

MINUTES OF THE  
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE  
WEDNESDAY, JANUARY 19, 2011, 8:00 A.M.  
Room 210 Senate Building, State Capitol Complex

Members Present: Sen. Stephen H. Urquhart, Co-Chair  
Rep. Michael T. Morley, 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. R. Curt Webb  
Rep. Mark A. Wheatley

Members Absent: Rep. Kay L. McIff  
Rep. Doug Sagers

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

Public Speakers Present: William A. Sederburg, Utah Commissioner of Higher Education  
David Jordan, Chair, State Board of Regents  
Stan Albrecht, President, Utah State University  
Neil Abercrombie, Director of Government Relations, USU  
Matthew Holland, President, Utah Valley University  
Stephen Nadauld, President, Dixie State College

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

1. Call to Order—Committee Co-Chair Morley called the meeting to order at 8:25 a.m.
2. USHE Introduction— Commissioner Sederburg discussed the appropriations per student, which has had a steep decrease in the past few years. If the 7% cut continues, that decline will also continue. Comm. Sederburg reported on the marked enrollment growth and on the tuition increases that have occurred. The National Center of Higher Education Management has defined Utah as the most efficient state in producing degrees for the dollars spent. He discussed the negative impacts of the 12% funding cut in the past few years. He discussed the impacts of an additional 7% cut. He emphasized that each institution has already cut as much as possible from existing budgets. Almost all additional cuts will come from personnel which reduces the number of courses that can be offered. He showed FTE personnel that would have to be cut from each institution.

Co-Chair Urquhart noted that the number of sections cut at Dixie State College was significantly higher, and asked for an explanation about this number. Pres. Nadauld explained that most of the cuts would be from the adjunct pool. He will further address this in his presentation.

Comm. Sederburg continued explaining the impact to full-time faculty positions at each institution. In total, this would be about 681 layoffs. This would be done at a time when enrollments are up about 7% this year and about 22% over the past few years. The Commissioner's office is not supportive of the 7% budget cut because of the serious consequences to the educational opportunities for students.

David Jordan, Chair, Utah State Board of Regents reported that many of the state's institutions have open enrollment. However, the ability for these students to get the specific class they desire is greatly impacted by these budget cuts. When faculty are cut, sections are eliminated. So when enrollments are increasing, sections are cancelled. This results in students being admitted to the school, but not getting needed classes. This is a soft cap on enrollment which can prolong a student's graduation. Regent Jordan would ask the Legislature to hold the budget at its current status, but because of enrollment growth, even this constitutes a budget cut.

- a. Utah State University. President Stan Albrecht thanked the committee for the opportunity to speak. He spoke about what has been happening during this recessionary period. There have been \$23.5 million in budget cuts; an additional \$11 million budget gap due to inflation. There is about a \$15.3 million unfunded growth deficit in the USU budget. The total impact is almost \$50 million. It has been discussed that one way to offset this is through tuition. This has been done, but tuition cannot be the panacea.

Sen. Valentine asked for clarification regarding the unfunded student growth statewide. Pres. Albrecht said that it is difficult to compare USU to other institutions because of their land grant mission. The growth at the regional campuses has been between 18-22%. USU is approaching 30,000 FTE's for Logan and around the state. Another piece of this growth that which has occurred at the College of Eastern Utah.

Sen. Valentine noted that the highest level of state funding was around 1999-2000 when there was \$3.50 tax dollars spent for every tuition dollar. In 2010-2011 this amount is about \$1.61 for every tuition dollar. Sen. Valentine asked if there are any institutions that are below one for one. Comm. Sederburg answered that UVU is below the one tax dollar for every tuition dollar.

Pres. Albrecht showed the increased tuition burden for students. He discussed student fees, which are sometimes driven by the students themselves. The total increase of tuition and fees over the past decade is 101%. Pres. Albrecht mentioned some of the impacts of the budget cuts including the student-faculty ratio. He discussed the larger class sizes, as well as how many more students per adviser.

Pres. Albrecht concluded with comments from a *Washington Post* article where the importance of research universities and investment in Higher Education was discussed. He showed how the investment in higher education brings about significant changes in areas like Shanghai. Pres. Albrecht introduced Neil Abercrombie, who is the Director of Government Relations at USU.

