

Office of the  
Legislative Fiscal Analyst

## **FY 2004 Budget Recommendations**

Joint Appropriations Subcommittee for  
Higher Education

**Utah System of Higher Education**

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## 1.0 Summary: Utah System of Higher Education

The Utah System of Higher Education (USHE) is comprised of ten institutions of higher learning. Eighteen members of the State Board of Regents (SBR) govern the Utah System of Higher Education (USHE). The Governor appoints fifteen members of the Board with the consent of the Senate. The sixteenth member is a student regent who is appointed by the Governor from three nominations by the student body president's council appoints the sixteenth member. In addition, the chair of the State Board of Education appoints two members of the State Board of Education to serve as nonvoting members. In turn, the Board appoints the State Commissioner of Higher Education as well as all ten institutional presidents. The mission of the Utah System of Higher Education (USHE) is to provide high quality academic, professional and applied technology learning opportunities designed to promote the intellectual, cultural, social, and economic well being of its students. USHE strives to foster a society of lifelong learners, as well as prepare a work force for a technological, global marketplace and promote social responsibility, ethical values, and cultural awareness. The USHE consists of two research universities, two regional universities, two state colleges with a community college mission, three community colleges and the Utah College of Applied Technology (UCAT). The FY 2003 estimated annualized enrollments exceeded 100,000 Full Time Equivalent (FTE) students for the nine institutions and over 6.3 million membership hours for UCAT. USHE as defined in the Utah Code section 53B-1-101 is

*To provide a high quality, efficient, and economical public system of higher education through centralized direction and master planning.*

### **Research Universities**

*The University of Utah (U of U)* is considered the flagship institution of the USHE. As a major urban teaching and research, university, the University of Utah's mission is to provide undergraduate, graduate, professional, as well as significant programs of sponsored research in 15 colleges and professional schools including medicine, pharmacy, and law.

*Utah State University (USU)* serves as the State's land-grant university. Utah State University's mission is to provide undergraduate, graduate, professional, and research curriculums in numerous fields of study, including agriculture, applied sciences, education, and natural resources. Utah State University also has a statewide role to provide education to under-served areas throughout the state through on-site delivery and distance education at their five continuing education campuses and county extension offices.

**Regional Universities**

**Weber State University (WSU)** has the mission of a large comprehensive, regional undergraduate institution seeking to develop and refine programs and achieve distinction within that mission. Weber State University provides undergraduate education in the arts, humanities, and sciences, as well as professional study in education, business, and technology. Weber State University, through two branch campuses and various outreach programs, offer specialized certificates in applied technology education, associate degrees, baccalaureate degrees, and a limited number of master's degrees.

**Southern Utah University (SUU)** has the mission of a four-year undergraduate teaching institution meeting the associate, baccalaureate and assigned vocational education needs for southern Utah. Southern Utah University also offers select graduate programs.

**State Colleges**

**Utah Valley State College (UVSC)** is a state college comprised of two interdependent divisions. The lower division embraces and preserves the philosophy and mission of a comprehensive community college offering general and applied technology education. The upper division consists of programs leading to baccalaureate degrees in areas of high demand for the community and student body. The Legislature recently provided funding to construct a new branch campus in Heber.

**Dixie State College (DSC)** recently had a mission change due to House Bill 32 "Dixie College Status." In the fall of 1999, the State Board of Regents approved Dixie College's mission to encompass both the community college as well as the state college mission. Dixie State College will offer specialized certificates in applied technology education, and associate degrees as well as a limited number of baccalaureate degrees.

**Community Colleges**

**Snow College's (SC)** mission is to provide high quality general education and academic transfer courses along with applied technology education. Snow College offers Associate of Arts, Associate of Sciences, and Associate of Applied Science Degrees. Snow College has two campuses located in Ephraim and Richfield.

**College of Eastern Utah (CEU)** is an open access institution with campuses in Price and Blanding as well as centers in Moab, Castle Dale, and Monument Valley. The College of Eastern Utah serves community needs throughout southeastern Utah with a strong commitment to students for certification, general education, occupational training, and continuing education for personal enrichment, career enhancement, and lifelong learning.

