

MEETING OF THE STATE BOARD OF REGENTS EXECUTIVE COMMITTEE
JANUARY 8, 2007, 1:00 p.m.

VIA TELECONFERENCE:
Toll-free Dial-In Number: (888) 830-6260
Participant Access Code: 569338

AGENDA

1. University of Utah – Approval to Extend, through December 31, 2007, the University’s Option to Purchase the Entrada Ranch
2. College of Eastern Utah/Southeast Applied Technology College Merger

January 8, 2007

MEMORANDUM

TO: Executive Committee, State Board of Regents

FROM: Richard E. Kendell

SUBJECT: University of Utah – Approval to Pay to Extend, through December 31, 2007, the University’s Option to Purchase the Entrada Ranch

Issue

University of Utah officials request approval to extend an option to purchase a property known as Entrada Ranch. The State Board of Regents previously approved, on June 9, 2006, an initial expenditure of \$50,000 for an option to purchase this property.

Background

The University is seeking private funding to purchase this property located approximately 35 miles northeast of Moab, Utah, to be used for future academic and research activities. The University recently received a proposal from an individual who is interested in helping the University by extending the time frame for the University to acquire the necessary private funding. The details of this proposal are included in the attachments to this memorandum. When the University is prepared to propose the actual purchase of the property, the proposal to purchase will come to the Board of Regents for approval.

Recommendation

The Commissioner recommends that the Executive Committee of the State Board of Regents approve expenditure of \$75,000 by the University of Utah to extend the University’s option to purchase the Entrada Ranch.

Richard E. Kendell, Commissioner

REK/MHS
Attachments

Office of the President
January 2, 2006

AGENDA ITEM

ITEM FOR CONSENT

For the meeting of January 8, 2007

RE: Approval to Pay \$75,000 to Extend, through December 31, 2007, the University's Option to Purchase the Entrada Ranch.

The President recommends to the Board of Trustees approval for the University to pay an additional \$75,000 to extend the University's option to purchase the land and appurtenant assets of the property known as Entrada Ranch (the "Property") through December 31, 2007.

BACKGROUND

The Board of Trustees and the State Board of Regents previously approved the expenditure of a total of \$50,000 for an option to purchase the Property. That option expires on January 10, 2007. The University has the right to extend the option for an additional period commencing January 11, 2007 and expiring December 31, 2007 by paying an additional \$75,000 to the seller (which money is non-refundable, but applicable to the purchase price). Pursuant to the terms of the option, (i) the seller will retain a life interest in a small portion of the Property, (ii) any use by the seller that materially interferes with the University's use of the Property for academic, research and teaching purposes is prohibited, and (iii) commercial use of the Property by the seller is also prohibited.

The University recently received a proposal from an individual who is interested in helping the University by extending the time frame within which the University can raise the funds necessary to purchase, improve, and maintain the Property. The proposal is that a company controlled by such individual (the "Assignee") will take an assignment of the University's purchase rights under the option agreement and purchase the Property pursuant to the option agreement for One Million Six Hundred Sixty Thousand Dollars (\$1,660,000) (the "Purchase Price") on approximately December 31, 2007. In exchange, the Assignee would agree to lease the Property to the University for 10 years at \$1 per year and would grant the University a 10-year option to purchase the Property at the Purchase Price.

The University is also seeking approval from the State Board of Regents for the expenditure of this additional \$75,000 to extend the option through December 31, 2007. Prior to the actual assignment to the Assignee of the University's rights under the option agreement, the University will seek approval from the University's Board of Trustees for such assignment. The actual purchase of the Property by the University will remain subject to approval by both the University's Board of Trustees and the State Board of Regents.

January 10, 2007

MEMORANDUM

To: State Board of Regents
From: Richard E. Kendell
Subject: CEU-SEATC Merger

Issue

I have received a copy of a proposed partnership between the College of Eastern Utah and Southeast Applied Technology College that is intended as an alternate to the plan to merge these two institutions, approved by the State Board of Regents in its October 26, 2006 meeting. The development of an alternate plan was provided under a recommendation outlined below:

Should the Commissioner, UCAT President, and CEU President determine to forward a collaborative plan as an alternate to the proposed merger, such plan shall be submitted to the Commissioner's Office no later than December 30, 2006, and forwarded to the Board of Regents for its January 2007 Board meeting.

