

FY 2009 Issue Brief – HED – Non-Lapsing Balances

NUMBER USHE-13

SUMMARY

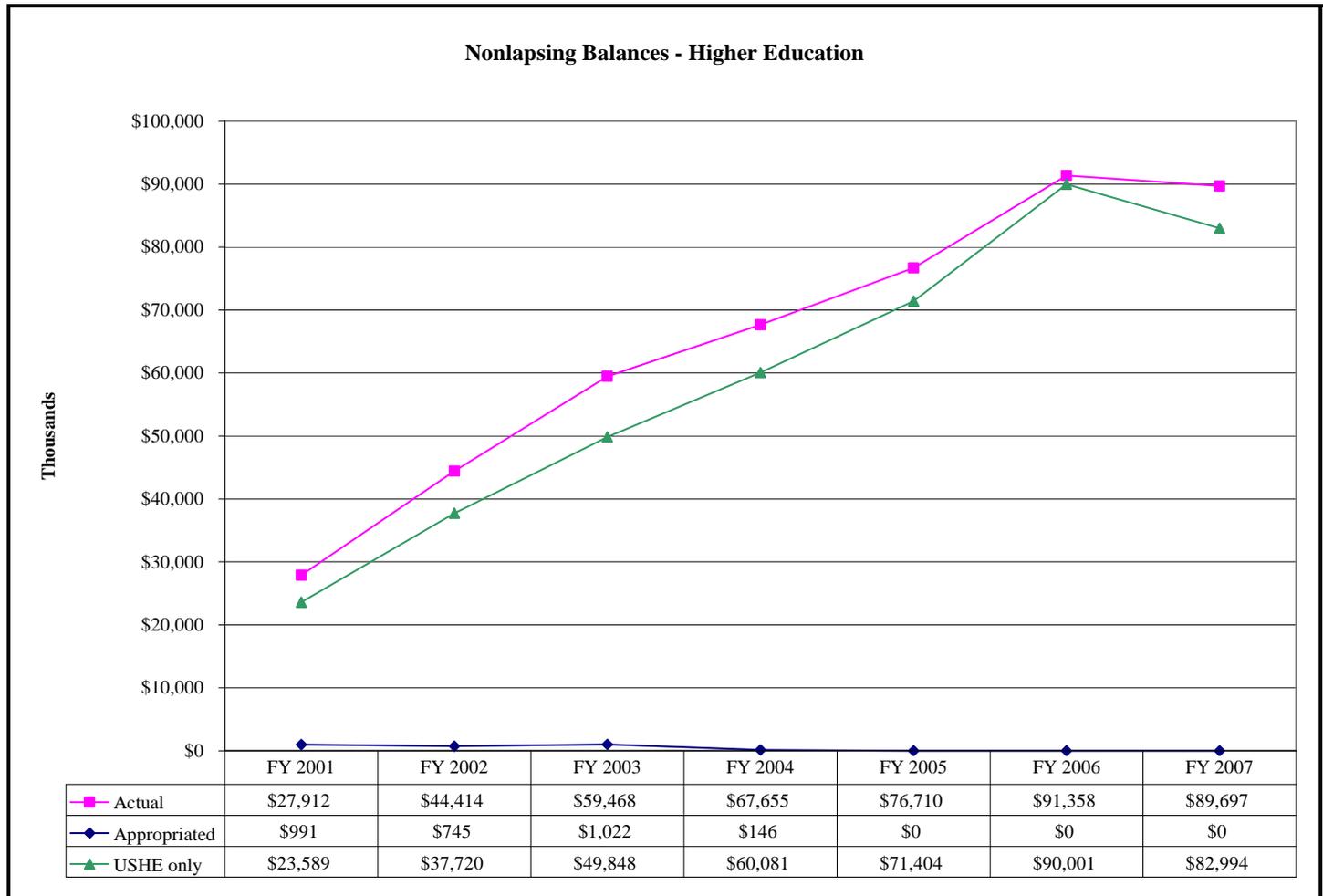
Higher Education has statutory exemption from lapsing unexpended balances to the State at the end of the fiscal year (63-38-8 (2)). As shown in the following figure, these nonlapsing balances have grown significantly over the past six years.

OBJECTIVE

To avoid over-appropriating funds that end up in non-lapsing balances, the Analyst recommends the Subcommittee place some of the one-time balances as an offset to the state appropriations on its priority list.

DISCUSSION AND ANALYSIS

The total balances that have been carried forward as nonlapsing balances in the Utah System of Higher Education have been growing since FY 2001, as shown in the following figure.



This information was presented to the Executive Appropriations Committee on September 18, 2007. Nonlapsing balances were also referenced in the Legislative Auditor General’s Report to the Utah Legislature Number 2007-11, “A Performance Audit of Higher Education Personnel Budgeting Practices.”

The institutions report that these balances are used to cover some of the incurred other post-employment benefits, to accumulate funding for furnishings or laboratories for authorized new facilities, and to provide an institution-specific reserve, similar to the State's Rainy Day fund.

The Analyst recommends that the Subcommittee place \$20 million on its priority list, funded from nonlapsing balances, as an offset to state appropriations for one-time funding increases.

Based on the FY 2007 level of nonlapsing balances at each institution, the \$20 million offset would be distributed as follows:

University of Utah	\$6,204,000
Utah State University	5,301,400
Weber State University	1,314,100
Southern Utah University	1,005,100
Snow College	234,500
Dixie State College	1,527,200
College of Eastern Utah	59,700
Utah Valley State College	2,539,100
Salt Lake Community College	1,686,200
State Board of Regents	<u>128,700</u>
Total	<u>\$20,000,000</u>