**Salt Lake Community College (SLCC)** is a multi-campus, open-door, comprehensive community college serving a diverse urban population. The College, with its fifteen urban campus sites is committed to providing a full range of educational experiences with an emphasis on applied technology education, academic, developmental, and community education and training to meet the social and economic needs of business and industry as well as the community.

**Technical College** *Utah College of Applied Technology (UCAT)* with its ten regional campuses located throughout the State, provides applied technology education (ATE) for both adult and high school students to meet the social and economic needs of the state efficiently and effectively, through collaborative partnerships between the educational systems, and business and industry. UCAT is to offer quality educational programs and innovative delivery systems to ensure a skilled and educated workforce. ATE programs by the delivering institutions offer open-entry/open-exit, high quality, competency based training for secondary and adult students. UCAT was approved to offer three Associate of Applied Technology Degrees. In the future, competency based high school will be offered by UCAT.

UCAT's budget is heard in the Commerce and Revenue Appropriations Subcommittee and is addressed in the Higher Education Appropriations Subcommittee for informational purposes only.

**Appendix A is a description of the line items in higher education.**

### **Financial Information**

In FY 2003, the Legislature appropriated \$819,856,400 to operate the Utah System of Higher Education for fiscal year 2003. Of this amount, \$564,020,900 was appropriated from State tax revenues. This represents a \$22,151,700 (or 3.93 percent) decrease from the FY 2002 appropriation of \$586,172,600 from State tax dollars.

During the 2002 General Session, the Utah System of Higher Education experienced budget reductions in State funds of \$30,488,400. However, because of Utah's continued economic downturn the Legislature further reduced the budget for higher education by \$3,161,600 in the Fifth Special Session. In the Sixth Special Session, Higher Education received additional cuts of \$10,988,300. To offset the reductions, the Legislature provided a one-time restoration of \$4,578,500. Tied to the one-time budget restoration, the Legislature passed House Bill 6006, "Budget Reallocation Authority," allowing each president the flexibility to reallocate the funding between line items within their institution. In addition, \$4,000,000 of one-time funding was appropriated to the State Board of Regents- Administration line item for a net reduction in the Sixth Special Session of 2,409,800. The total budget cuts for FY 2003 are \$36,059,800. Legislative Intent Language was included in House Bill 6001 allowing the State Board of Regents to distribute \$4,000,000 of the one-time restoration to institutions of Higher Education including the Utah

**College of Applied Technology and the Utah Education Network based on the following criteria:**

1. The mission of the institution;
2. The impact of budget cuts on students; and,
3. The need identified by the institutions.

The State Board of Regents allocated the \$4,000,000 on-time add-back for FY 2003 as follows:

<b>Allocation of FY 2003 One-time Addback of \$4,000,000</b>	
University of Utah	\$1,256,200
Utah State University	731,600
Weber State University	344,800
Southern Utah University	174,600
Snow College	135,400
Dixie State College	130,400
College of Eastern Utah	147,300
Utah Valley State College	395,200
Salt Lake Community College	306,100
State Board of Regents	(3,958,600)
Utah College of Applied Technology	242,600
Utah Education Network	94,400
<b>Total</b>	<b>\$0</b>

The following table shows the cuts for FY 2003:

<b>FY 2003 Budget Reductions for USHE</b>	
FY 2002 Ongoing Budget Reduction	(\$20,749,000)
<b>FY 2003 Budget Reductions</b>	
2002 General Session	(\$9,739,400)
5th Special Session	(3,161,600)
6th Special Session	(10,988,300)
One-time Add Back 6th Special Session	8,578,500
<b>Total FY 2003 Budget Reduction</b>	<b>(\$15,310,800)</b>
<b>Budget Reduction Carried Forward in FY 2004</b>	<b>(\$44,638,300)</b>

**Any changes in the reallocation of funding will be included in a supplemental appropriation.**

The FY 2004 base budget for the Utah System of Higher Education is \$815,660,500. This is a decrease of \$18,722,600 below the FY 2003 estimated budget of \$834,383,100. **The 2004, base budget includes \$555,304,000 from State resources. The 2004 base budget includes the following adjustments:**

- ▶ Less: FY 2003 one-time appropriations of \$402,000;
- ▶ Less: FY 2003 one-time add back of \$4,578,500;
- ▶ Less: FY 2003 one-time add back of \$4,000,000;
- ▶ Transfer of Star School from UEN to CEU of \$263,600
- ▶ Adjustment in the Mineral Lease Account of (\$158,100); and
- ▶ Adjustment in tuition and fees of (\$9,847,600).

