



UTAH SYSTEM OF
HIGHER EDUCATION

MEMORANDUM

July 12, 2024

FY 2025-2026 Operating Budget Process Guidelines

The Utah Board of Higher Education (Board) has a statutory requirement to recommend to the Utah Legislature a combined appropriation request for the operating budgets of higher education institutions. The Board creates the budget request recognizing the System's and its institutions' multiple statutory, strategic, operational, and financial objectives. By state code, the requested level and distribution of appropriations to the System and its institutions must be justifiable in the context of the state's revenue environment and statewide master plan for higher education.

After years of double-digit year-over-state revenue growth rates, collection levels remained virtually constant in fiscal year 2023, and are projected to hold flat in FY 2024 and FY 2025. This continued fiscal normalization, combined with elevated levels of near-term economic uncertainty, should temper institution expectations for the availability of new appropriations in the 2025 General Legislative Session. However, under legislative and Board direction, the Office of the Commissioner of Higher Education is expanding the FY 2025-2026 budget request process to comprehensively elicit all Requests for Appropriations (RFAs) that will be directed to the System or an institution this budget cycle. Requests may originate from an institution (see B-4 template attachment) or externally (see B-5 template attachment), but irrespective of source, the request must be submitted to the Commissioner's office and presented to the Board if it is to be considered in the Board's FY 2025-2026 budget request of the legislature. Once received, the Commissioner's office will score and rank requests with respect to the amount requested, alignment with System-level strategic priorities, and other factors as determined by the Board. If a budget item is not ultimately recommended by the Board, it will not be supported and is not authorized by the Board to advance to the legislature as an RFA.

This institutional and external budget request elicitation seeks to capture incremental new funding requests as they align with the five categories required by statute: employee compensation, mandatory costs, performance funding, enrollment growth, and institutional and System-level priorities, along with any other requests that may not be easily categorized. For information on the institutional capital budget request process, please see the Fiscal Year 2025-2026 Capital Budget Process Guidelines. Conversely, please submit externally originating capital requests not prioritized by the institution on the B-5 form.

Budget Request Alignment with Tuition and Fee-Setting Process: The Board's budget-setting process intends to review and account for potential institutional needs such that tuition and general fees

may be held to minimum or no increases in the 2025-2026 academic year. Adopted budget requests will be justifiable and sensitive to the state revenue environment.

Mandatory cost increases: The Commissioner's office recommends that the Board request funding for mandatory cost increases to insurance premiums and other state-provided internal service funds on par with that of state agencies.

Compensation: The Commissioner's office recommends that the Board request funds for compensation increases to salaries and benefits on par with other state employees, including the maintenance of existing employee cost sharing.

Performance Funding: The Commissioner's office recommends that the Board request \$20 million in new combined performance funding for degree-granting institutions and technical colleges. Institutions shall submit detailed plans for how they will use their portion of the performance funds based on the attached estimates provided by the Commissioner's office. Proposed uses of performance funding should generally support programs and activities that advance progress toward institution performance goals.

Growth Funding: The Commissioner's office recommends that the Board request growth funding for degree-granting institutions and technical colleges as calculated by the Board's growth funding models. Consistent with legislative intent, growth model methodologies will contemplate net growth across institution course levels. The calendar year 2019 annualized end-of-term, budget-related resident FTE will be used as the base to calculate growth in degree-granting enrollment for the fiscal year 2024. For technical colleges and degree-granting colleges with a technical college mission, the Commissioner's office will continue to build on the current growth funding model established last year and evaluate opportunities for improvement. Growth funding estimates for degree-granting institutions and technical colleges will be disseminated when available.

Institutional and System Priorities: The Commissioner's office recommends that institutions submit budget requests, irrespective of the source of origination, for all items for which the institution expects to pursue or receive funding in the 2025 General Legislative Session.

Commissioner's Recommendation

The Commissioner recommends that the Board approve the Operating Budget Process Guidelines.

Attachments

- Attachment 1 – FY 2026 Preliminary Performance Funding Allocation Estimates
- Attachment 2 – USHE Form B-4: Institutional Operating Budget Request Detail
- Attachment 3 – USHE Form B-5: External Requests for Appropriation
- Attachment 4 – USHE Form F-1: CY 2024 Form Deadlines