

January 15, 2014

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: USHE – Legislative Priorities for 2014

The 2014 Session of the Utah State Legislature will commence on Monday, January 27 through Thursday, March 13. According to the consensus revenue estimates prepared by the Governor's Office of Management and Budget and Office of Legislative Fiscal Analyst, the combined General Fund and Education Fund surplus from FY 2012 and projected revenue growth in FY 2013 and FY 2014 provide a total of \$132 million in new one-time funds and \$206 million in new ongoing funds. The Governor has recommended \$39.1 million in new on-going funds for the Utah System of Higher Education (USHE). Additionally, the Governor recommended funding the Weber State University Science Lab building.

Although there are many competing priorities that surface during the legislative session, the support of the Governor as well as the hard work of community and business leaders provides an opportunity for increased funding of Higher Education. The Commissioner's Office is working closely with these groups, institution Presidents and their staffs, and student leaders to ensure consistent messaging and strategy during the 2014 legislative session.

Legislative Preview Events

In early November 2013, the Board of Regents hosted five regional legislative briefings attended by Regents, Presidents, Trustee Chairs, the Commissioner's Office, and approximately half of all legislators. At these briefings the Regents' budget priorities and other issues were discussed.

On January 17 a legislative preview event attended by the Governor, Speaker of the House, and the Senate Majority Whip, was held with Regents and Trustees to further advocate the USHE agenda. **Regents, Trustees and Presidents are also invited to attend the annual Higher Education Day luncheon with legislators in the Capitol Rotunda on Friday, February 14.** Advocacy will continue throughout the legislative session in coordination with the institutions.

The Commissioner's Office continues to work with Education First, Prosperity 2020 and other education interests to advocate the budget priorities of the Board of Regents and the Governor's 66% by 2020 goal.

Governor's Budget Recommendations

The Governor followed the priority order of the Utah System of Higher Education, as approved by the Board of Regents in September. Specifically:

- **Compensation:** The Governor is recommending a base increase of \$12.8 million for compensation adjustments for health insurance and the Utah Retirement System (URS), approximately half of the 3% increase recommended by the Board of Regents.
- **Mission Based Performance Funding:** The Governor is recommending \$21.6 million divided between *Acute Equity* (\$19.3 mil.) and *Distinctive Mission* (\$2.3 million).

The Governor also recommended a number of other items in our request, including:

- \$1 million – Performance Based Funding
- \$3 million (one-time) – Regents' and New Century Scholarships
- \$250,000 – Engineering & Computer Science (STEM) Scholarships
- \$1,344,800 – State of Utah internal service fund adjustments (liability, property, fleet, etc.)
- While not part of the Higher Education budget, \$17.5 million for the Huntsman Cancer Institute.

The Commissioner's Office, Presidents and their staffs, will be closely monitoring legislation that could impact the Utah System of Higher Education, now and throughout the legislative session. With Assistant Commissioner Spencer Jenkins' assistance, I will prepare and distribute each Monday a weekly report on the status of higher education priorities and other issues of interest for distribution to Regents, Presidents, and Trustees.

The 2014-2015 USHE Budget Priorities, which were distributed to legislators at regional preview events, are attached.

Commissioner's Recommendation

1. Endorse the budget and capital facility priorities of the Utah System of Higher Education for the 2014 Session of the Utah State Legislature as adopted by the Board on September 13 and November 15, 2013.
2. The Regents, Commissioner and staff, Presidents and institutional representatives unite behind the system priorities in their advocacy with the Legislature.
3. Authorize the Commissioner, in consultation with the Presidents, to monitor, support, or oppose on a case-by-case basis, other legislation that may be introduced during the 2014 legislative session.
4. Request the Commissioner's Office provide the Board with regular reports during the legislative session regarding items of interest to the Utah System of Higher Education.

David L. Buhler
Commissioner of Higher Education

DLB/SJ
Attachment



HIGHLIGHTS

The State Board of Regents--Accountability

The 19-member Board of Regents, 16 appointed by the Governor, is responsible for statewide governance of Utah's public universities and colleges. The Legislature has granted the board power to control, manage, and supervise USHE to ensure efficiency, transparency, accountability. The duties of the Board include the selection of institution presidents, policy leadership, program review and approval, and oversight of budget and facilities.

The Commissioner of Higher Education is the Board's Chief Executive Officer and works closely with the institutional presidents to implement board policies and priorities. The Commissioner, with the support of the Board, also works closely with institution presidents and boards of trustees to provide state-level leadership of higher education in Utah.