The \$9.8 million reduction in tuition funding is due to an adjustment in the funded targets for enrollment growth.

The following table summarizes the FY 2004 base budget for the Utah System of Higher Education along with the plan of financing:

	<b>Analyst FY 2004 Base</b>	<b>Analyst FY 2004 Changes</b>	<b>Analyst FY 2004 Total</b>
<b>Financing</b>			
General Fund	555,032,400	263,600	555,296,000
General Fund Restricted	8,284,500		8,284,500
Income Tax	8,000		8,000
Federal Funds	4,203,700		4,203,700
Dedicated Credits	246,371,000		246,371,000
Land Grant	753,700		753,700
Federal Mineral Lease	743,600		743,600
Beginning Balance		145,600	145,600
Closing Balance		(145,600)	(145,600)
<b>Total</b>	<u>\$815,396,900</u>	<u>\$263,600</u>	<u>\$815,660,500</u>
<b>Programs</b>			
University of Utah	297,140,300		297,140,300
Utah State University	173,171,400		173,171,400
Weber State University	82,548,400		82,548,400
Southern Utah University	36,976,200		36,976,200
Snow College	18,864,600		18,864,600
Dixie State College	21,986,000		21,986,000
College of Eastern Utah	14,129,900	263,600	14,393,500
Utah Valley State College	73,569,800		73,569,800
Salt Lake Community College	78,055,600		78,055,600
State Board of Regents	18,954,700		18,954,700
<b>Total</b>	<u>\$815,396,900</u>	<u>\$263,600</u>	<u>\$815,660,500</u>

## **2.0 Issues: Utah System of Higher Education**

### **2.10 Utah System of Higher Education Base Adjustments**

#### **2.11 USU Water Research Lab Mineral Lease Account Adjustments – (\$158,100)**

**The Analyst recommends a decrease in the USU Water Research Lab's Mineral Lease Funds in the amount of \$158,100 for FY 2004, bringing Mineral Lease funding to statutory limits.** The USU Water Research Lab receives 2.25 percent of the \$33 million projected Mineral Lease Royalties for FY 2004.

#### **2.12 Internal Service Fund Adjustments - \$447,300**

**The Analyst recommends a change in the base for Internal Service Fund adjustments of \$447,300 be absorbed in the existing budgets.** This figure includes an increase for Risk Management of \$454,700 and a decrease Fleet Management of \$7,400 for FY 2004.

#### **2.13 Internal Adjustments**

**The Analyst recommends internal adjustments to consolidate line items, at Utah State University, the University of Utah, Southern Utah University, and to allocate the engineering funds.**

#### **2.14 Transfer of Star School to CEU - \$263,600**

**The Analyst recommends the transfer of the Star School from the Utah Education Network to CEU for FY 2004.**

#### **2.15 Snow College - Richfield Campus**

**The Analyst recommends that Utah College of Applied Technology – Central (Richfield) be disbanded and merged into the Snow College Richfield Campus (name change in proposed legislation). The merger will facilitate better services and accountability to citizen in Richfield. The Recommended change will require legislation to implement this change.**

#### **2.20 Conversion of FY 2003 One-time Appropriations to Ongoing for FY 2004**

#### **2.21 Operation and Maintenance of New Facilities at Salt Lake Community College - \$136,100**

**The Analyst recommends the conversion of FY 2003 one-time appropriation of \$136,100 to ongoing for FY 2004 for the O&M at SLCC because these costs are ongoing in nature, subject to funding.**

## **2.22 New Century Scholarship Funding- \$68,000**

**The Analyst recommends the conversion of FY 2003 one-time appropriation of \$68,000 to ongoing for FY 2004 for the New Century Scholarship since those scholarships have been awarded to Utah students, subject to additional funding.**

## **2.23 Compensation**

**Compensation** - Money for employee salary increases is not reflected in the Analyst's recommendation for FY 2004. The compensation package will be determined later in the session by the Executive Appropriations Committee.

