interstate Commission for Higher Education	1,085,300	(27,100)	1,058,200
T.H. Bell Scholarship Program	708,000	(16,400)	691,600
Apprenticeship Training	320,300	(164,100)	156,200
University Centers	270,600	(142,100)	128,500
Higher Education Technology Initiative	2,850,000	(65,000)	2,785,000
Electronic College	543,700	(19,000)	524,700
Utah Academic Library Consortium	3,344,000	(75,900)	3,268,100
Total	<u>\$23,579,400</u>	<u>(\$775,500)</u>	<u>\$22,803,900</u>
FTE/Other			