Co-Chair Urquhart welcomed Neil to this committee. Co-Chair Urquhart is very concerned about completion rates. He asked if USU's current completion rate is around 50%. When a student does not complete, this is stranded capital. He mentioned that admission rates were a factor in this. The Legislature often gives incentive to allow as many students in as possible. The research institutions should really focus on completion rates. These research institutions

should compete for a better caliber of students. He would like to look at a funding model, with more incentive to attract the top 10% of students in the nation.

Pres. Albrecht stated that the graduation rate is 55.7%. He stated that USU ranked third in the nation for the increase in graduation rates over the past five years. USU has a unique two-fold mission. One is to be a major research institution but it also functions as a land grant institution. There are higher admission rates at the regional campuses. He stated that it is very difficult to find funding models that will actually reward the two major research institutions for the increase of research funding. They would be happy to move in that direction.

Co-Chair Urquhart commented that the completion rates for USU are going in the right direction. He stated that even though Utah has a great system, he asked how the committee can help make the system better. This is not meant to be confrontational it is an invitation to assist the institutions to fund excellence, especially the research institutions. He confirmed that this makes it difficult for USU because they are not only the land grant institution, but are also the only institution for the Northern Utah geographical area.

Pres. Albrecht stated that USU does serve somewhat of a community college role in Logan. They also need more open admission at regional campuses and the more prepared students come to Logan. They place a greater emphasis on upper-level education and graduate education.

Mr. Jordan spoke on behalf of Pres. Young from the University of Utah. The admission rate ten years ago at the university was above 95%. It is now under 85%; so the U of U is trending in the correct direction. If growth is all that is funded by the Legislature, it creates a perverse incentive. The funding model strategies have to fund the research mission.

Co-Chair Urquhart agrees that this means capping enrollments at the flagship institutions. As they are more selective as to who is admitted; this will build the caliber of students and the caliber of faculty; this will have a tremendous benefit to higher education in the entire state.

Sen. Reid aligns himself with Sen. Urquhart's remarks. He asked what are the goals and objectives of this system. This committee does not want to micro-manage education. There should be conversations where there is an agreement of what higher education should look like. He believes the system is broken and hasn't really progressed. He recognizes that because of the way the educational system is managed, fixing this problem will not occur during this Legislative session. In the future, Sen. Reid wants to have different discussions in these meetings on how to utilize funding to achieve goals to make higher education perform at a premier level. This will change the dynamics of each institution. The Regents will have to focus on the mission and role of each institution. He would like to make it impossible for *Forbes* to rank any institution in Utah 188<sup>th</sup> in the nation no matter what type of article or research is involved. He would like to ask this committee and the USHE institutions to think in a different way so that goals and objectives are discussed and how funding can help these goals and objectives rather than have institutions come with a list of consequences if funding is cut.

Comm. Sederburg looks forward to presenting information at a future meeting regarding the 2020 plan that was approved by the Board of Regents. This plan adopts specific goals for the state regarding higher education. Missions and goals are identified for each institution. The plan also includes action steps that must be taken to achieve these goals.

Co-Chair Urquhart said that the committee would like to hear the 2020 plan. He echoed Sen. Reid's comments. He would like to have the institutions realize that the budget cuts are a reality and he would like the institutions to develop options of what can be done.

Comm. Sederburg said that in the past the Legislature has recognized the ability of the various institutions to manage the required budget cuts within each of the campuses. The campuses have made these cuts and become more efficient. He requested that this committee continue to give each institution flexibility in making these reductions.

In response to Sen. Reid's comments, Pres. Albrecht stated that he would be pleased to have this type of conversation having USU be a goal-driven institution. The conversation that is taking place today is because of the request for data regarding future budget cuts.

Rep. Webb is concerned that when the focus is on measures of performance, there is not an allowance for the differences between institutions. USU wants to function as a research institution and have the very best students, but at the same time there is a strong community role. The community support of the institution is vital to its success. If someone in the community who has supported USU for many years is told that their son or daughter won't be admitted to USU, that community support might be lost. If the only focus is on admissions percentages, this unique role is not being considered.

Rep. Wheatley is concerned about the raises that have occurred at various institutions. He would like an explanation as to why so many individuals at various institutions have had raises during this time of budget cuts.

Comm. Sederburg said that some of this is due to market demand. Some of the larger institutions have pressure to keep top talent and to remain competitive. For the most part, these raises have been made case by case. The percentage of the raise given is still very low. Pres. Albrecht mentioned that the vast majority of these increases are funded through research grants, not with state funding. Some of the increases are due to advancement in the tenure process.