**Health and Dental Insurance** - The Executive Appropriations Committee also determines the allocation for health and dental premium rate increases. In FY 2004, the projected rate increases based on PEHP rates for USHE will be \$5,343,800 with \$3.7 million from State funds and \$1.6 million from tuition revenue. Health and dental insurance rates have increase dramatically over the last several years, particularly relating to prescription cost. If funding is set aside by EAC for health and dental rate increases, the Analyst will distribute the funding to each campus.

**Retirement Rate Adjustments** - The Executive Appropriations Committee determines the retirement rate adjustment. For FY 2004, retirement rate contributions based on actuarial analysis of changes in the retirement rates for the Utah System of Higher Education is \$3,225,700 with \$2.2 million from State funds and \$1 million from tuition revenue based on the change in the retirement rate for contributory and non-contributory employees.

## **2.30 Legislative Fiscal Analyst Funding Recommendations and Issues**

### **2.31 Tuition**

The State Board of Regents approved a 4.5 percent tuition increase for academic year 2004. The tuition increase will generate approximately \$10.9 million with \$1.2 million (0.5 percent) to be used for financial aid. Tuition collections from new student enrollment will generate \$17.3 million system-wide. In addition, in January of 2003, the State Board of Regents approved a 2<sup>nd</sup> tiered tuition rate increase at each institution ranging from 4 to 19 percent. The 2<sup>nd</sup> tiered tuition increase will generate \$16.9 million. The total tuition revenue from the tuition increases and the new students for FY 2004 is about \$45 million.

### **2.32 Enrollment Funding Formula**

The Utah System of Higher Education has a proposed funding mechanism that funds enrollment growth, existing students, non-instructional inflationary increases, and system-wide core funding needs.

### 2.33 Enrollment Growth - \$22,103,600

**The Analyst recommends an appropriation of \$22,103,600 from State funds for FY 2004, based on availability of additional funding.** This is the State portion of the direct instructional costs for full time equivalent (FTE) students. A major component of the USHE budget is the funding for student enrollment growth. Systemwide, USHE enrollment is still growing and long-term projections indicate that growth will continue into the foreseeable future.

### 2.40 Legislative Funding Recommendations

#### 2.41 Operation and Maintenance for New Facilities - \$3,982,300

**The Analyst recommends \$3,982,300 FY 2004 for the operation and maintenance of new facilities if additional funding is available.** The operation and maintenance (O&M) of new facilities is an obligation of the State if the Legislature has approved both the construction and the O&M of the new facilities.

#### 2.42 Americans with Disabilities (ADA) - \$400,000

**The Analyst recommends an appropriation of \$400,000 for ADA for FY 2004, if additional funding becomes available.** The Americans with Disabilities Act is designed to remove obstructions that prevent disabled persons from fully participating in activities that are available to the general public. As student enrollment grows and access increases, the number of disabled students participating in college life on Utah campuses also increases.

#### 2.43 Fuel and Power Increases - \$0

This fiscal year, USHE is requesting funding of \$6.3 million for FY 2004 and a supplemental appropriation for FY 2003 of \$4.8 million to offset the prior year shortfalls in the fuel and power reserve accounts. An evaluation of the fuel and power rates and consumption indicate that the rates are going down and the consumption is remaining stable. Over time, if the rates continue to drop and the usage remains fixed, the schools will begin to catch up their deficit. **The Analyst recommends not funding fuel and power for FY 2004 because of the lack of sufficient state resources. Institutions will need to reprioritize existing resources to cover costs.**

#### 2.44 Inflationary Rate Increases - \$0

The USHE has requested inflationary rate increases for postage, water, and sewer rate increases. **The Analyst recommends that the inflationary rate increases be absorbed in the existing budgets because of insufficient State funds to cover these inflationary costs.**

## **2.45 Student Exchange Visitor Information System (SEVIS) - \$322,200**

**The Analyst recommends an appropriation of \$322,200 for FY 2004 for the Student Exchange Visitor Information System, if additional funding becomes available.** The Department of Justice's Immigration and Naturalization Service implemented the Student Exchange Visitor Information System (SEVIS) effective January 1, 2003. SEVIS requires higher education to report electronically foreign and exchange students enrolled in their institutions.

