

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
TUESDAY, JANUARY 11, 2011, 1:00 P.M.
Room 210 Senate Building, State Capitol Complex

Members Present: Sen. Stephen H. Urquhart, Co-Chair
Rep. Jack Draxler, House Vice Chair
Sen. Scott Jenkins
Sen. Ross I. Romero
Sen. Jerry Stevenson
Sen. John Valentine
Rep. Patrice Arent
Rep. Bradley M. Daw
Rep. Becky Edwards
Rep. Don Ipson
Rep. Doug Sagers
Rep. Dean Sanpei
Rep. Mark A. Wheatley

Members Excused: Rep. Michael T. Morley, House Co-Chair

Members Absent: Rep. Kay McIff
Rep. R. Curt Webb

Staff Present: Spencer Pratt, Fiscal Manager
Jonathan Ball, Director, Utah Office of the Legislative Fiscal Analyst
Lorna Wells, Secretary

Public Speakers Present: Robert O. Brems, President of Utah College of Applied Technology
Jared Haines, UCAT Vice President Instruction and Student Services
Tyler Brinkerhoff, UCAT Vice President Finance & Admin. Services
Collette Mercier, President Ogden-Weber ATC
Michael Petersen, Executive Director of Utah Education Network
David Squire, Executive Director of Utah Medical Education Council
Gar Elison, UMEC Board Member
David Buhler, Associate Commissioner, Utah State Board of Regents

A list of visitors and a copy of handouts are filed with the committee minutes.

1. Call to Order—Co-Chair Urquhart called the meeting to order at 2:35 p.m.
2. Committee Business—Committee members introduced themselves.
3. State Budget Update - Mr. Spencer Pratt discussed the handout entitled, "Budgeting for FY 2012 and Beyond." Mr. Pratt gave background information for the State budget and discussed sources of FY 2011 revenue. Mr. Pratt next explained the categories of FY 2011 expenditures. He discussed the current challenges regarding the decrease in revenue over the past few years. The ongoing commitments exceed the ongoing revenue. Mr. Pratt reported that \$313 million is needed to maintain current commitments in FY 2012, starting July 1, 2011. Mr. Pratt said that enrollment in Public Education has continued to rise. In a normal budget year, this enrollment increase would be funded first. There is funding pressure where current projections show that the cost of Medicaid (without Federal Health Care Reform) has increased from 6% to 9%. There is additional funding

pressure to fund increases in retirement. Mr. Pratt reported that this additional funding pressure means that there is \$437 million left to fill. Currently the Rainy Day Fund Balances are not enough to fill this amount. If this money is used, it is gone and will not be there next year. These are issues that this committee will be facing this year.

Sen. Romero asked what the nature of the bond coverage would be.

Mr. Pratt reported that he does not have information about this. He will find out more and get back to the committee about the bond coverage.

Mr. Pratt stated that on December 14, 2010, the Executive Appropriations Committee passed the following motion, "Prepare and number a base budget bill equal to ongoing state funds in the current year, adjusted to a level that eliminates the structural deficit of \$313 or 7% of the base budget. " This base budget bill will be prepared by the first day of the session. This budget will change as the legislative session progresses.

Mr. Pratt reported that on January 19th and two or three meetings during the session, the Higher Education Appropriations Subcommittee will discuss specific changes to the base budget so that the bill can be substituted with surgical changes by the tenth day of the session.

Co-Chair Urquhart commented that this base budget gives the committee an idea of what is required. This base budget has to be passed by the tenth day, but it can be altered with subsequent appropriation bills.

Sen. Romero asked how much the Higher Education budget has been reduced in the past few years.

Mr. Pratt reported that the budget for Higher Education has been reduced by about 12 - 14 percent; other budgets have been reduced about 19 percent.

4. Subcommittee Overview. Mr. Pratt then distributed the Higher Education Appropriations Subcommittee budgets. This shows the ongoing state funds, dedicated credits, and other sources of funding. The current budget is \$1.3 billion; with \$740 million in on-going state funds, \$516 million in dedicated credits; and \$25,230,300 from other sources. There are about 13,400 FTE's in all of the Higher Education agencies.

Mr. Pratt listed the eight credit-granting institutions. The University of Utah is considered the flagship of the state. USU is the state's land grant university; it is also a parent of the College of Eastern Utah. There are three comprehensive teaching universities: Weber State, Southern Utah University, and Utah Valley University. Dixie State College has lower division and upper division courses, it is expanding its upper-division course offerings. The two community colleges are Salt Lake Community College and Snow College. Utah College of Applied Technology (UCAT) is part of the Higher Education system. UCAT is a non-credit institution, and has eight campuses throughout the state. The Utah Medical Education Council evaluates current and future healthcare workforce needs for the state. The budget for the Utah Education Network (UEN) is also under the purview of this subcommittee.

