



UTAH SYSTEM OF
HIGHER EDUCATION

MEMORANDUM

October 4, 2024

Fiscal Year 2025-26 USHE Operating Budget Recommendation

Utah Code section [53B-7-101](#) and Board [Policy R501](#) establish Board responsibilities for recommending annual operating budget appropriations for system- and institutional-level priorities. Among these responsibilities is a requirement to consider a combined budget recommendation related to employee compensation, mandatory cost increases, performance funding, enrollment growth, and other statewide and institutional priorities. In recent years, the Board only narrowly contemplated institutional priorities in its operating budget proposal. For the 2025-26 fiscal year operating budget recommendation, however, the Office of the Commissioner of Higher Education comprehensively elicited all institutional Requests for Appropriations (RFAs) with the intent that the Board's FY 2025-26 adopted operating budget fully represent all USHE RFAs authorized for advancement to the Governor and Legislature. The Commissioner's recommendation for the FY 2025-26 USHE operating budget request is summarized as follows:

1. System-level Request Items

- a. Compensation and mandatory increases on par with state entities, and operations and maintenance funding for newly funded capital projects and technical college programming, along with \$34,284,200 in new ongoing funding and \$4,000,000 in new one-time funding for system-level priorities such as fuel and power cost escalation, performance funding, and growth funding, among other items.

2. Degree-Granting Institution Request Items

- a. \$9,187,400 in new ongoing funding and \$11,827,800 in new one-time funding to support institutional partnerships and collaborations, such as the University of Utah Medical School expansion to the Utah Tech University campus and the space defense workforce development initiative between Utah State University and Weber State University, among other items.

3. Technical College Request Items

- a. \$9,007,800 in new ongoing funding and -\$1,089,100 in new one-time funding to support expanded capacity at technical colleges in the form of pre-funded enrollment growth.

The Commissioner's recommendation contemplates numerous strategic objectives using various benchmarks for evaluating the aggregate operational budget request. The budget seeks to put downward pressure on institutional RFAs and, therefore, compares favorably to last year's request amounts. The budget also seeks to provide the governor and legislature with optionality, and as such, many request items are scalable (i.e., could be funded at a lesser amount) and flexible (i.e., could be funded on a one-time basis if necessary). Finally, pursuant to Utah Code, the budget request must recognize the state revenue environment such that the adopted operating budget be plausibly fundable given available state resources. To address this criterion, the Commissioner's office simulated a scenario where FY 2026 state revenue increased by the currently adopted consensus FY 2025 growth rate, and the legislature elected to deploy roughly \$330 million in existing ongoing budget buffers. Under this scenario, using the current USHE operating budget base of about 15.5% of state General Fund/Income Tax Fund appropriations, the proposed budget could be funded provisionally on increased expenditure needs for statutorily mandated items in other areas of the state budget.

Commissioner's Recommendation

The Commissioner recommends the Board review and approve the FY 2025-26 USHE operating budget priorities and authorize the Commissioner to make any subsequent technical adjustments, including rounding, necessary to finalize the budget prior to submitting it to the Governor and Legislature. The Commissioner further recommends that the Board authorize the Commissioner, in consultation with the Board's Executive Committee, to present adjustments to the adopted Fiscal Year 2025-26 USHE operating budget amounts in the event the adopted budget is significantly misaligned with available state resources announced for the 2025 General Session.

Attachments

Attachment 1 – Commissioner Recommended FY 2025-2026 Operating Budget Items

Attachment 2 – Not Recommended FY 2025-2026 Operating Budget Items