## **2.50 Statewide Initiatives**

### **2.51 Financial Aid – \$1,403,300 and a Supplemental Appropriation of \$67,400**

The State of Utah is the recipient of several campus-based federal financial aid programs, as well as State funded Utah Centennial Opportunity for Education (UCOPE) program and the New Century Scholarship to help students offset the cost of their tuition. For fiscal year 2003, about \$15 million in federal and state financial aid was awarded to Utah students. In order to meet the current needs of financial aid, a total of \$1.4 million is required:

- State Match Requirement for Federal Financial Aid - \$175,900
- New Century Scholarship - \$227,400 and a supplemental appropriation of \$67,400
- UCOPE - \$1,000,000

**The Analyst recommends an appropriation of \$1,403,300 for FY 2004 and a supplemental appropriation of \$67,400 for FY 2003 if additional funding becomes available. The Board of Regents raised tuition 0.5 percent to provide additional financial aid to students. In the opinion of the Analyst, this is a burden students should not have to bear.**

### **2.52 Engineering and Computer Science Initiative – \$2,000,000**

The Legislature recognized that a significant increase in the number of engineering and computer science graduates from the State system of higher education is required over the next several years. The objective of the Engineering and Computer Science Initiative is to double the number of graduates in technology disciplines by 2006 and triple the number of graduates by 2009. **It is the recommendation of the Analyst that \$2,000,000 in State funds be appropriated in FY 2004 for the Engineering and Computer Science Initiative, if funds become available.**

### 2.53 Engineering and Computer Science Loan Forgiveness Program - \$500,000

The Legislature also established a student loan program as a component of the engineering and computer science initiative. State Statute 53B-6-105.7 (Initiative student loan and loan forgiveness program) provides that: *“the Legislature shall make an annual appropriation to the State Board of Regents to fund the student loan program”*. **It is therefore recommended by the Legislative Fiscal Analyst that the Legislature appropriate \$500,000 in ongoing State resources for FY 2004 to fund the Engineering and Computer Science loan program, if additional funds become available.**

### 2.54 Utah Academic Library Consortium (UALC) – \$600,000

**The Analyst recommends an appropriation of \$600,000 for FY 2004 for the UALC, if additional funds become available.** The Utah Academic Library Consortium provides a synergistic effect for the nine institutions in the USHE, allowing for procurements and subscriptions of library materials that individual members could not purchase on their own. The UALC also effectively coordinates the identification and prioritization of the USHE library needs. The UALC not only addresses system-wide needs, but also evaluates institution specific needs.

### 2.55 Nursing Initiative – \$1,000,000

Although, Utah has a young population, the aging baby boomers are one of the fastest growing segments of the population. Over the next five years, the need for additional nurses will become critical. For example, the healthcare industry is estimating 500 to 1,000 more nurses will be needed to meet the demands particularly in long term nursing facilities. **It is the recommendation of the Analyst that \$1,000,000 in State funds be appropriated if additional funding becomes available for the nursing initiative. It is also the recommendation of the Analyst that an independent Nursing Advisory Board made up of members from the healthcare industry be created to assist the nursing education programs in the administration of the nursing initiative. The Analyst recognizes the generosity of the health care industry in support of health care education, However, it is suggested that private industry be encouraged to match the State appropriation since the funding directly supports health care services and because the State lacks sufficient resources to fully cover this cost during current economic conditions.**

### 2.60 One-time Funding Recommendations

#### 2.61 Administrative Data Processing - \$0

The USHE has requested \$2 million for seven of the nine institutions to convert to a new administrative data processing system, the Banner System. **It is the recommendation of the Analyst that the conversion be absorbed in the existing budgets.**

### 3.0 Utah System of Higher Education Recommendations for FY 2004

In FY 2003, the Legislature appropriated \$819,856,400 to operate the Utah System of Higher Education for fiscal year 2003. Of this amount, \$564,020,900 was appropriated from State tax revenues. This represents a \$22,151,700 (or 3.93 percent) decrease from the FY 2002 appropriation of \$586,172,600 from State tax dollars.