5. Agency Reviews.
 - a. UCAT - President Robert Brems introduced each of the Campus Presidents. Pres. Brems discussed the Annual Report from UCAT. He discussed the mission of UCAT; and then gave a

historical overview of UCAT and how each of the regions were formed. He discussed the governance of UCAT and the Board of Trustees. President Brems discussed current events at the various campuses.

Co-Chair Urquhart requested that in the future each of the campus presidents be asked to speak to the committee.

Pres. Brems reported that the membership hours in FY 2010 were 6,420,638. This represents the number of hours that students are enrolled in UCAT programs. There were 42,524 students in FY 2010. The growth in the past two years has been 1,523,180 hours or 31%. The cost per clock hour for adult students is currently \$1.50. Pres. Brems reported that secondary hours have declined by 9%, which is a concern. They believe that increased graduation requirements have made it more difficult for students to leave high school for an hour to come to UCAT.

At the present time, enrollment for this year is down by 1%. Pres. Brems indicated that this might be because they have reached capacity at their campuses. In a downturn economy, UCAT does provide a vital service for individuals who find themselves seeking employment. Pres. Brems discussed the Custom Fit Training Program. Last year UCAT provided training for 1,282 companies. UCAT has 291 accredited certificate programs. All of the UCAT campuses are accredited by the Council on Occupational Education. UCAT is measured in three areas: 1) Placement - UCAT is at 78%; 2) Licensure - UCAT is at 98%; and 3) Completion - UCAT is at 66%. Pres. Brems discussed UCAT's niche; their programs are market driven; have flexible scheduling; have competency-based progress; and provide easy access for students.

Vice Chair Draxler asked Pres. Brems to report at a later meeting on programs that had been curtailed and programs that have experienced growth.

Co-Chair Urquhart asked committee members to look at other programs currently housed at the State's colleges that are operating at a minimal capacity that might be moved to UCAT.

Rep. Wheatley asked about completion rates. He asked if non-completers are tracked. If so, what are the major obstacles for students to complete. He also asked if any programs are uniquely identified as rural programs.

Pres. Brems stated that each UCAT campus has programs and areas of emphasis for that particular area of the state. Each campus has a unique flavor, and the rural programs are a part of that. Those people who do not complete are important to UCAT, and they do track these students. This is a larger problem in a good economy because employers are willing to hire students who haven't quite finished. The main focus of UCAT is Certificates of Completion. He mentioned that the last part of the report is student success stories.

Rep. Ipson encouraged committee members who have not witnessed a graduation program at a UCAT campus to take the time to do so. He stated that each campus is well run by its president.

Vice Chair Draxler asked if UCAT instructors are tenured? Pres. Brems reported that Utah State law prohibits this.

Sen. Jenkins stated that a few years ago there was a comparison of tuition dollars for a student going to UCAT or another institution. An audit report was provided that indicated that there

are certain efficiencies. Generally, the UCAT model allows them to be less experience. Pres. Brems will get back to the committee on this. Co-Chair Urquhart said that he believed the costs at UCAT are about 75 percent of other USHE institutions.

Sen. Reid said he would be interested in that data as well. He then asked Pres. Brems what UCAT would change if they had unlimited resources.

Pres. Brems stated the budget request from the Board of Trustees would answer this question. They would request additional funds to address the growth issue as well as expand programs that currently have waiting lists.

Rep. Edwards applauded all of the campuses and expressed her pride for the DATC. She said that Page 5 of the Annual Report discusses the impacts of the budget cuts. She noted that the enrollment for High School students has decreased. She asked what efforts UCAT is making for continued outreach. She asked for more information regarding this decrease in enrollment. Pres. Brems stated that there are two main causes. One is increased graduation requirements, it is more difficult for high school students to schedule availability for DATC. To compensate for this, they are looking at summer programs, evening programs, etc. The other reason is that each class is limited to the number of seats available. Because of the tremendous budget issues, sometimes it comes down to the fact that it is more lucrative to have the seat filled with someone paying adult tuition rather than to a high-school student who pays no tuition.