Recommendation

After reviewing the original study report (The Carlston Study), the cost study prepared in collaboration with CEU and UCAT, and the item-by-item comparison prepared by the Commissioner's staff, I am recommending that the Board of Regents proceed with the proposal to merge the College of Eastern Utah and the Southeast Applied Technology College as determined on October 26, 2006. Below I reiterate the recommendations I made on that date with a few minor adjustments which I have highlighted:

1. The institutional mission of the UCAT campus needs to be a clearly identifiable addition to the mission of the College of Eastern Utah.
2. Procedures and policies, including a line item budget for UCAT funding, should be created in order to ensure UCAT funding as an integral part of the overall CEU budget.
3. A charge should be given to the Commissioner of Higher Education, the President of the College of Eastern Utah, and the President of UCAT to implement and monitor the combining of the institutional missions, to preserve the function and services of the UCAT campus and to advance the mission of the College of Eastern Utah as a comprehensive community college. Benchmarks should be set for current CTE programs, both in SEATC and CEU, and an accountability plan implemented to ensure the advancement of such programs for both secondary and postsecondary students. This should be done in consultation with the President of the Utah College of Applied Technology.

4. Several models were outlined to restructure the administration of the College of Eastern Utah. The final model would be determined by the President, in consultation with the President of UCAT and the Commissioner of Higher Education. CTE programs would be a major focus for CEU's comprehensive community college mission.
5. A transition team, consisting of representatives from CEU, SEATC, the Commissioner's Office, and the regional business community served by CEU, should be formed and charged with developing a detailed plan for the merger of the two institutions, including:
 - a. A plan for the merger of faculty and staff functions, policies and procedures
 - b. A plan for the leveraging of assets to build and support Career and Technical Education in the region
 - c. A plan for transitioning the SEATC Board of Directors into a Career and Technical Education Advisory Board, with representation on the Board of Trustees for both the College of Eastern Utah and the Utah College of Applied Technology
 - d. A plan for articulating credit and non-credit programs

The transition team should be appointed by the Commissioner of Higher Education, in consultation with the UCAT President, CEU President, and SEATC President.

6. The planning for this anticipated change should commence immediately.
7. The State Board of Regents hereby directs Commissioner Kendell, President Thomas, and President Brems to implement the merger of these two institutions and to be effective advocates with the Utah State Legislature, Governor's Office, and other policymakers statewide.

Richard E. Kendell, Commissioner

REK:jc

The Role and Mission of the Comprehensive Community College

January 2007

A comprehensive community college provides people of diverse cultures, abilities and ages open access to quality, affordable higher education and lifelong learning opportunities in order to serve the workforce development needs of employees and employers in business, industry, government and community agencies. This mission is accomplished through an integrated structure of six educational components -- the "six pillars" of a comprehensive community college:

Career and Technical Education

- Credit and non-credit training
- Apprenticeship programs through the associate degree
- Concurrent, tech-prep programs providing high school students an early start for CTE training
- Seamless transfer programs from certificate programs that lead to well articulated 2+2+2 career pathways

General Education and Transfer

- Degree programs that articulate with four-year institutions providing degree and career transferability across multiple content areas
- General education courses that provide basic subject support to many credit, non-credit degree and non-degree programs

Business and Economic Development

- Programs articulated with local and regional workforce needs
- Programs for underemployed workers who need additional training
- Open-entry/open-exit, competency-based measured programs that respond to rapid changes in the workforce
- Programs designed to respond to the individual training needs of new and developing companies
- Specific programs for economically and educationally disadvantaged populations

Adult and Community Education

- Custom Fit and short-term intensive training suited to specific companies
- Continuing education programs for those returning to college for additional training and skills development
- Short-term, non-credit courses and counseling opportunities for small business owners interested in developing, incubating or expanding a new business

Developmental Education

- Open enrollment to all students – open-entry/open-exit programs
- Developmental programs for students requiring assistance with basic skills, e.g., reading comprehension, mathematics, writing, etc.
- Counseling – advising services to students to ensure success
- Major connections to Federal programs to encourage college enrollment and success of economically disadvantaged students

Community Services and Student Learning

- Service learning programs and opportunities
- Volunteer programs
- Community outreach to resolve community challenges/issues