Rep. Wheatley expressed concern for consistency of the data. Decisions are based on this data and it is imperative that the data be accurate. Comm. Sederburg reported that it would never be the intention of the Commissioner's office to provide inaccurate data. If a special request for data comes in and the various campuses are asked to respond very quickly, the request might be interpreted somewhat differently and that would account for discrepancies. The Commissioner's office is very confident in the accuracy of the data that is collected routinely.

Rep. Draxler commented that the Committee does not enjoy asking for a 7% cut. He mentioned a quote from Sen. Valentine that because this is the third year of budget cuts, it will probably not be as effective to make across-the-board budget cuts. There will have to be more targeted cuts. This committee needs help from the institutions to decide where targeted cuts should be made. Rep. Draxler would like the committee to focus on the fact that all of the Higher Education institutions (including the technical colleges) are a critical driver in economic development.

Responding to Rep. Webb's comment, Co-Chair Urquhart realizes that USU has a tough role. As the institution strives for excellence they might not be able to allow everyone in. In ten years the institution that does make adjustments to the admissions requirement will be profoundly grateful they did this.

- c. Utah Valley University - President Matthew Holland reported that he is not only representing UVU but also Weber State and Southern Utah University. He reviewed the attributes of these institutions. He emphasized the role of economic development in these institutions. He discussed the enrollment growth, rising tuition costs, and some of the graduate programs. These institutions play an important community college role. He discussed improved retention at UVU. This has helped the completion rates. He discussed how they are managing the growth. He reported that the average tax funds are \$4,000 per FTE.

Sen. Valentine asked if the tax fund expenditure for the system is an average of \$5,000 per FTE. He said that this could be answered at the end of the presentation.

Rep. Daw asked about the increase in Concurrent Enrollment.

Pres. Holland indicated that some of this growth is because the numbers are measured earlier in the semester than in previous years.

Co-Chair Urquhart commented that the poor economy also aids retention.

Pres. Holland said this is true, but UVU has also had a great push to improve retention. Students are more satisfied with their experience and retention is improved. Co-Chair Urquhart stated that if UVU has initiatives that are improving retention, please be willing to share those strategies at a future meeting.

Co-Chair Morley echoed the fact that within his district and in his own family, students are staying at UVU. It is important to emphasize degrees that have employment potential.

Pres. Holland indicated that the new degrees that are brought forward are those type of degrees. He discussed some of the responses to their growth. They have had a major push to increase distance education. He discussed the recent commendations from the Northwest Accrediting body. He discussed pressure points that the budget cuts have impacted as well as the missions that are in jeopardy. When they moved to university status, the goal was set to have 55% salaried faculty. They were close to this in 2007 but this has since declined. Many students are finding it difficult to find available courses that are in their major. Even holding the budget flat with having 2000 more students this coming fall is essentially a budget cut.

Rep. Arent asked if the adjuncts that were hired very quickly received any training. Pres. Holland responded that in the past they have had a large adjunct pool to draw from, but this is diminishing. Rep. Arent asked if there is specific data on how long it is taking students to complete their degrees. She asked if they have given specific thought to how enrollment might be limited. Pres. Holland said that they have talked about a hard cap which would base enrollment on GPA but that would be a fundamental shift in their mission.

Sen. Valentine asked what the enrollment growth was for the current school year. Pres. Holland answered 4,000 students in headcount. Sen. Valentine commented that this is about half of the whole USHE system. Pres. Holland said some of this is concurrent enrollment. Sen. Valentine asked about the dollar match for tuition. Pres. Holland responded that the tax fund percentage is 42% for FTE. Sen. Valentine asked for clarification on this. Pres. Holland indicated that at UVU there is \$.71 of state tax dollars spent for every dollar of tuition.

Co-Chair Urquhart commented that the growth in higher education counter-cyclical to the economy. The ability to make smart governmental decisions is also counter-cyclical. Now is a good time to make decisions, the committee needs to look at this more carefully. Should total open enrollment be the case? Should high school students have an expectation that no matter what they do in high school, they can go to college. He asked what are the remedial numbers at UVU? Pres. Holland said that over 60 % have at least one remedial class. Co-Chair Urquhart said that a lot of tax-payer money is being spent on these students who are not prepared and who do not complete. This committee needs to have discussion about open enrollment; maybe there should be some standards. The ATC's ready to accept these students and prepare them for either college or in a vocational area.

