

(Draft – Awaiting Formal Approval)
**MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE**
Room 210 East Senate Building, State Capitol Complex
February 11, 2015

Members Present: Sen. Stephen H. Urquhart, Co-Chair
Rep. Keith Grover, Co-Chair
Rep. Jon E. Stanard, House Vice Chair
Sen. Jim Dabakis
Sen. Ann Millner
Sen. Aaron Osmond
Sen. Howard A. Stephenson
Sen. Jerry W. Stevenson
Sen. Evan J. Vickers
Rep. Fred C. Cox
Rep. Jon Cox
Rep. Jack R. Draxler
Rep. Don L. Ipson
Rep. Daniel McCay
Rep. Kay L. McIff
Rep. Carol Spackman Moss
Rep. Mark A. Wheatley

Members Absent: Rep. Kim Coleman

Staff Present: Mr. Spencer Pratt, Fiscal Manager
Ms. Angela Oh, Economist/Statistician
Ms. Lorna Wells, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

1. Call to Order

Co-Chair Grover called the meeting to order at 8:06 a.m.

2. Requests for Appropriation

a. Occupational Safety & Health – U of U (Mayne) \$150,000 1X

Sen. Mayne presented this one-time budget request of \$150,000 for an undergraduate program at the U of U in Occupational Safety and Health. Mr. Dennis Lloyd, Senior Vice President, Worker's Compensation Fund, explained the request. He distributed some handouts describing the great need for students with these qualifications.

b. South Fence – SLCC (Mayne) \$250,000 1X

Sen. Mayne introduced Mr. John Taylor, Taylorsville City Administrator, who explained that several years ago a promise was made to install a fence between the south side of the SLCC

Taylorville campus and neighboring homes to create a buffer zone. This is a proposal with cooperation from Taylorville City and SLCC requesting \$250,000 one-time to complete the project. Mayor Larry Johnson stated that the residents in the area have been very patient for the past 18 years, but the growth of the college has brought this request to the forefront.

c. Assistive Technology – USU (Redd) \$194,000 1X

Rep. Redd introduced Storee Powell and Sachin Pavithran. Mr. Pavithran said the assistive technology program at USU helps individuals with disabilities become more independent. He explained that this request would be used to fabricate equipment uniquely designed for individuals with special needs. The budget request for \$194,000 one-time is to pilot the program in the Uintah Basin area, where there is a great demand. Ms. Powell reported that the lab saved consumers over \$1 million last fiscal year. They discussed the benefits of this significant hands-on training experience for USU students.

Rep. Draxler asked what the people in the Uintah Basin do right now without these services. Mr. Pavithran answered that they work as best they can with agencies throughout the state, and receive some minimal services. He stated that these devices are so unique and customized, that they are not available in other ways.

d. Clinical Services – USU (Redd) \$150,000 Aggies Elevated

Rep. Redd introduced Jared Schultz and Jeff Sheen. Mr. Schultz explained the “Aggies Elevated” on-campus program which helps students with intellectual and physical disabilities. These students enroll in a campus-based program of learning and development. The students are able to engage in course work in a campus environment and live independently. He discussed the many far-reaching benefits of this program. He stated that in the past it has been funded through private donation, but it has become increasingly difficult to sustain the program. They are requesting \$150,000 ongoing to fund this program. Mr. Sheen mentioned that preliminary research shows that giving these individuals some exposure to a college environment gives better employment opportunities, a better quality of life, and more independent living. He said Utah has the opportunity to be a vanguard in raising the expectations for all citizens.

e. Water Use – USU (Perry) \$500,000

Rep. Perry stated that this is an ongoing funding request of \$500,000 to work with the USU Extension Service in the water conservation effort. He discussed several initiatives that need ongoing funding to continue the program which reaches all 29 counties. Co-Chair Urquhart mentioned the importance of this request and how impressed he was when he toured the water lab.

Dr. Ken White, Vice President of USU Extension and Agriculture, discussed the land-grant function of USU and the importance of the extension outreach programs and partnerships. He discussed the budget request and explained the water check program, the water maps program, and the Center for Water-Efficient Landscaping.

Rep. Fred Cox asked about water conservation in West Jordan and if they were connected. He also asked about the issue of universities being heavy water users.