**COLLABORATIVE WORKFORCE TRAINING AT SOUTHEAST APPLIED
TECHNOLOGY COLLEGE AND THE COLLEGE OF EASTERN UTAH**

A REGIONAL PARTNERSHIP MODEL



**COLLABORATIVE WORKFORCE TRAINING AT SOUTHEAST APPLIED
TECHNOLOGY COLLEGE AND THE COLLEGE OF EASTERN UTAH**

A REGIONAL PARTNERSHIP MODEL

On October 26, 2006 the Board of Regents approved the following motion:



**COLLABORATIVE WORKFORCE TRAINING AT SOUTHEAST APPLIED
TECHNOLOGY COLLEGE AND THE COLLEGE OF EASTERN UTAH**

A REGIONAL PARTNERSHIP MODEL

On October 26, 2006 the Board of Regents approved the following motion:

“In order to meet the needs of the southeastern Utah community in the most effective and responsive manner, the mission and function of the Southeast Applied Technology College (SEATC) campus of the Utah College of Applied Technology (UCAT) should be merged with the College of Eastern Utah (CEU), a comprehensive community college. In effect, the missions of both institutions can be preserved and enhanced, and CTE programs can be delivered more effectively.

It is also recommended that the Commissioner, UCAT President, and CEU President proceed with additional cost studies and to involve fully the UCAT Board of Trustees.

Should the Commissioner, UCAT President and CEU President determine to forward a collaborative plan as an alternate to the proposed merger, such plan shall be submitted to the Commissioner’s Office no later than December 30, 2006, and forwarded to the Board of Regents for its January 2007 meeting.”



**COLLABORATIVE WORKFORCE TRAINING AT SOUTHEAST APPLIED
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A REGIONAL PARTNERSHIP MODEL

On December 21, 2006 UCAT President Rob Brems, CEU President Ryan Thomas and USHE Commissioner Rich Kendell met in Price to review a collaborative plan as an alternative to the proposed SEATC-CEU merger.

Also in attendance were Regents Michael Jensen, Josh Reid and Marlon Snow; UCAT Board of Trustees Chair Don Ipson and SEATC Board of Directors Chair Barry Deter.

The following collaborative plan was reviewed:



**COLLABORATIVE WORKFORCE TRAINING AT SOUTHEAST APPLIED
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A REGIONAL PARTNERSHIP MODEL

Objective 1:

SEATC and CEU will be combined into a partnership that will preserve the roles and missions of the existing institutions. The major characteristics of this new partnership will include nine key points:



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A REGIONAL PARTNERSHIP MODEL

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SEATC and CEU will be combined into a partnership that will preserve the roles and missions of the existing institutions. The major characteristics of this new partnership will include nine key points:

A. The names of both institutions will be retained to take advantage of the relationship and markets that have been developed by both institutions



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B. The CTE Regional Planning Model adopted by the Board of Regents in June 2006 will be fully implemented



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A REGIONAL PARTNERSHIP MODEL

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C. SEATC will relocate to the CEU Price campus and future capital development projects relating to SEATC will be included in CEU's capital development requests



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A REGIONAL PARTNERSHIP MODEL

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D. SEATC will continue to participate in all meetings and activities of the Utah College of Applied Technology to ensure the continuity of funding and shared program planning



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E. The SEATC Campus President will continue in that role, will also serve as Vice President for Workforce Development at CEU and will jointly report to the presidents of UCAT and CEU



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F. The SEATC Board of Directors will be enhanced by adding an additional member of the CEU Board of Trustees as an ex-officio member (one CEU Trustee already serves on the SEATC Board as a voting member)



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G. The CEU Board of Trustees will add the SEATC Board of Directors Chair and the SEATC Representative to the UCAT Board of Trustees as ex-officio members



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Objective 1:

SEATC and CEU will be combined into a partnership that will preserve the roles and missions of the existing institutions. The major characteristics of this new partnership will include nine key points:

H. The SEATC Campus President / CEU Workforce Development Vice President will participate fully in appropriate CEU, UCAT and SEATC meetings



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A REGIONAL PARTNERSHIP MODEL

Objective 1:

SEATC and CEU will be combined into a partnership that will preserve the roles and missions of the existing institutions. The major characteristics of this new partnership will include nine key points:

- I. Short-term, non-credit, competency-based, open-entry, open-exit programs will be continued under the direction of the SEATC Campus President / CEU Workforce Development Vice President**



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Objective 2:

The new partnership will work to identify all economic efficiencies that can be achieved through eliminating duplicate positions, duplicate costs for software licenses, duplicate travel and other current duplicated expenditures that might be eliminated through a regional partnership model.