During the 2002 General Session, the Utah System of Higher Education experienced budget reductions in State funds of \$30,488,400. However, because of Utah's continued economic situation the Legislature further reduced the budget for higher education by \$3,161,600 in the Fifth Special Session. In the Sixth Special Session, Higher Education received additional cuts of \$10,988,300. To offset the reductions, the Legislature provided a one-time restoration of \$4,578,500. Tied to the one-time budget restoration, the Legislature passed House Bill 6006, "Budget Reallocation Authority," allowing each president the flexibility to reallocate the funding between line items within their institution. In addition, \$4,000,000 of one-time funding was appropriated to the State Board of Regents- Administration line item for a net reduction in the Sixth Special Session of 2,409,800. The total budget cuts for FY 2003 are \$36,059,800. Legislative Intent Language was included in House Bill 6001 allowing the State Board of Regents to distribute \$4,000,000 of the one-time restoration to institutions of Higher Education including the Utah College of Applied Technology and the Utah Education Network based on the following criteria:

1. The mission of the institution;
2. The impact of budget cuts on students; and,
3. The need identified by the institutions.

Any changes in the reallocation of funding will be included in a supplemental appropriation.

#### 3.10 Utah System of Higher Education Changes to the Base

#### 3.11 USU Water Research Lab Mineral Lease Account Adjustments – (\$158,100)

In Section 53B-21-1 (3) (g) of the Utah Code, Utah State University's Water Research Lab annually receives an allocation of 2.25 percent of the royalties deposited to the Mineral Lease Account. The projected Mineral Lease Royalties for FY 2004 is \$33 million. The amount of Mineral Lease funds to be distributed to the Water Research Lab is \$743,600, which is a decrease of \$158,100 over the FY 2003 appropriation of \$901,700. **The Analyst recommends a decrease of \$158,100 in the Mineral Lease Account for FY 2004 for the Water Research Lab at Utah State University.**

### 3.12 Internal Service Fund Adjustments - \$447,300

**Because of the current economic situation, the Analyst recommends the internal service fund costs be absorbed in the existing budgets.** The internal service fund adjustment for FY 2004, of \$447,300 includes an increase of \$454,700 for Risk Management that is partially offset by a decrease of \$7,400 for Fleet Management. These adjustments in property and liability insurance premiums and motor pool service rates are pass-through from the Department of Administrative Services to each state entity. The following table illustrates the FY 2004 allocation to the USHE:

<b>USHE Internal Service Fund Adjustments</b>			
	<b>Motor Pool</b>	<b>Risk Management</b>	<b>Total</b>
University of Utah	(\$2,900)	\$354,200	\$351,300
Utah State University	3,200	18,500	21,700
USU Coop Extension	2,600		2,600
Weber State University	(3,700)	16,300	12,600
Southern Utah University	5,900	15,200	21,100
SUU Rural Development	(2,200)		(2,200)
Snow College	2,600	4,700	7,300
Snow College South	(11,100)	2,100	(9,000)
Dixie State College	2,800	11,900	14,700
College of Eastern Utah	10,000	7,500	17,500
Utah Valley State College	(12,200)	30,200	18,000
Salt Lake Community College	(1,700)	(3,000)	(4,700)
State Board of Regents	(700)	(2,900)	(3,600)
<b>Total</b>	<b>(\$7,400)</b>	<b>\$454,700</b>	<b>\$447,300</b>

### 3.13 Internal Adjustments

**The Analyst recommends the following adjustments to consolidate line items, to reallocate research funding at Utah State University, to change Income Tax monies to General Fund and to distribute the Engineering funds based on the recommendation of the Technology Advisory Board:**

1. University of Utah - consolidate the Land Grant Management line item with the Education and General line item - \$502,100
2. Utah State University - consolidate the Land Grant Management line item to the Education and General line item - \$100,600
3. Funding switch from Income Tax Revenue to General Funds at USU - Educationally Disadvantaged line item - \$8,000
4. Engineering Allocation of \$1,950,900 from the Engineering line item:
  - a) University of Utah – \$780,300
  - b) Utah State University – \$682,800
  - c) Weber State University – \$195,100

- d) Southern Utah University – \$73,200
- e) Dixie State College – \$48,800
- f) Utah Valley State College - \$170,700

5. Transfer research funding at USU::

- a) From Education & General – (\$9,100)
- b) From Agriculture Experiment – (\$8,100)
- c) To Uintah Basin CEC - \$1,700
- d) To Southeast CEC - \$500
- e) To Brigham City CEC - \$100
- f) To Tooele CEC - \$500
- g) To Water Research Lab - \$6,000
- h) To Coop Extension - \$8,300
- i) To Educationally Disadvantaged - \$100