Dr. White explained they have partnerships with many entities throughout the state. They have been working with the other USHE institutions regarding water conservation, but they are careful not to overstep their bounds.

g. Engineering Initiative – SBR (Peterson) \$5,000,000

Rep. Peterson discussed the collaborative nature of the entire USHE system with regard to the engineering initiative. He reported that there are currently over 2,000 openings for engineers in the state. He explained the budget request of \$5,000,000. He said that Utah companies are having to recruit from outside of the state.

Mr. John Sutherland, Chair, Technology Initiative Advisory Board, discussed the role of the board and the process they use to decide the best way to allocate the engineering funding. He distributed a handout regarding the goal of adding 400 engineering graduates in the state. He reported that there is a huge demand at Hill Air Force Base for electrical engineering graduates. He said that all of the universities participate and discussed the statewide benefits of the initiative. He mentioned that the USHE system would match the \$5 million request.

Mr. Stan Lockhart, Government Affairs Director for IM Flash Technology, reported on the budget allocation from three years ago. He stated that the demand for engineers is far greater than the supply.

Rep. McIff asked about the amount of student interest in engineering and the ability of institutions to deliver the required programs. Mr. Sutherland answered that when the initiative began in 2002, a survey of high school students showed that only seven percent were interested in engineering; a recent survey showed this is now up to 14 percent. He mentioned the STEM initiative has also helped inform the public about careers in these fields.

Mr. Lockhart explained that capacity vs. interest is a constant challenge. He agreed that the STEM initiative has generated more interest in high school students. He stated that every institution will receive some of the funding.

Sen. Stephenson reported that a survey conducted of the 2,700 high school students in Utah who took the AP Calculus test, only 126 were planning to study engineering. He said that they don't know about the tremendous need for engineers, and that students in STEM degrees earn twice the life-time earnings of other careers. He stated that the Utah Futures program has not worked. He discussed the tour he took of IM Flash, where he was overwhelmed by the football-sized room filled with engineers.

Rep. Fred Cox commented on his experience about the pipeline issues in K-12 and that experience and practical training are critical. Mr. Lockhart described the robust intern program and said that the demand will be ongoing in the future. Sen. Stevenson stated that this initiative is critical to Utah's economy and needs the funding. Sen. Millner mentioned the problem with

bottlenecks of certain classes at USHE institutions and the importance of opening these up so these high-paying jobs can stay in Utah.

h. STEM Tech Pipeline – DSU (Stanard) \$306,000

Rep. Stanard discussed the DSU technology pipeline proposal which finds ways to look to younger students and encourage them to pursue STEM programs. He said that the pilot program has had phenomenal success and was almost completely privately funded. He stated the private funding would no longer be available. Rep. Stanard introduced Eric Pederson, Dean of Science and Technology from DSU. Dr. Pederson works with public education in engaging hundreds of youth in activities such as computer camps, code schools, “Lego Leagues,” “Girls Go Digital,” and “Latino Lego Leagues.” These programs give students an interest in the areas that have the most jobs available.

Sen. Stephenson reported that the “Lego Leagues” have been a great foundation for giving students a passion for engineering at a young age. He asked about robotics programs, and would like to ensure that every Legislature is invited to the robotics competition.

Rep. Stanard will look into this suggestion. He cited personal examples regarding the complexity of these computerized, motorized Lego creations.

i. STEM Tech Pipeline – SUU (Stanard) \$410,000

Rep. Stanard mentioned that the SUU pipeline request of \$410,000 addresses the same problem but has different solutions. The SUU approach is to have higher education professors provide additional professional development for public education teachers.

Rep. Stanard introduced Jim Johnson, Dean, SUU, stated that this program is part of the K-16 alliance and STEM consortium. They have formed a partnership with five counties, two higher education institutions and the STEM action center to solve these issues. They have taken a more systemic approach by bringing content experts into the field and getting pre-school children up through elementary grades excited about STEM areas. They are working to imbed content into everything they are doing. These integrations are making a difference, they have done it for three years, and it has grown so much they need some assistance.

Sen. Vickers asked about the program at North Elementary with SUU and the school district and the funding involved.

Mr. Johnson explained that they developed a partnership at this special interest school in Iron County School District three years ago so that every teacher has a STEM endorsement. Everything the students do is centered on STEM subjects. They have a goal to spread this throughout the region. Mr. Johnson reported that this was done without additional state funding.

Rep. Stanard indicated that getting kids at a younger age to be interested in these high-demand STEM areas is exactly what is needed. It is important to dissuade the fear of these courses.