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Objective 3:

The new partnership will combine all business office functions, IT services, HR Services, Disability Services, Testing, Records, Financial Aid, Institutional Research and other areas where specialized training is required, to ensure, wherever possible, that the scale of the partnership will allow for a full-time personnel focus.



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Objective 4:

The new partnership will function during the remainder of the 2006-07 fiscal year and through the 2007-08 fiscal year under the terms of this cooperative agreement between the UCAT and CEU presidents, SEATC Board of Directors, CEU Board of Trustees, UCAT Board of Trustees and the Utah State Board of Regents.



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Objective 5:

Reports will be made by the UCAT and CEU presidents to the four boards during November and December 2007 to determine if additional processes should be considered, and if modifications to Utah Code should be considered by the 2008 Utah State Legislature.



**COLLABORATIVE WORKFORCE TRAINING AT SOUTHEAST APPLIED
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A REGIONAL PARTNERSHIP MODEL

Projected Cost Savings:

•SEATC's current lease expenditure of \$55,000 per year will be paid to CEU for equivalent classroom, lab and office space on the CEU campus. If expansion of SEATC space is required, additional lease costs will be paid by SEATC to CEU.

CEU Budget Change:	+\$55,000
SEATC Budget Change:	No Change



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Projected Cost Savings:

•SEATC’s current accounting staff will be located within the CEU financial office to handle all SEATC purchasing, motor pool and accounting functions. To maintain a full-time personnel focus, the SEATC staff member (paid from SEATC resources) may also be assigned related accounting duties for CEU.

CEU Budget Change: +\$32,500 (est)

SEATC Budget Change: no change



**COLLABORATIVE WORKFORCE TRAINING AT SOUTHEAST APPLIED
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A REGIONAL PARTNERSHIP MODEL

Projected Cost Savings:

- SEATC’s current human resource staff will be located within the CEU human resource office to handle all SEATC HR functions. To maintain a full-time focus, the SEATC staff member (paid from SEATC resources) may also be assigned related HR duties for CEU.

CEU Budget Change: +\$32,500 (est)

SEATC Budget Change: no change



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Projected Cost Savings:

•SEATC's current financial aid functions are performed through a consortium of the Mountainland, Southwest, Dixie and Southeast ATCs. SEATC may be able to withdraw from the consortium and redirect the current \$15,000 per year expenditure to support SEATC financial aid functions within the CEU financial aid office.

CEU Budget Change: +\$15,000

SEATC Budget Change: no change



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Projected Cost Savings:

- Current SEATC and CEU travel expenses may be duplicated. Estimated travel savings will benefit each institution.**

CEU Budget Change: +\$20,000 (est)

SEATC Budget Change: +\$20,000 (est)



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Projected Cost Savings:

•Other miscellaneous SEATC and CEU expenses may be duplicated and an estimated 2.0 FTE instructional capacity at CEU may be captured to benefit SEATC courses. The savings will benefit each institution.

CEU Budget Change: +\$35,000 (est)

SEATC Budget Change: +\$130,000 (est)



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Summary of Projected Cost Savings:

	<u>SEATC</u>	<u>CEU</u>	<u>Total</u>
Lease Costs	no change	+\$55,000	+\$55,000
Accounting/Purchasing/Motor Pool	no change	+\$32,500	+\$32,500
Human Resources	no change	+\$32,500	+\$32,500
Financial Aid Services	no change	+\$15,000	+\$15,000
Travel Savings	+\$20,000	+\$20,000	+\$40,000
Other Miscellaneous Savings	+\$130,000	+\$35,000	+\$165,000
Total Savings	+\$150,000	+\$190,000	+\$340,000

(Commissioner Kendell's Office estimates savings at \$237,300)



On January 3, 2007, an alternative CEU/SEATC proposal was presented by President Rob Brems to the UCAT Board of Trustees. The alternative proposal proposed that both SEATC and CEU maintain their unique identity through a partnership relationship rather than a formal merger between the two institutions. The alternative proposal also included an initial cost analysis suggesting how the partnership may result in financial benefits to both institutions. However, the alternative proposal as presented does not acknowledge the services that CEU is currently providing to SEATC at no charge. The UCAT cost analysis is one that examines what current SEATC resources are being expended to support in house operational functions. The partnership agreement suggests that the SEATC resources (financial and FTE) be sent to CEU to help provide the SEATC services.