Sen. Stevenson said that Higher Education in Utah is very good value. Looking at the shortfalls, what opportunity is there to have students participate more in the cost of their education. He asked what would be the impact of raising the current amount of \$1.50 per clock hour. Pres. Brems said that this is something that has to be addressed every year. However, it is also difficult because the majority of their students are without a job and have no resources. Sen. Stevenson asked if students can utilize government loans. Pres. Brems explained that students are eligible for grants; but because of the short-term nature of the programs, UCAT does not often utilize student loans.

Co-Chair Urquhart asked Pres. Brems to come back to this committee with information on the following: UCAT currently educates over 42,000 students, how can you increase that even more? The completion rate is on the rise, but what could UCAT do to make the completion rate even higher? What could UCAT do to have better coordination with secondary students? and What could UCAT do to facilitate better articulation with other colleges?

- b. Utah Education Network (UEN). Mike Petersen, Executive Director of UEN, discussed three handouts. The first document reviews the basic services that UEN provides for the Utah. Mr. Petersen briefly discussed each of these services which include: a statewide educational network, connectivity to the internet and network connectivity, video conferencing, delivery of a course management system to 120,000 students to access their classes, an online library, web services for Utah teachers, professional development courses, broadcast television. Neither UEN nor the state own the network, this is accomplished through contracts in a public-private partnership. About half of the UEN budget is used to maintain these contracts. Mr. Petersen discussed how this partnership works. As an example, he compared the price of what Utah State would pay for these same services without UEN. It is estimated that Utah State would pay \$12,679,500 for these services. UEN pays \$5,737,300, but then receives an E-rate discount of

\$1,721,190; so the total UEN bil is \$4,016,110. Mr. Petersen stated that UEN is an incredible bargain for the state's higher education systems.

Co-Chair Urquhart suspended all questions regarding UEN until a future meeting.

- c. Utah Medical Education Council. David Squire, Executive Director of the Utah Medication Council introduced Gar Elison who is a member of the UMEC Board. Mr. Squire gave a brief history and background of the UMEC. Mr. Squire discussed the governing body of the council. Much of the work is completed through subcommittees. The focus is on retaining health care professionals who were trained within the state of Utah, and have graduated from medical school. Mr. Squire reported that each year Utah trains about 800 health care professionals; of those about 150 are eligible to the workforce. At the present time about 75 of these individuals come to the Utah workforce. Utah is hiring 200-250 health care professionals each year, so Utah is extremely reliant on the national pool. UMEC also works with Physician Assistants, Dentists, Pharmacists, Laboratory Workforce, Registered Nurses, Advanced Practice Registered Nurses, and Licensed Practical Nurses. The UMEC works to expand training opportunities for those who are retained, and also works to develop, strengthen and create public-private partnerships. The current state appropriation for the UMEC is \$561,000. Although this is a small amount compared to the Higher Education budget, UMEC is very accountable for these funds.

Sen. Valentine asked what would happen if the UMEC was not funded this year.

Mr. Squire reported that seven FTE individuals would be greatly impacted. In the short term the effects would probably be minimal. However, in the long run, the state's ability to recruit in the national pool would be greatly diminished.

Mr. Squire reported that one of the strengths of the UMEC is the ability to react quickly as policies change towards health care reform. UMEC focuses on underserved areas of the state. UMEC links training programs to training sites and incorporate accountability in training that had not been there before. The UMEC has earned the recognition of the National Council on Graduate Medical Education.

Gar Elison, who is a UMEC Board Member reported that UMEC is very responsive to the needs of the state. The UMEC ensures that Utah has adequate well-trained medical professionals throughout the state. This is especially significant in rural areas of the state. The UMEC has garnered about \$25 million a year in additional funds. The studies that have been undertaken have been the basis for informed decisions by both public programs and private providers. The results of these studies have included a pharmacy school in the state that is totally privately funded, and in the future a dental school that will be privately funded. Co-Chair Urquhart informed the committee that the dental school is almost complete and will be accepting students in August of this year.

Mr. Elison said public and private sectors have expanded as a result of the efforts of the UMEC. The UMEC has definitely proven its value to the state.

Co-Chair Urquhart expressed appreciation to Mr. Squire and Mr. Elison and said that the committee will have the opportunity to learn more about the UMEC at a future meeting.

- d. Utah System of Higher Education (USHE). David L. Buhler, Associate Commissioner for Public Affairs, USHE introduced President Scott Wyatt from Snow College as well as each of the legislative liaisons from the USHE institutions. Mr. Buhler appreciated Pres. Brems presentation and the focus on students. Mr. Buhler gave a brief history and the purpose of the State Board of Regents and the USHE institutions.