Sen. Dabakis was concerned that if these programs were exclusively STEM, this would mean students weren't rounded in other areas especially the arts and would miss part of their education. Mr. Johnson explained that the delivery system does involve the arts; he said they refer to it as STEAM. He will meet with Sen. Dabakis to discuss this further. Sen. Stephenson said that this is a misnomer about engineering; there is more passion and creativity in a robotics competition than he has ever seen at an athletic competition.

c. Neighbors Helping Neighbors – UU (Weiler) \$25,000 1X - FY 15

Sen. Weiler explained the \$25,000 one-time request for the Neighbors Helping Neighbors program at the U of U. He explained that this is a program to assist older adults who do not qualify for public assistance and cannot afford private services. He said this gives social-work students practical experience. He stated that students contribute 200,000 hours of community service to a variety of agencies throughout the state. The funds would be used to provide \$3,500 stipends for social work students. At least two of these students would be located in St. George. Additional client-care costs are estimated at about \$6,000, and support travel for the program advisor to establish connections with aging population agencies.

3. Approval of Minutes

MOTION: Co-Chair Urquhart moved to approve the minutes of the January 30, 2015 meeting. The motion passed unanimously with Rep. Moss and Rep. Wheatley absent for the vote.

4. Utah College of Applied Technology Campus Requests

a. Administration

Pres. Brems showed the new banner, "Rethink edUCATation" being displayed on UCAT campuses.

1) UCAT Student of the Year. Pres. Brems explained that Ms. Wanda Held was selected as the UCAT student of the year out of 48,000 UCAT students. Ms. Hold discussed her personal journey to receiving this award, earning her medical assistant certificate, and her externship. Rep. Ipson said that he had the opportunity to attend the award ceremony and commended all the finalists who represent UCAT very well. He mentioned that these certificates are life changing.

2) Overall Budget Request. Pres. Brems discussed the UCAT budget request of about \$18 million. <http://le.utah.gov/interim/2015/pdf/00001385.pdf> The budget request includes \$1.8 million for a three percent performance-based compensation increase. Pres. Brems reported on the two-percent budget exercise. He specifically discussed the methodology of the \$12.6 million campus equity request.

Sen. Millner expressed concern about the funding based on population component of the model. Pres. Brems said that they would look at this and try to address Sen. Millner's concern. Co-Chair Grover wanted a more correct analysis and model.

Pres. Brems said that the second component of the acute funding would be per membership hour. He said that three campuses are below the UCAT average funding. This component is \$5 million which would be given to these three campuses: Bridgerland, Davis and Mountainland. Co-Chair Grover was concerned that membership hour reports could be inconsistent.

Pres. Brems mentioned that they are proposing \$2 million for student headcount to assist Dixie and Uintah Basin. Pres. Brems reported on the state owned facilities and the square feet available to them. He said that Dixie is being considered for a new facility, which is number two on the Building Board list, and that this is also part of equity formula.

Pres. Brems discussed the two UCAT system requests: marketing/messaging fund; and information system maintenance and expansion. He showed the current UCAT commercial. He explained the needed Northstar system maintenance and the need for an added employee. He stated that as new facilities come on line it means that O&M funding gets added, and showed how that would impact equity funding.

b. Ogden/Weber ATC

Pres. Collette Mercier discussed the impact of the two percent budget reduction. She reported on the request for one-time funding of \$2.1 million to help upgrade the Ogden Depot facility. <http://le.utah.gov/interim/2015/pdf/00001387.pdf> This funding would be used for Bay 2 of the facility. She mentioned the critical aerospace/manufacturing focus in their region.

Co-Chair Grover expressed concern about this budget request because he had looked at enrollment numbers and visited the campus and noticed lots of empty buildings. Pres. Mercier stated they are not overfunded; that there are no empty classrooms at OWATC, some of the large open areas may look empty, but that is because there are many large pieces of equipment in the labs, and students go between the classroom and the lab.

Sen. Miller stated that OWATC is focused on economic development, is very responsive to the needs in the area, and is very important to the community.

Rep. McIff asked about the projected tuition increase. Pres. Mercier said that the tuition increase is part of the ongoing budget request to support the base budget. She explained that this request is for one-time money.