If Regents and Legislators choose not to merge the two institutions and SEATC was to remain independent, SEATC would need to increase its administrative and lease expenditures by approximately \$152,300 to cover the costs of current services provided by CEU at no charge. This would result in the need for SEATC to perform some internal reallocation. The costs incurred by CEU associated with providing operational services to SEATC would be the same under either model, a partnership or merger.

Lease Costs

SEATC currently pays \$55,000 to a third party for space in Price Utah. The proposal suggests that this amount would be transferred to CEU to pay for office, classroom, and lab space equivalent to what is currently being leased.

There is a current cost of \$40,000 for classroom space being used by the SEATC on the CEU campus not currently recognized in the alternate proposal. The total cost to SEATC if the institutions remain separate would be approximately **\$95,000**.

Accounting, Motor Pool, Purchasing

SEATC is currently paying \$32,500 for a part-time accountant. These funds and FTE would be transferred to CEU to support the business functions necessary for the SEATC.

The total cost incurred by CEU to support motor pool, purchasing, and other accounting and business office responsibilities is approximately \$102,800. The total cost to SEATC if the institutions remain separate would be approximately **\$135,300**.

Human Resources

SEATC is currently paying \$32,500 for a part-time human resource assistant. These funds and FTE would be transferred to CEU to support the human resource functions necessary for the SEATC.

CEU is currently providing human resource services equivalent to approximately \$9,500 per year to SEATC above and beyond what SEATC is currently providing in house. SEATC is currently not paying for the services. The total cost to SEATC if the institutions remain separate would be approximately **\$42,000**.

Financial Aid Support

SEATC is currently paying MATC \$15,000 for services related to financial aid for students. These funds would be transferred to CEU to provide similar services.

This would be a legitimate transfer of funds currently being expended by SEATC to support student financial aid services not currently being provided by CEU. The total cost to SEATC if the institutions remain separate would be approximately **\$15,000**.

Travel

The alternative proposal suggests that a partnership between the two institutions would result in a savings of \$40,000 in travel expenditures. This would be as a result of being able to send one person to represent both institutions on trips throughout the state.

Other Miscellaneous Savings

SEATC and CEU currently share faculty members. SEATC hires CEU faculty on a part-time basis to teach non-credit courses. By partnering, SEATC has agreed to send CEU \$130,000 to enhance existing faculty contracts to include the overload requirements of teaching SEATC courses.

Travel expenditures were not reviewed in the initial cost analysis as CEU currently is not incurring travel costs on behalf of SEATC. Any associated savings as a result of the partnership would also be realized as a result of the merger.

The alternate proposal suggests savings could be realized by more efficiently using CEU faculty to support SEATC courses (that they are already teaching). Any associated savings as a result of the partnership would also be realized as a result of the merger.

Cost Impacts of an SEATC/CEU Merger

In 2001, the Utah Legislature created the Utah College of Applied Technology to offer “post-secondary and extra-secondary applied technology education”¹ throughout the state. UCAT institutions programs were to be targeted toward non-credit short term training programs.

Beginning with the 2002 fiscal year, funding that had flowed to applied technology service regions was enhanced and directed toward UCAT and the newly created regional campuses.

CEU/SEATC Funding since UCAT Creation

SEATC							Change
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 03-07
State Appropriations							
Tax Funds	\$778,700	\$731,700	\$818,900	\$875,900	\$934,400	\$1,263,700	62.3%
Dedicated Credits		153,100	153,100	171,000	171,000	190,000	24.1%
One Time	93,929			7,000			
Total Ongoing	<u>\$872,629</u>	<u>\$884,800</u>	<u>\$972,000</u>	<u>\$1,053,900</u>	<u>\$1,105,400</u>	<u>\$1,453,700</u>	66.6%
		1%	10%	8%	5%	32%	
<i>Enrollment</i>							
Secondary FTE	65	51	71	56	54		
PostSecondary FTE	64	61	92	134	100		
Total FTE	<u>129</u>	<u>112</u>	<u>163</u>	<u>190</u>	<u>154</u>		
CEU							
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 03-07
State Appropriations							
Tax Funds	\$12,039,000	\$12,135,000	\$12,468,000	\$12,858,000	\$13,732,400	\$14,099,100	17.1%
Dedicated Credits	2,720,000	2,595,000	2,735,000	2,853,000	3,002,000	3,259,000	19.8%
Total Ongoing	<u>\$14,759,000</u>	<u>\$14,730,000</u>	<u>\$15,203,000</u>	<u>\$15,711,000</u>	<u>\$16,734,400</u>	<u>\$17,358,100</u>	17.6%
		-0.2%	3.2%	3.3%	6.5%	3.7%	
<i>Enrollment</i>							
Budget Related FTE	2,140	2,058	1,926	1,889	1,674		