Chair Jordan responded that at the next Board of Regents meeting a college readiness statement will be made. This is a proclamation about expectations that a student needs to be prepared for college work. They will be discussing the interface between high school and college with the State Board of Education. One of the goals is to have seniors have a more meaningful 12<sup>th</sup> grade experience to make them college ready. They are looking at designing a set of technology delivered general education classes to help eradicate this large percentage of remedial courses. Chair Jordan wanted to note that the regional universities have an imbedded community college role. One of these roles is a second chance for education.

Co-Chair Urquhart expressed agreement that the senior year should be one where students do work. The proclamation must have consequences. He discussed improving the current inefficiencies.

Co-Chair Morley discussed having students pay more when they are not prepared and pay more for remedial training. Something has to be done that will stop having taxpayers fund students who are not prepared.

Pres. Holland said they are studying this question at UVU. For example allowing open access to certain courses at the University; but restricting enrollments in four-year programs to those students who are more prepared.

Sen. Reid commented that this remedial training is a waste of resources on the public education side as well as on higher education. He asked what percent of the studentbody is out-of-state. Pres. Holland indicated that it is about 11%.

Sen. Jenkins stated that if enrollments are capped or if requirements are higher, then people who want to be there will work harder in public education. He asked if it would be possible to put a surcharge on these remedial courses so that the student shares a larger part of this load.

Pres. Holland said they can look at this. Comm. Sederburg reported that a surcharge is in place for this remedial training.

Sen. Jenkins asked if this policy is being adhered to. Comm. Sederburg said that it is. The schools that charge this extra money bring in about \$800,000. This is not true of community colleges because their mission is that of a second chance or open enrollment. Sen. Jenkins wanted to make sure that this is known and advertised in public education. Comm. Sederburg mentioned that remedial education is receiving lots of attention nationwide. There are some new models being proposed.

Co-Chair Morley said that maybe the responsibility for remedial education should be given back to the high school without additional funding.

Co-Chair Urquhart responded that public education would have to be given some lead time.

Comm. Sederburg mentioned that perhaps 18-20% are true incoming freshmen who are not prepared out of high school. The bulk of this remedial training is for students who have been away from education for two or more years.

Rep. Edwards asked how athletic funding plays into this funding issue. Would the comparison of state funded dollars versus tuition be different if Utah State took out the athletic funding. Pres. Albrecht reported that all of the men's athletic programs are funded by non-state dollars. The women's athletic programs are funded with state tax dollars.

Rep. Edwards complimented higher education on their cooperation with public education. Public education is doing a great deal to make sure that students are prepared. There would be real value to an on-line general education math course for high school students as well as preparing them for college. Students who are accepted on an open enrollment would have to complete some on-line courses prior to enrollment in the fall. This would put the responsibility back on the student without taking up seats in the classroom.

Comm. Sederburg replied that these ideas need to be explored. The Governor's budget proposal includes \$500,000 to help plan and develop a system of general education courses offered on-line with the Concurrent Enrollment format. These should be first-year college courses rather than a high school course to get ready for college.

Pres. Holland completed his presentation. UVU is continuing to find ways to provide excellence while providing critical point of access.

- d. Dixie State College. President Stephen Nadauld reported that Dixie State is celebrating its 100-year anniversary. He discussed the budget cuts that have already been taken as well as the impact of the proposed 7% cut. Their enrollment growth is above 50% from the last three years, which is even higher than UVU's. The upper-division courses have a 200% increase in enrollment. There is a 40.3% decline in state support. Dixie would not be able to make any more across-the-board cuts.

Co-Chair Urquhart asked to discuss at a future time why DSC is teaching in some of the technical areas that could be covered at the UATC.

Pres. Nadauld reported that this can be discussed at a later time. He discussed some possible scenarios to achieve these budget cuts, but they would not be wise decisions. In order to increase future revenues for the state, there needs to be an investment in Higher Education. He discussed the social and economic impact of having a more educated population. Pres. Nadauld is grateful for the support of this committee.

Sen. Valentine thanked Pres. Nadauld for a fascinating presentation. He asked how the return on investment is impacted by the out-of-state tuition waivers or those individuals who are undocumented citizens? Comm. Sederburg said that Utah does not have data that tracks the migration pattern of the graduates. He assumes that many of these out-of-state students do

actually stay in the state. Sen. Valentine asked Pres. Nadauld what the effect would be if the tuition waivers for the proximity exception and the undocumented students were repealed. Pres. Nadauld mentioned that those not in the state do have a surcharge, but the full cost isn't recovered. He would need to do more analysis of this. Sen. Valentine asked if surcharges could be imposed on programs that have a smaller rate of return, such as fine arts. Pres. Nadauld indicated that they do have surcharges on those programs where students will get higher incomes. This aligns their future income with their current ability to pay. If certain segments of the population have a surcharge, those individuals will simply not be able to come to the college.