Co-Chair Grover asked Pres. Brems if they are recruiting more secondary students because their adult enrollment has not increased at the predicted rate. Pres. Brems explained that they have a statutory role to serve both secondary students and post-secondary students. They work very collaboratively with the school districts and charter schools.

c. Tooele ATC

Pres. Scott Snelson reported that TATC is the newest UCAT institution. He reported on the one time request of \$750,000 which would include a 3.5 acre land purchase that would be used for a

Business Resource/Entrepreneurial Center and would also include a maintenance garage.
<http://le.utah.gov/interim/2015/pdf/00001389.pdf>.

Vice-Chair Stanard asked if these requests will also be going to the Infrastructure and General Government Committee. Pres. Brems stated that they first went to the Building Board, and then to the IGG committee.

d. Mountainland ATC

Pres. Clay Christensen stated that they were not overfunded. He clarified the budget request of \$5.7 million. <http://le.utah.gov/interim/2015/pdf/00001391.pdf> He discussed the significant enrollment growth at MATC. He explained that the funding would be used for new programs, program expansions; equipment upgrades, and several student success improvements.

Rep. Fred Cox noticed the \$21 million request for a building at MATC. He asked if the funding for the building is not approved, would the budget request remain at \$5.7 million. Pres. Christensen said the budget request would be the same. They realize that it could be several years before the building is funded. They lease space from the school districts, but are running out of space and may need to look to lease in private areas.

e. Uintah Basin ATC

Pres. Aaron Weight explained the regional pathways program through a collaborative effort with the high schools and USU. He reported on enrollment data, completion, placement and licensure rates. He mentioned the budget request is about \$670,000. Most of this money is for four faculty members in four key programs. <http://le.utah.gov/interim/2015/pdf/00001393.pdf>

Rep. Draxler asked if the recent volatility of the oil and gas industry had impacted UBATC. Pres. Weight said that it has impacted the area, but there is still a great need for mechanics.

f. Southwest ATC

Pres. Brennan Wood explained the one time budget request of \$281,000 and a campus equity request of \$1 million. <http://le.utah.gov/interim/2015/pdf/00001395.pdf> He reported on the progress of their new building, and stated they will take possession of that building in November. He discussed the request to purchase an Iron County School District facility which is currently a lease to purchase agreement. He stated that this also includes 2.5 acres at no additional cost. He discussed the three programs where they would expand: practical nursing, culinary arts & manufacturing.

g. Bridgerland ATC

Pres. Richard Maughan discussed their completion, licensure and placement data. He stated that their budget request is for \$745,000. <http://le.utah.gov/interim/2015/pdf/00001397.pdf> He explained the three main areas where this funding would be utilized: manufacturing initiative; short-term occupational skills and evening; and diesel mechanics program expansion.

h. Davis ATC

Pres. Michael Bouwhuis explained the DATC service region, enrollment growth, on-line enrollment growth, and other efficiencies. He discussed completion, placement and licensure rates. He stated that their budget request is for \$2,487,000 in four main areas.: 1) Student Services; 2) instruction; 3) infrastructure; and 4) retention and recruitment.

<http://le.utah.gov/interim/2015/pdf/00001399.pdf>

i. Dixie ATC

Pres. Kelle Stephens said that DXATC is not overfunded; and showed enrollment growth and student demand for specific programs. She discussed the bottleneck of space and resources. She stated that the budget request is for \$1.89 million which would be used for programmatic funding, support and infrastructure. Receiving this funding would allow DXATC to meet student and industry demands. <http://le.utah.gov/interim/2015/pdf/00001401.pdf>

Co-Chair Grover asked if this request is based on students that are enrolled, and programs that are growing; where there are more students than space. He also asked if this request is based on the population of Washington County, or on enrollment growth. Pres. Stephens answered that they have more students than they are able to serve; and more industry demand that they are not able to meet. She reported that looking at the market by population data or by employment data returns very similar numbers.

Co-Chair Grover expressed concern about funding based on population in the area rather than completion and actual enrollment. Pres. Brems will work on this piece of the metric, and will come to the next meeting with some other ideas to address this concern.

Co-Chair Urquhart asked Ms. Oh to show a slide regarding the difference in membership hours between 2010 and 2014. It shows that the growth is occurring at DXATC, MATC and TATC. This means that the “younger” ATC’s are showing the growth and demand that is not being met. Pres. Brems said that this is reflective of the equity funding that has been brought forward.

