

Budget Brief – Utah Education Network

UEN-1

SUMMARY

The Utah Education Network (UEN), a partnership of Utah’s public and higher education institutions, delivers distance learning educational services statewide. It operates public television station KUEN-9, provides closed circuit two-way video services, and connects state computer networks to each other and the Internet. Its mission is to “provide the citizens of Utah access to the highest quality, most effective instructional experiences, administrative support services, library services, student services, and teacher resources regardless of location or time.”

BASE BUDGET ISSUES

Network Infrastructure

For the several past years, UEN’s top priority has been increasing network capacity and reliability and this continues in FY 2009. UEN has sought to develop the network capacity for middle and high schools in Utah and, more recently, for elementary schools. UEN has leveraged state appropriations with the federal E-Rate program at a ratio of nearly two federal dollars for each state dollar and made it possible to connect schools, universities, and state government to each other and the Internet through developing long-term contracts with local telecommunications providers.

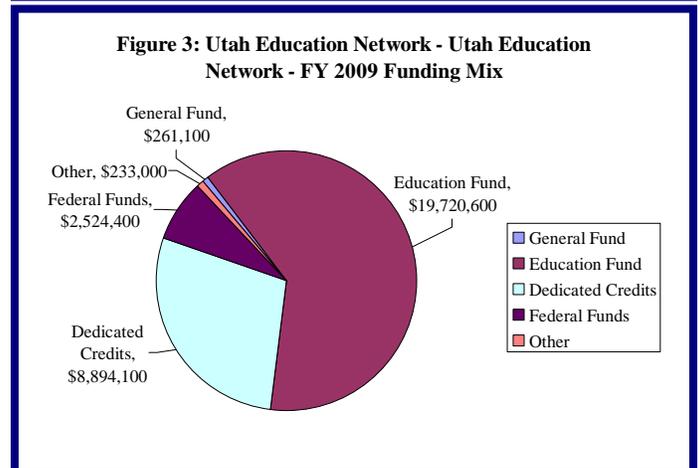
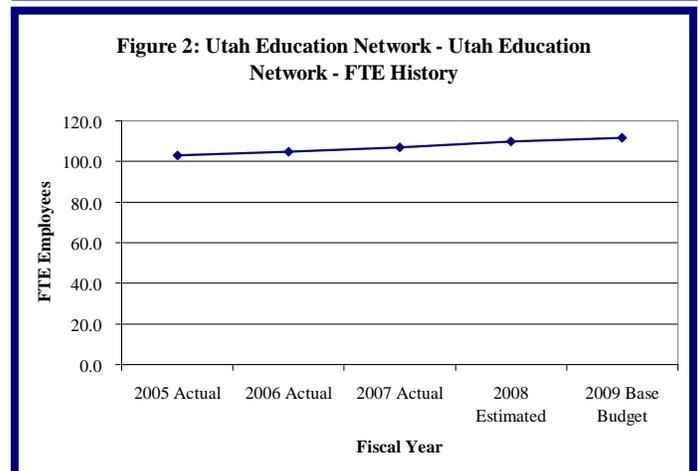
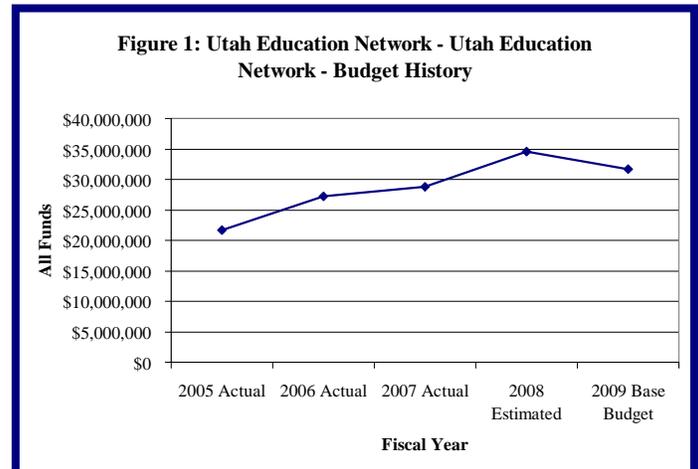
The Legislature has provided a total of \$10.7 million for this initiative to date. Of that amount, \$3.6 million is ongoing and included in UEN’s FY 2009 base budget. Legislators appropriated an additional \$1.5 million ongoing for this purpose during the 2007 General Session. A schedule of appropriations for network infrastructure is shown below.