3. Utah Education Network. Co-Chair Morley stated that because of the lateness of the time, this would have to be put on the agenda for a later date. He asked Mr. Petersen to postpone his presentation.
4. Higher Education Reductions. Spencer Pratt distributed a summary of FY 2011 state funds budget. Since the FY 2009 budget, the Legislature has allowed Presidents to have the flexibility to administer these cuts. This is different than in most state agencies. He then distributed a handout entitled "Options for Eliminating the Structural Deficit." This has been prepared to assist the committee in making these cuts. The committee can put new items on the list, take items off, or make changes. Many of these items have policy ramifications.

One of the areas to examine is the subsidy of tax dollars for students who take excessive classes over the number needed to graduate. The State Board of Regents currently has this cap set at 145%. One proposal would be to move this cap to 120%. That would mean that when a student takes 20% more credit hours than those needed to graduate, they would have to pay the full cost for those additional courses. Other options for budget cuts include:

- a. increase instructor load by 10%.
- b. elimination of the Utah Medical Education Council.
- c. significant reductions or elimination of some programs in the State Board of Regents and the Commissioner's office.
- d. 10% across the board cut at UCAT.

Mr. Ball discussed what UEN could possibly do to reduce its costs. He asked them to examine what they are doing as entity that they shouldn't be doing? What are they doing that they could do better? For example, receive a tuition reimbursement from the institutions. Rather than having on-going equipment replacement; maintain a one-time funding source, and come back after the fact ask for more money to replace equipment; eliminate state funding for public information. Next, what can be done to renegotiate contracts. In some cases, the capacity of the circuits exceeds the current need.

Sen. Romero asked where the idea for having students pay full price for anything over 120% of graduation requirements was generated? He asked if this has this been implemented in other states. He asked if this has been implemented in the past.

Mr. Pratt said that this has already been policy at the Board of Regents. The proposal is to change the level from 145% to 120%. As far as Mr. Pratt knows, there has not been any money collected at the higher level because there are lots of exceptions.

Rep. Ipson asked for clarification about how much of the CTE funding for Snow College is at Richfield. Mr. Pratt explained that this is the Richfield line item. Rep. Ipson wanted the committee to notice that there is a difference and inequities between the institutions.

Mr. Pratt indicated that these inequities are one reason why a 7% cut across the board may not be the best solution.

Rep. Draxler asked if this 20% would be involved when students change majors. Comm. Sederburg indicated that a change of major is one of the allowed exceptions to the Board of Regents' 145% cap.

Rep. Arent asked how a student entering college with credit hours attained while in high school would be impacted. Comm. Sederburg responded that this proposal would probably eliminate some concurrent enrollment classes because of this situation. This could also impact accreditation issues. He wanted to make sure that all of the numbers are correct. Co-Chair Urquhart mentioned that the raw data comes from the Commissioner's office not from the analyst's office.

Sen. Reid asked if this process were applied if this takes into account those students who would opt out of the system because of these surcharges and additional fees. Mr. Pratt answered that the list only looks at the existing number of graduates and credit hours. However, the lists goes beyond the 7%. Mr. Pratt wanted to emphasize that this is a starting point. Every different option could be criticized, but the shortfall has to be addressed.

Co-Chair Morley mentioned that the entire committee needs to think outside the box. The committee needs to find and address the structural imbalance. It might be easy to default to the across the board situation, but this ignores that certain institutions have higher levels of growth than others.

Rep. Edwards asked for clarification about the funding for the educationally disadvantaged. Mr. Pratt explained that this is a program that provides additional resources and services for minority or underserved students. Rep. Edwards then wondered if there is more in-depth information on what institutions are doing; if it is minority driven, or if it is socioeconomically driven. Is there data on these students once they do enroll? What is their success or completion? What is the success of that investment. Comm. Sederburg said that they do have data regarding this and he will get that to Rep. Edwards.

**MOTION:** Rep Draxler moved to adjourn.

Committee Co-Chair Morley adjourned the meeting at 11:10 a.m.

Minutes were reported by Lorna Wells, Secretary.

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Sen. Stephen Urquhart, Senate Chair

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Rep. Michael Morley, House Chair