Sen. Valentine asked Mr. Buhler what would be the impact if the Legislature eliminated the Board of Regents and put those functions back in the Commissioner's office.

Mr. Buhler explained that the state would not save much money because the Regents are basically volunteer. The state would lose the wisdom and knowledge of these individuals. Sen. Valentine asked if there is some staff positions that function only for the Board of Regents. Mr. Buhler answered that there are some staff members but the work for the Board of Regents is not the majority of the work that is performed.

Mr. Buhler explained the functions of the Board of Regents and the USHE institutions. appropriation history. He listed statistics for the number of employees, students, and degrees. It is estimated that \$620 million comes into the state for research and development. This amount nearly equals the state appropriated funds. Mr. Buhler discussed the organization of the Board and its responsibilities: appointing top leadership at the state institutions. strategic direction and planning, meeting the workforce needs of the State; approval of Academic Programs, preventing unnecessary duplication of these programs, setting tuition and fees, overseeing finance and facilities, and preparing and submitting budget and capital development priorities to the Governor and the Legislature. Mr. Buhler showed the organization of USHE which includes the Office of the Commissioner and UHEAA and UESP. Neither UHEAA nor UESP are funded with any state appropriated funds.

Sen. Valentine asked Mr. Buhler to bring information to the next meeting that show courses or programs where duplication does exist in the system that could be reduced.

Mr. Buhler explained some of the duties of the Commissioner's office: to provide policy recommendations to the Board, to implement Board policies and priorities; to administer many programs, and to facilitate articulation and transfer. He mentioned the recent task of assigning common course names and numbers. Majors meetings are held each year where faculty members from each institution come together to ensure consistency throughout the system.

Co-Chair Urquhart expressed appreciation to the Commissioner's office for their efforts in this initiative. Mr. Buhler expressed appreciation for that comment and explained that these types of efforts are one of the advantages of having a statewide system. Mr. Buhler will bring a student migration chart to the next meeting that shows the movement of students from one institution to another. He discussed the coordination with the K12 and K16 alliance, workforce services, Governor's Office of Economic Development; the Cluster Acceleration Program; concurrent enrollment; measure outputs; single point of contact, and the oversight of UHEAA and UESP.

Mr. Buhler discussed the performance of USHE institutions; and discussed the future needs of the state and the needs of Higher Education. He discussed the sources of funding: appropriations and tuition.

Co-Chair Urquhart listed some concerns that he would like Mr. Buhler to discuss at the next meeting: to better define the mission of each institution especially as it relates to duplication and their own excellence; how does each institution have more accountability towards those missions, and how do we fund those missions; articulation with ATC's; completion rates; what do we do about the current funding needs for example is getting more money from students the right thing. He mentioned that the Commissioner's Office are the experts on these issues, and this committee would appreciate their guidance and recommendations.

Rep. Ipson asked Mr. Buhler to come back to the committee with information about the facilities that are leased; what are we paying for these, what is the utilization of these; and can they be consolidated

Sen. Reid mentioned a recent *Forbes* article where none of the Utah universities exceeded the 188th position out of 50 states. He would like Mr. Buhler to report why the universities were ranked so poorly, and what can be done to change this. This is especially important for economic development. Mr. Buhler reported that he is not sure what went into this report. He will look into this and report at the next meeting. Mr. Buhler also mentioned that in another Higher Education rating the University of Utah was rated in the top 100 in the world.

Rep. Edwards asked Mr. Buhler to briefly review the numbers involved in the big vision for the future.

Mr. Buhler answered that economists and the business community have said that by 2020 the state should have 55% of the population with at least an associate degree; and 11% with a high quality certificate. Right now the state is at 39%; he reported that it is also interesting that when looking at those individuals over age 45, Utah is ranked 11th in the country; however in the age group 25 - 40, Utah is ranked in the 30's. This means that as a whole, Utah's younger generation is less educated than their parents, which is a very disturbing trend. Because enrollment growth is so large right now, this fact might not be evident.

Sen. Romero asked Mr. Buhler to recognize the growth of minorities in this 2020 vision. Mr. Buhler stated that Utah has the largest gap in the country between minority participation and completion and the majority population. They are working to address this issue.

Co-Chair Urquhart asked each committee member to read the UCAT annual report and to go online and get the 2020 plan from the Commissioner's office. The committee has a large task before them this year, and it is imperative that each committee member come prepared.

MOTION: Rep. Ipson moved to adjourn.

Co-Chair Urquhart adjourned the meeting at 5:01 p.m.

Minutes were reported by Lorna Wells, Secretary.