Although each UCAT regional campus received direct funding and an advisory board of directors, the traditional USHE institutions were called on in statute to serve as a fiscal agent for the smaller UCAT campuses:

- (6) Before acquiring new fiscal and administrative support structures, a college campus shall;
 - (a) review the use of existing public or higher education administrative and accounting systems, financial record systems, and student and financial aid systems for the delivery of applied technology education in the region;
 - (b) determine whether it is feasible to use those existing systems; and
 - (c) with the approval of the campus board of directors and the board of trustees, use those existing systems.²

¹ UCA 53B-2a-106(1)

² UCA 53B-2a-112(6)

This requirement to share resources was intended to take advantage of economies of scale possessed by colleges. Since the local colleges already operated core functions (i.e., accounting, purchasing, human resources), the newly formed UCAT campuses could focus more funds on instruction while the added workload associated with the new colleges fell to the traditional college partner institution. This arrangement created financial burdens for all institutions, however small schools were particularly affected. For a small school such as CEU, this means an increase of effort and cost of approximately ten percent with no additional financial support.

In FY 2006 the College of Eastern Utah and the Southeast Applied Technology College combined to spend approximately \$17.3 million to provide educational services.

FY 2006 Actual	SEATC	CEU	Total
Tax Funds	\$934,400	\$13,137,500	\$14,071,900
Dedicated Credits	131,586	2,684,764	2,816,350
Other Income	323,964	6,547	330,511
Fund Balance	48,962		48,962
Total Ongoing	\$1,438,912	\$15,828,811	\$17,267,723
Appropriated FY 2006	\$1,105,400	\$16,734,400	\$17,839,800
Actual/Approp. Difference	\$333,512	(\$905,589)	(\$572,077)
FTE Employees	18.28	179.89	198.17

Source: USHE Sideways Sheets and A1 Actual Report

The table above shows that the SEATC as appropriated would amount to 6.6% of the CEU budget. After final enrollments were counted and tuition collected, the reality was that the SEATC budget was equivalent to nine percent of the CEU budget while SEATC's full time staff was equivalent to ten percent of CEU's staff. While the cost to SEATC to add a full administrative arm would have required substantial investment, the burden was no less significant on the College of Eastern Utah whose accounting department was found to be "understaffed compared to similar sized colleges."³

Cost Benefit Scenarios for the Southeast Region

The table below shows just a quick summary of administrative costs associated with the College's performance as the fiscal agent for SEATC. If SEATC were to perform these functions with its own employees, it could conservatively expect to pay more than \$300,000 just in personnel costs and another \$40,000 for facility rental. The estimate assumes only three staff members in accounting and two employees in human resources that would have to manage all hiring in addition to payroll. If CEU were to bill SEATC for services, it would not be unreasonable to expect at least \$152,300 per year as minimal reimbursement for services. The costs shown to CEU are estimated based on the size of SEATC's budget, student size and employee count.

³ Utah State Auditor (August 29, 2005). Management Letter No. 04-46, p. 4.

	SEATC Silo	Status Quo	Single Institution
Actual Expenditures	\$1,438,912	\$15,828,811	\$17,267,723
<i>Value Added Services (Costs)</i>			
Purchasing	45,000	(22,000)	
Motor Pool	6,000	(5,800)	
Human Resources	95,000	(9,500)	
Accounting Staff / Bus. Office	165,000	(75,000)	
Classroom Facilities	40,000	(40,000)	
Total Value Added Svcs (Costs)	\$351,000	(\$152,300)	\$0

There are actual costs associated with CEU providing fiscal agent services to SEATC (column 2 above.) CEU can no longer provide these services without reimbursement. If SEATC chooses to move to a stand-alone structure the costs would be at least double of what could be reasonably billed by CEU (column 1 above). If the Regents and Legislature seek to maximize efficiency, the two institutions should be brought under one roof.