USHE colleges and universities awarded 31,970 degrees and certificates in 2012-13. This includes 1,964 certificates, 10,376 Associate's degrees, 15,294 Bachelor's degrees, 3,501 Master's degrees, and 429 Doctorates and 406 Professional degrees. Institutions enrolled more than 180,000 students last year (headcount). Eighty-two percent of Utah high school graduates who go on to college or post-secondary training attend an institution of USHE.

In the 2013 Legislative Session, the Legislature formally added its support of Governor Herbert's statewide workforce goal, that 66% of Utah's adults will hold a postsecondary degree or certificate by the year 2020. The Board of Regents established this as a top priority in 2012. The 2014-15 budget priorities reflect the Board's commitment to enabling the Commissioner and USHE institutions to achieve the 66% goal. Eighty-nine percent of those graduates are expected to come from USHE institutions.

Statewide Focus on College Preparation & Completion

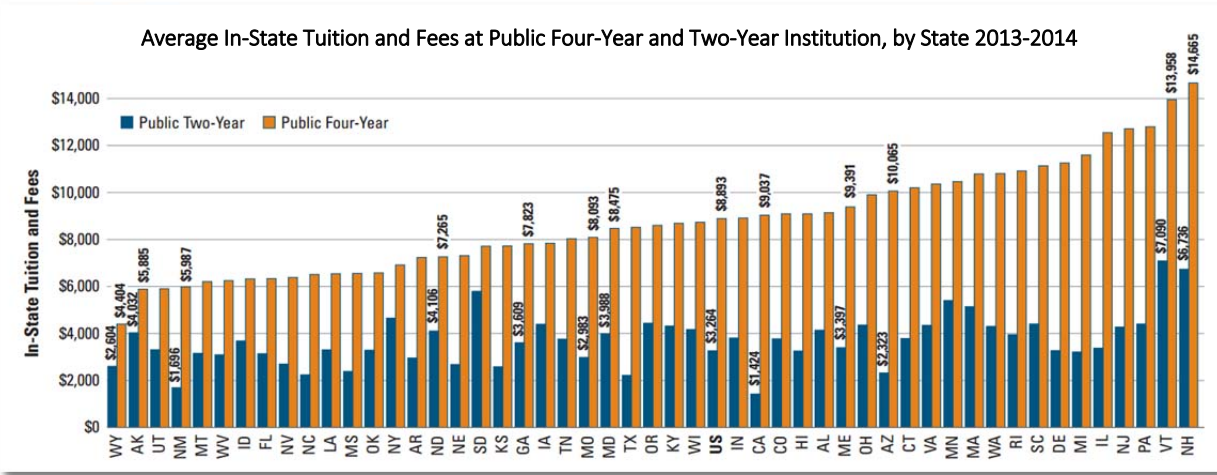
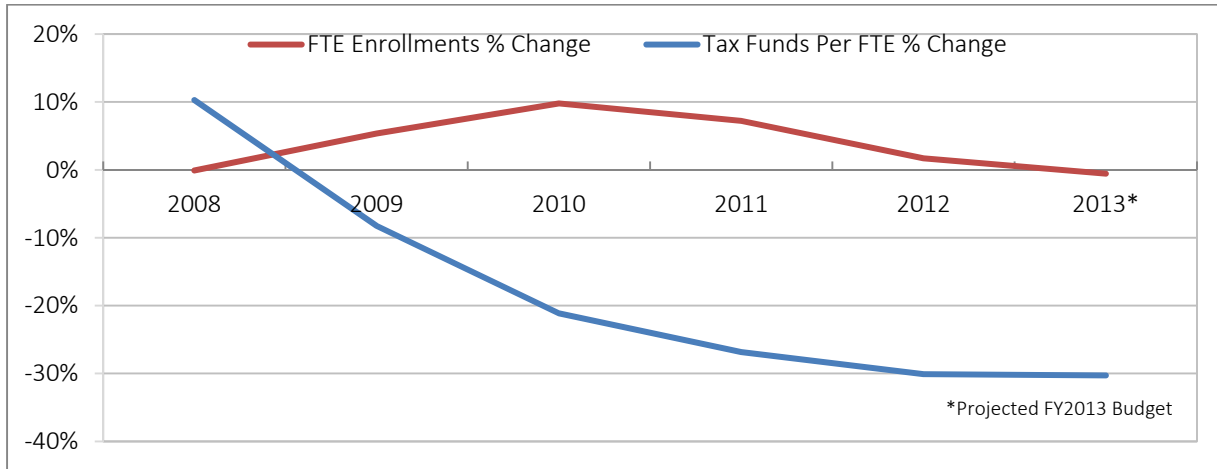
The Utah System of Higher Education, under the direction and with the full support of the State Board of Regents, is involved in a number of initiatives to partner with K-12, and encourage college preparation and completion. These include:

- **Concurrent Enrollment** - Over 27,000 students - approximately 1/3 of high school juniors and seniors - earned a total of 189,387 credits by enrolling in a concurrent enrollment course in 2012-13. All 41 school districts and 25 charter high schools participated. Of those students who enroll in concurrent enrollment courses, approximately 60% of the courses taken are general education college courses.
- **Coordination with K-12** - Using more than 200 volunteers from the business community, Utah Scholars encourages 8th grade students to take rigorous courses in high school in order to be "college and career ready". During the 2012-13 school year, the program reached 25,887 students in 121 schools (14 school districts). Also, the establishment of the K-16 Alliance has helped Regents and State Board of Education members improve collaboration and cooperation.
- **15-to-Finish** - This is an initiative targeted at current and incoming college students to go full-time, which is 15 or more credits per semester. This would enable more students to graduate in four years.
- **Regents' and New Century Scholarships** - Regents' Scholarship continues its double-digit growth. In 2013, awards grew by 45%. The Regents Scholarship provides an incentive for high school students to take advantage of their high school experience and successfully prepare for college.

Utah Higher Education in 2013

USHE's universities and colleges are educating students for **27% less state tax funds** per student than in 2008. In total (state tax funds and tuition) Utah's universities and colleges spend **\$600 dollars less** per full-time equivalent student in 2013 than in 2008. Utah's four-year institutions are the 3rd most affordable in the country. It is important to keep them that way so Utahns have access to college.

Percentage change since 2008 in state funding per full-time equivalent student and enrollment



With the current base of funding, USHE institutions are instituting innovative solutions to better serve students. 53 degrees are now offered entirely online, with over 20% of students enrolled in an online course. In the past year, seven degree programs were eliminated while adding 15 new programs (6 associated with Dixie State University transition). In addition, 57 certificate programs were added in direct response to industry need. A new statewide focus on student completion is helping students make the most of their college experience – specifically in math remediation, graduation maps and stackable/reverse transfer degree awards.

2014-15 Priorities

In 2013 the Legislature passed, with strong support, a statewide goal that 66% of Utah's adults will hold a postsecondary degree or certificate by the year 2020. To achieve that goal, a significant increase in state support is required to expand capacity to recruit, accommodate, and support more students. This capacity would help increase faculty to eliminate bottlenecks in general courses, reduce waiting lists and expand high demand programs including Science, Technology, Engineering, and Health Professions. Increased capacity includes additional IT infrastructure, expansion of facilities, increases in student services such as advising and job placement, and increased priority on need-based aid programs to help reach new students in Utah who are not currently planning to attend college.

1) Compensation (75% State Portion)

\$31,611,300

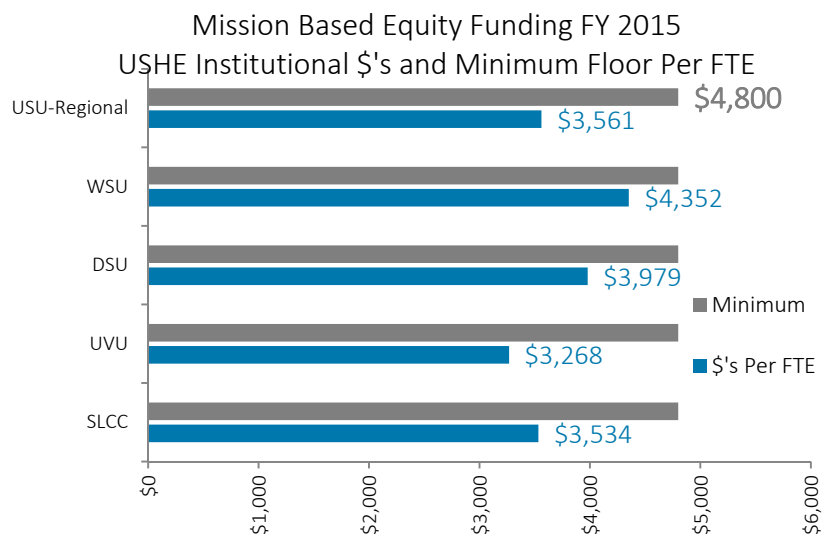
Qualified faculty and staff are key to training college graduates who are the supply chain in today's knowledge economy. Utah colleges and universities compete in an intensely competitive national talent market making compensation a top priority to hire and maintain the best talent for our students. Proposed compensation is detailed in the following areas:

- 3% performance based compensation \$21,128,300
- 9.5% health/dental benefit increases \$ 8,675,600
- Utah State Retirement System (approx. 1/3 of USHE employees) \$ 1,807,400

2) Acute Equity and Capacity (Mission-based Performance Funding)

\$69,705,000

To build capacity to meet the 66 percent goal it is critical the state address the most acute student funding issues. Although each USHE institution receives less in state tax dollars, tuition, or both, than similarly situated institutions, this request focuses on the most acute funding inequities. These institutions face significant capacity limitations which could undermine the 66 percent goal. Funding would be allocated to institutions that have the most acute needs with the objective that Utah resident students should receive similar state support based on institutional mission and student type.



The Board of Regents proposes a **minimum floor of state funding for resident undergraduate students of \$4,800**. The Board intends to follow up in future years to address equity and capacity at all institutions. This year's \$69.7 million request is recommended to be distributed as follows:

Utah Valley University	\$29,429,400	42%
Salt Lake Community College	\$21,714,900	31%
USU Regional Campuses	\$ 7,830,600	11%
Weber State University	\$ 6,200,600	9%
Dixie State University	\$ 4,529,500	7%

3) Distinctive Mission (Mission-based Performance Funding)

\$10,000,000

This funding allows institutions to focus new resources to further statewide strategic priorities in keeping with their own distinct mission. Institutions propose specific plans with objectives to increase participation, improve student completion and/or support economic development. Each initiative includes outcomes and accountability back to the Legislature.

UTAH SYSTEM OF HIGHER EDUCATION BUDGET PRIORITIES (CONTINUED)

4) Performance Based Funding (Increasing productivity and enhancing quality) \$2,000,000

This is to provide on-going funding to replace and build on one-time funding appropriated in 2013-2014. It will provide outcome based funding for core performance measure relating to increasing productivity through improving student completion of degrees/certificates. In 2013-14 specific metrics include:

- 1st year to 2nd year retention
- Increased overall completion
- Increase in graduate education
- Transition from developmental math to college math
- Acceleration in completing General Education Math Requirements

5) Operational Imperatives \$7,047,200

- Ongoing O&M for non-state funded projects approved by Legislature (1/3 of total) \$1,947,200
- U of U Utility Infrastructure \$3,900,000
- Higher Education Technology Initiative (HETI) \$1,200,000

6) Utah System of Higher Education Programs \$7,650,000

- Student Access
 - Regents' and New Century Scholarships – for projected growth: \$6,000,000
 - Success Stipends - Work-study & grants (average award: \$850/student): \$1,000,000
 - Engineering & Computer Science (STEM) Scholarships: \$ 250,000
- Collaborations
 - Tech. Intensive Concurrent Enrollment - Ongoing course maintenance, articulation: \$ 150,000
 - Utah Academic Library Consortium - Database acquisition for use by all institutions: \$ 250,000

STATE INITIATIVES

- Veterinary Medicine & Graduate Programs (USU) \$3,000,000
- Student Access Support & Completion (SLCC) \$3,400,000
- University Implementation (DSU) \$2,500,000
- Rural Superintendents Concurrent Enrollment (Snow) \$1,500,000

CAPITAL DEVELOPMENT PRIORITIZATION

Regents' Priority	Institution & Project	State Funds
1	WSU – New Science Lab Building (STEM)	\$57,400,000
2	Snow – Science Building Addition/Renovation (STEM)	\$18,945,575
3	UU – Crocker Science Center: Thomas Building (STEM)	\$34,000,000
4	USU – Statewide Instructional Initiative (Brigham City, USU Eastern)	\$26,500,000
5	SLCC – CTE Classroom & Learning Resource Space	\$27,000,000
6	DSU – Physical Education/Student Wellness Center	\$13,500,000
7	SUU – New Business Building	\$13,500,000
8	UVU – Performing Arts Building	\$30,000,000

Land Bank Request: DSU - East Elementary School Property \$1,000,000