	FY 2005	FY 2006	FY 2007	FY 2008
Ongoing	400,000	800,000	2,100,000	3,600,000
One-time	400,000	1,500,000	1,500,000	
	<u>\$800,000</u>	<u>\$2,300,000</u>	<u>\$3,600,000</u>	<u>\$3,600,000</u>

Table 1

This year, UEN is seeking to increase the capacity of key backbone circuits from 1 to 10 gigabits in order to accommodate rising levels of network traffic. Capacity levels for some of these have reached near 100% on a regular basis. Due to network infrastructure already being in place, the cost to the State to increase bandwidth capacity on five overloaded circuits will be very modest.

Recommendation: The Analyst recommends \$200,000 one-time and \$200,000 ongoing for UEN Network Backbone Enhancement of five circuits for the subcommittee’s priority list.



UEN Content Management for the University of Utah

Most USHE institutions and the Utah Electronic High School utilize course management systems that are centrally hosted by UEN. By using the system through UEN, USHE institutions are able to cut expenditures that would otherwise be higher if they were using a private or independent system of hardware, software and technical staff support. Instead, UEN is able to provide a more cost-effective system for the higher education institutions and support the increasing number of students and faculty that rely heavily on the UEN hosted Course Management System, which connects them via the Internet to each other, instructors, learning activities, research materials and other resources.

UEN is requesting a one-time appropriation of \$200,000 to purchase the required equipment for supporting the University of Utah in addition to those institutions that it already supports. The monies would be utilized for enhancement of processing ability and storage capacity.

Recommendation: The Analyst recommends a one-time appropriation of \$200,000 for the Subcommittee's priority list to UEN for upgrades that will provide the Course Management System to the University of Utah via the same network as other USHE institutions.

UEN Disaster Recovery Improvements

Because the Utah Education Network has become such an extensive provider of services to many institutions throughout the state, preparation in advance for recovery of systems is vital to maintain continuity of operations. UEN is requesting \$380,000 one-time appropriation for necessary storage capacity at the Richfield Data Center. If a disaster interrupts normal operating activities, the storage equipment ensures continuity and fast recovery of services, including recovery of vital government data for state agencies and education institutions.

Recommendation: The Analyst recommends a one-time appropriation of \$380,000 for the Subcommittee's priority list to UEN for providing needed storage capacity at the Richfield Data Center.

Elementary and Charter School High Speed Network

For almost 15 years, UEN has provided network and Internet connectivity for secondary and tertiary education institutions. At this point, all secondary schools are now linked to the UEN network and the Internet. Historically, local school districts have had responsibility for connecting elementary schools to UEN hubs that were nearest to their facility. Unfortunately, this arrangement has not assured that every school was connected due to the problem of some projects being too expensive for some districts. UEN has most often been able to secure bids for connecting elementary schools that were far lower priced than that received by the districts. This is in large part due to UEN's building the network backbone and developing long-term contracts for better pricing with local telecommunications providers.

At present, only about one-half of elementary schools have network connectivity comparable to the capacity in high schools. About half of the elementary schools and 54 of the 58 charter schools are connected through copper T-1 lines, which do not create near the capacity or reliability needed by schools to support the intensive technology required by recent instructional content improvements. Additionally, these lines will not support the move toward computer-based testing that has been sought for FY 2009 in elementary and secondary schools.

UEN is proposing to undertake a three-year project that will ensure all 501 elementary schools and 58 charter schools will receive necessary upgrades for connectivity purposes. In FY 2009, UEN intends with their budget request to upgrade approximately 150 elementary schools and 20 charter schools. If the Legislature approves the one-time and ongoing funds, UEN will be able to leverage \$1.4 million federal E-Rate funds to apply to the projects. Doing so would bring a two-to-one ratio of federal to state dollars.

Recommendation: The Analyst recommends \$500,000 one-time and \$700,000 ongoing funding for the Subcommittee's priority list to UEN for the elementary and charter school network upgrades.