In addition to the economic efficiencies that could be achieved through eliminating duplicate positions in a single, integrated institution, there are duplicate costs for software licenses, duplicate travel and other current duplicated expenditures that might be eliminated through an integrated model.

Finally, while there are strong evidences of collaboration and cooperation between CEU and SEATC, there are some compelling issues dealing with patterns of institutional effectiveness that can be observed at smaller institutions across the country should be taken into account in an evaluation of the wisest course of action for Southeastern Utah.

In relatively small rural communities like Price and Blanding, the ability to hire qualified staff with specialized training is much more difficult than in a larger urban setting. However, many of the standards by which an institution is measured are the same whether the institution is located in Salt Lake City or in Blanding. For example, whether an institution is large or small, urban or rural, it needs to have a qualified controller to meet GASB accounting standards. Even if an institution only needs a percentage of such an employee's time, the institution must hire a full-time employee in order to recruit a qualified individual to fill such a role. The tendency, when a small institution has a high cost individual who is not fully utilized, is to add unrelated administrative tasks to fill their unused time. Such practices typically divert attention from an individual's ability to fill a specialized role and, all too often, result in a situation where none of the roles are filled effectively, even though the employee would have been effective, had they focused on the specialized role for which they were primarily hired. This problem surfaces in smaller institutions across the country not only in business offices, but also in IT services, HR services, Disability Services, Testing, Records, Financial Aid, Institutional Research and other areas where specialized training is required to fill roles but the scale of the institution does not allow for a full-time focus.

This pattern is not a matter of institutional good will or effort; on the contrary, it often occurs in a setting where individuals because of their good will attempt to take on more

than can realistically be accomplished. The simple reality of increased scale allows for specialization to occur with a resulting increase in institutional effectiveness. It is very likely that these patterns would play out in a combination of resources in Southeastern Utah. The two institutions, both currently sustained by good will and collaboration, could, simply by reason of increased size, enjoy increased institutional effectiveness through the increased specialization that the additional scale would allow them to achieve.

Regents should also consider the impact of capital development needs as part of the future costs of education in the region. SEATC master plan demonstrates intentions to build a SEATC campus next to every high school in southeastern Utah, resulting in the addition of more than 20,000 square feet at a cost of approximately \$4.5 million over the next five years. Utah statute 53B-2A-112 states that:

- (5) (a) Before submitting a funding request pertaining to new capital facilities and land purchases to the Utah College of Applied Technology, a college campus shall:
 - (i) ensure that all available instructional facilities are maximized in accordance with Subsections (4)(a) through (c); and
 - (ii) coordinate the request with the president of a higher education institution, if applicable.⁴

CEU currently has capacity to serve SEATC students without additional facility construction on either the Price or Blanding Campus. CUE currently has the highest square footage to student ration in the State. CEU can also work toward shared space to serve high school students in Emery and Grand counties.

⁴ UCA 53B-2a-112(5)

CEU/SEATC Merger	
Proposed Partnership	Proposed Merger
Issue	Response
<p>Objective 1: SEATC and CEU will be combined into a <u>partnership</u> that will preserve the roles and missions of the existing institutions. The major characteristics of this new partnership will include <u>nine</u> key points.</p>	<p>The Carlston Report provides two models for a possible Merger between the two institutions. The preferred model would create a Major Division for all for the Career and Technical Education activities now offered at the SEATC, with a reporting structure at the Vice President level.</p>
<p>A. The <u>names of both institutions will be retained</u> to take advantage of the relationship and markets that have been developed by both institutions.</p>	<p>A. This approach would create some confusion with two identities – a merger provides an opportunity to create a common identity and unified focus. More of an opportunity than challenge.</p>
<p>B. The <u>CTE Regional Planning Model</u> adopted by the Board of Regents in June 2006 will be fully implemented.</p>	<p>B. The Regional Planning Model is simplified by the merger because there is one institution rather than two –This approach would provide a simplified front to the business community and other constituents.</p>
<p>C. <u>SEATC will relocate to the CEU Price campus</u> and future capital development projects relating to SEATC will be included in CEU’s capital development requests.</p>	<p>C. The co-location of facilities is essentially a major theme of a merger. The co-location provides access to the full resources of a comprehensive community college from food services to recreational opportunities. CEU is a key community asset - all students should have access to these resources..</p>
<p>D. <u>SEATC will continue to participate in all meetings and activities of the Utah College of Applied Technology</u> to ensure the continuity of funding and shared programs.</p>	<p>D. Clearly the chief CTE officer of CEU should maintain ties with UCAT, perhaps with the president’s Council or Board of Trustees meetings as needed.</p>