5. Continued Discussion on Performance Based Funding

Co-Chair Urquhart welcomed input from committee members on the funding model that was shown at the last meeting. He stated that the bill coming forward would not be specific, so off-line discussions were critical. He wanted the committee to have a workable model and then develop scenarios to run through the model. They will also instruct USHE to test the model. He said that they will be coordinating very closely with the commissioner’s office between now and June to develop a workable formula. He emphasized that they don’t want to make significant changes to the model every year.

Rep. Fred Cox mentioned that the committee didn’t consider Comm. Buhler’s memo from the last meeting. This memo showed an impressive graduate employment rate for bachelors’ degrees. However, the employment rate for masters’ and doctoral degrees went down. He would like clarification about this especially as performance based funding is being considered.

Co-Chair Urquhart said that in the past, future funding has been determined by current funding levels, and student population. He said that growth should be accommodated at SLCC, UVU, and DSU. There are two institutions where rapid growth should not necessarily be encouraged: U of U and USU Logan Campus. Those institutions should receive financial incentives to improve the caliber of the student body, as well as in the PhD programs. He said that SUU has a very unique mission, it is more expensive to teach in rural areas, and the liberal arts approach is costly. He said that Snow College is doing a great job. However, Snow can improve, but it is difficult to know what that improvement should be.

Co-Chair Urquhart would like to have the committee make proposals. It is important to balance stability with proper incentives to encourage institutions to move in a specific direction. First, how should it be implemented? If, for example, there is \$10 million available; should the institution with the highest number get the whole amount? Or, should each institution compete against its prior performance? He said that if an institution is not progressing, they would not receive performance based funding and the money would be returned.

Rep. McIff wanted to ensure that institutions who have been making great efforts to improve in the past should not be disadvantaged now. Co-Chair Urquhart agreed and asked for help from committee members to put this into the formula.

Sen. Osmond asked if there might be another state who has developed a model that has worked successfully. Co-Chair Urquhart said that the model approximates the Indiana model, but each state is a little different, most are behind the curve.

Comm. Buhler reported that he has met with presidents regarding this model. He said that there is basic agreement regarding the left side of page with some minor changes to some of the terminology. He will be very willing to work with the chairs to give the model a stress test. Comm. Buhler said it was important to have the time to work through this model, to know what the implications are and how the funds will be allocated. He thought it would be better to have the funds allocated to the institution, and then have them try to “earn” those funds.

Sen. Dabakis was supportive of the \$10 million amount. This would be a way to get the formula out there and refined in the future. He said that one method would be to have everyone get a proportion based on improvement metrics. He said the other extreme intrigues him the most, that the institution who has shown the most improvement receives the full \$10 million.

Rep. Jon Cox commented that the counter-cyclical nature of higher education impacts completion percentages. He said that some institutions can weather this better than others. Co-Chair Urquhart said that the anchor is the base funding.

Sen. Millner said it would be important for the commissioner’s office to utilize the data that is available to them to analyze this model. It is difficult to make informed decisions without putting data into the model, and creating unintended consequences. The focus should be on outcomes and shifting the funding base to be outcome oriented rather than just growth oriented.

Rep. Moss expressed concern about encouraging the USHE institutions to lessen their standards and become diploma mills. She would favor them preparing a proposal to improve their own performance.

Rep. Draxler asked about the time table for framing this process. Comm. Buhler reported that it would extremely difficult to have it ready by March 12th. He was confident that something could be prepared by July 1. He was also supportive of using a five-year rolling average.

Vice-Chair Stanard said it was important to balance the consistency needed by institutions, but in order to accomplish something, it might be necessary to provide greater incentives.

Comm. Buhler mentioned that one difficult part of this is the diversity amongst the institutions. He thought a possibility might be to have half of the funding based on “their share of the pie.”

Rep. Ipson mentioned that the focus should be to concentrate on reward rather than be punitive. He commended Comm. Buhler for bringing the presidents together with a proposal.

Rep. McIff agreed with this effort, but wanted to emphasize that as institutions improve, it will become more difficult to gain further improvements.

Rep. Wheatley stated that the formula has to be simple, with a bonus for high-demand degrees, but minority graduates, low-income, and first-generation students should be included in some category.

MOTION: Co-Chair Grover moved to adjourn. The motion passed unanimously.

Co-Chair Urquhart adjourned the meeting at 10:55 a.m.

Sen. Stephen H. Urquhart, Co-Chair

Rep. Keith Grover, Co-Chair