Accountability

In FY 2008, UEN is tracking three performance measures and associated targets:

- Network Reliability
- Headcount in Higher Education Technology Delivered Instruction
- Visitors to UEN’s Top Twenty-Five Web Sites

These measures are intended to reflect UEN’s progress in achieving three goals: providing a robust and accessible network (measure 1), making instruction available through distance education (measure 2), and providing useful content to students and teachers (measure 3).

Figures five through seven, to the right, document UEN’s performance toward achieving those goals. Targets set for each are compared with actual achievement for each of UEN’s measures. The Legislature and its staff recognize that these measures are not directly related to funding levels, but agree that they are useful measures for use in public policy decision making.

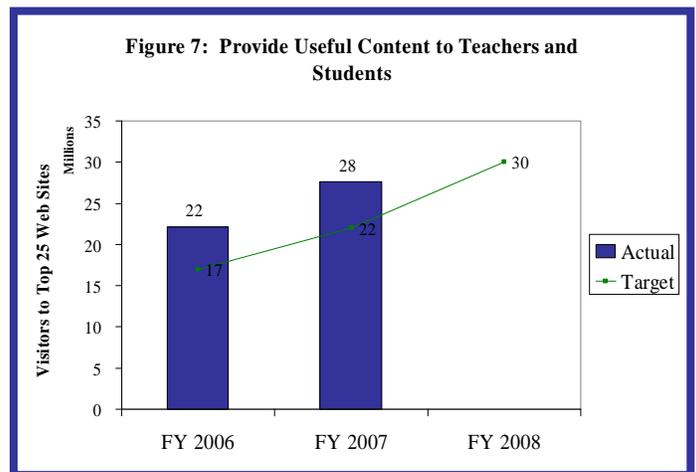
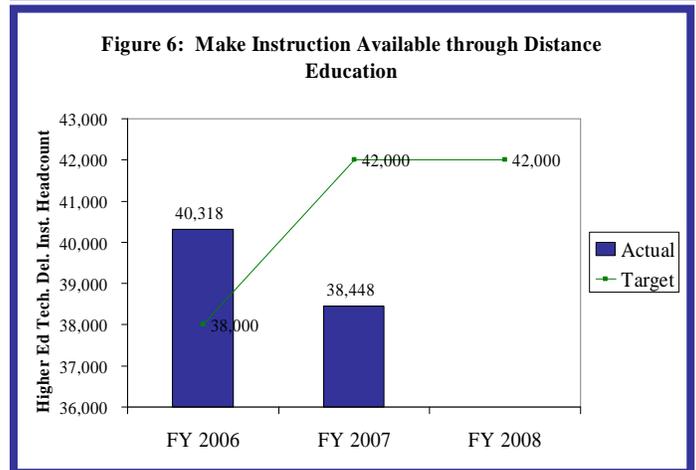
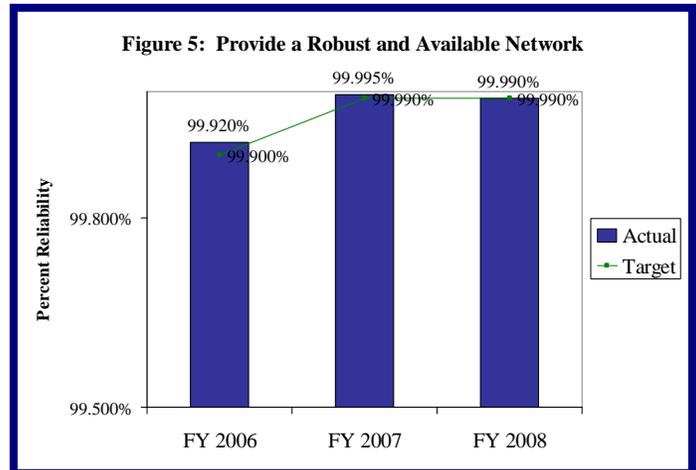
BUDGET DETAIL

As shown in Figure 1, page 1, UEN’s budget has grown at an average of 15% per year from FY 2005 through FY 2008 with a slight dip from FY 2008 revised estimates to the FY 2009 base budget. UEN’s FY 2009 base budget appears to fall by around 9% in FY 2009 due to the elimination of one-time appropriations. UEN’s Full-time Equivalents, shown historically in table two, have increased by about 2% per year for the past three years.

For details on UEN’s budget see page 129 (Chapter 14) of the Higher Education Subcommittee’s Compendium of Budget Information for the 2008 General Session.