<p>E. The SEATC Campus President will continue in that role, <u>will also serve as Vice President for Workforce Development at CEU</u> and will jointly report to the presidents of UCAT and CEU.</p>	<p>E. There is a significant problem with dual reporting. Traditionally, dual reporting is avoided by organizations since it is cumbersome, confusing, and generally unworkable.</p>
<p>F. The <u>SEATC Board of Directors will be enhanced</u> by adding an additional member of the CEU Board of Trustees as an ex-officio member (one CEU Trustee already serves on the SEATC Board as a voting member.</p>	<p>F. The Joint Vocational Advisory Council exists currently. Such a council could be restructured with members of the SEATC Board of Directors. The Advisory Committee would give general advice and direction to all CTE activities in the service delivery area.</p>
<p>G. The CEU Board of Trustees will add the SEATC Board of Directors Chair and the SEATC Representative to the UCAT Board of Trustees as ex-officio members.</p>	<p>G. The chair of the Joint Vocational Advisory Council and one other member elected by the council would serve as ex-officio members of the CEU Board of Trustees.</p>
<p>H. The SEATC Campus President / CEU Workforce Development Vice President will participate fully in appropriate CEU, UCAT and SEATC meetings</p>	<p>H. This plan is well intended but a complicated approach. The chief CTE official (vice president) should function as any other vice president to focus on students, programs, and the local/regional economy. There should be less time on meetings/coordination and more time on productivity. This individual would participate in appropriate meetings to make sure coordination is taking place.</p>
<p>I. Short-term, non-credit, competency-based open-entry, open-exit programs will be continued under the direction of the SEATC Campus President / CEU Workforce Development Vice President.</p>	<p>I. The model suggested in the Carlston report recommended this action. These training characteristics are supported and enhanced by a merger.</p>

Objective 2:		
<p>The new partnership will work to identify all economic efficiencies that can be achieved through eliminating duplicate positions, duplicate costs for software licenses, duplicate travel and other current duplicated expenditures that might be eliminated through a regional partnership model.</p>		<p>This objective confirms the basic point that one institution can maximize administrative efficiencies. SEATC does not have the resources to support needed administrative services. At the same time CEU cannot continue to subsidize SEATC. A merger will allow for optimizing resources.</p>
Objective 3:		
<p>The new partnership will combine all business office functions, IT services, HR Services, Disability Services, Testing, Records, Financial Aid, Institutional Research and other areas where specialized training is required, to ensure, wherever possible, that the scale of the partnership will allow for a <u>full-time personnel focus</u>.</p>		<p>The merger will optimize all of the services listed. Additionally, a merger brings two important advantages: 1) CEU is fully accredited and a merger would resolve the accreditation problems facing SEATC. 2) As a consequence of full accreditation SEATC students would have full access to federal financial aid, currently not available to SEATC students. Moreover, students would have access to a full range of training possibilities, short term, long term, credit, non-credit and access to full career pathways, which is much better for career mobility.</p>
Objective 4:		
<p>The new partnership will function during the remainder of the 2006-07 fiscal year and through the 2007-08 fiscal year under the terms of this <u>cooperative agreement between the UCAT and CEU presidents, SEATC Board of Directors, CEU Board of Trustees, UCAT Board of Trustees and the Utah State Board of Regents</u>.</p>		<p>The clear benefits of a merger outweigh any benefit of delaying this major decision.</p>

Objective 5:		
<p><u>Reports will be made by the UCAT and CEU presidents to the four boards during November and December 2007 to determine if additional processes should be considered, and if modifications to Utah Code should be considered by the 2008 Utah State Legislature.</u></p>		<p>Multiple lines of reporting, a complex set of coordinating meetings and reporting responsibilities to four boards is simply too cumbersome to work effectively.</p>