Budget Recommendation

As shown in the following Budget Detail Table, the Analyst recommends \$31,633,200 be approved for the UEN base budget in fiscal year 2009. Other recommendations are summarized under “Legislative Action” below.



LEGISLATIVE ACTION

This section summarizes what actions might be taken if the Legislature wishes to adopt the Analyst's recommendations as contained in this brief. The Analyst recommends that the Legislature consider the following:

1. Prioritize \$200,000 one-time and \$200,000 ongoing for UEN Network Backbone Enhancement.
2. Prioritize a one-time appropriation of \$200,000 to UEN for upgrades that will provide the Course Management System to the University of Utah.
3. Prioritize a one-time appropriation of \$380,000 to UEN for providing needed storage capacity at the Richfield Data Center.
4. Prioritize \$500,000 one-time and \$700,000 ongoing funding to UEN for the elementary and charter school network upgrades.

The Subcommittee may wish to create a priorities list for building block items, to be discussed separately.

BUDGET DETAIL TABLE

Utah Education Network - Utah Education Network						
Sources of Finance	FY 2007 Actual	FY 2008 Appropriated	Changes	FY 2008 Revised	Changes	FY 2009* Base Budget
General Fund	261,100	261,100	0	261,100	0	261,100
Uniform School Fund	0	14,506,000	0	14,506,000	0	14,506,000
Uniform School Fund, One-time	12,824,000	640,000	0	640,000	(640,000)	0
Education Fund	15,768,900	5,214,600	0	5,214,600	0	5,214,600
Education Fund, One-time	(8,224,000)	705,000	0	705,000	(705,000)	0
Federal Funds	9,844,900	13,492,000	(10,967,600)	2,524,400	0	2,524,400
Dedicated Credits Revenue	710,100	170,900	7,589,700	7,760,600	1,133,500	8,894,100
Transfers	134,000	125,200	(92,200)	33,000	0	33,000
Other Financing Sources	18,300	0	133,500	133,500	(133,500)	0
Beginning Nonlapsing	435,800	80,000	2,745,300	2,825,300	(2,625,300)	200,000
Closing Nonlapsing	(2,921,800)	(80,000)	80,000	0	0	0
Total	\$28,851,300	\$35,114,800	(\$511,300)	\$34,603,500	(\$2,970,300)	\$31,633,200
Programs						
Administration	1,917,700	2,082,700	(60,900)	2,021,800	0	2,021,800
Operations and Maintenance	402,600	156,700	806,700	963,400	0	963,400
Public Information	359,000	370,000	12,900	382,900	0	382,900
KUEN Broadcast	587,300	813,200	297,900	1,111,100	(400,000)	711,100
Technical Services	19,703,900	26,539,000	(890,300)	25,648,700	(1,705,300)	23,943,400
Internet Protocol Video Project	2,592,500	1,065,000	0	1,065,000	(865,000)	200,000
Instructional Services	3,288,300	2,978,200	432,400	3,410,600	0	3,410,600
Instructional Delivery	0	1,110,000	(1,110,000)	0	0	0
Total	\$28,851,300	\$35,114,800	(\$511,300)	\$34,603,500	(\$2,970,300)	\$31,633,200
Categories of Expenditure						
Personal Services	7,955,800	8,724,700	917,300	9,642,000	272,000	9,914,000
In-State Travel	151,500	167,800	19,300	187,100	0	187,100
Out of State Travel	274,600	373,900	(12,300)	361,600	0	361,600
Current Expense	1,927,200	1,636,000	959,600	2,595,600	0	2,595,600
DP Current Expense	13,655,400	14,665,500	1,833,600	16,499,100	70,500	16,569,600
DP Capital Outlay	4,788,400	9,362,000	(5,398,900)	3,963,100	(2,202,800)	1,760,300
Capital Outlay	98,400	184,900	60,100	245,000	0	245,000
Other Charges/Pass Thru	0	0	1,110,000	1,110,000	(1,110,000)	0
Total	\$28,851,300	\$35,114,800	(\$511,300)	\$34,603,500	(\$2,970,300)	\$31,633,200
Other Data						
Budgeted FTE	107.0	103.0	7.0	110.0	1.8	111.8
Vehicles	10.0	10.0	0.0	10.0	0.0	10.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.