### 3.14 Transfer of Star School to CEU - \$263,600

**The Analyst recommends transferring the Star School funding of \$263,600 from the Utah Education Network to the College of Eastern Utah.** The Star School System is a distance education network that was initially built with federal funds and the operating costs are supported with State funds. The network provides distance learning throughout southeastern Utah to rural and underserved areas. Currently, the funding is appropriated to the Utah Education Network's (UEN) Star School line item. UEN passes the monies through to the College of Eastern Utah to administer the network. The recommended transfer reduces bureaucratic paper shuffling.

### 3.15 Snow College - Richfield Campus

Central Applied Technology College shares a facility with the Snow College Campus located in Richfield. They generate approximately 240,500 membership hours, which is comprised of 32 percent adults and 68 percent secondary students from eight school districts. They provide training in business, information technology, health sciences and technical trades. Not only does Central Applied Technology College share space with Snow College - Richfield, they also share the administrative functions such as student services, instructional services and financial aid. Central also provides two of the three, associate of applied technology degrees. **The Analyst recommends that Utah College of Applied Technology – Central (Richfield) be disbanded and merged into the Snow College Richfield Campus (name change in proposed legislation). The merger will facilitate better services and accountability to citizen in Richfield. The Recommended change will require legislation to implement this change.** The merger with Snow College – Richfield will not impact vocational education for secondary students because the Richfield Campus will provide this training through concurrent enrollment at no cost to the students. These students will also receive college credit through this merger.

### 3.20 Conversion of FY 2003 One-time Appropriations to Ongoing for FY 2004

#### 3.21 Operation and Maintenance of New Facilities at Salt Lake Community College - \$136,100

It has been the practice of the Legislature to view Operation and Maintenance (O&M) of new facilities as an obligation of the State when the Legislature has approved both the construction of the facility and the payment of the O&M from State tax funds. In fiscal year 2003, the Legislature appropriated \$136,100 of one-time funding for SLCC for the O&M of four facilities. **The Analyst recommends converting the one-time funding from FY 2003 of \$136,100 to ongoing funding in FY 2004 if additional funds become available.**

#### 3.22 New Century Scholarship Funding - \$68,000

In the 1999 Legislative Session, Senate Bill 90, "Higher Education Scholarships" or as it is commonly known, New Century Scholarships was passed. The New Century Scholarship awards a two-year 75 percent tuition scholarship for those students who complete the requirements of an Associate Degree by the September after their high school graduation to be used at one of Utah's four-year institutions. In fiscal year 2003, the Legislature transferred one-time funding of \$68,000 from the School of Medicine to help support the growth of the New Century Scholarship. The total number of scholarships awarded since inception of the program is 247. **It is the recommendation of the Analyst that the one-time funding \$68,000 for FY 2003 be converted to ongoing funding for FY 2004 if additional funds become available.**

#### 3.23 Compensation

**Compensation** - A compensation recommendation for FY 2004 is not included in the Analyst's budget figures for the Utah System of Higher Education. A one percent increase, amounts to \$6.2 million (\$4.3 million in State funds). The final compensation package will be determined later in the session by the Executive Appropriation Committee. Should the Executive Appropriation Committee makes a decision on employee compensation for FY 2004, the Legislative Fiscal Analyst will allocate funds to the appropriate institutional line items.

**Health and Dental Insurance Premiums** - Health and dental insurance rates have increased dramatically over the last several years, particularly relating to prescription costs. The recommendation for FY 2004 health and dental premium rate increases is not included in the Analyst's budget figures for the Utah System of Higher Education. The final compensation package will be determined later in the session by the Executive Appropriation Committee if additional funds become available. Although exact health insurance rates for each UCAT institutions are not known at this time, the Analyst used the PEHP proposed rate adjustments as a guide for estimating a health insurance cost increase for the budget. The proposed rate change includes an 8.05 percent increase for health insurance premiums and an 8.50 percent increase for dental insurance premiums at a total cost of \$5.3 million (with State funding of \$3.7 million). If Executive Appropriations approves health and dental increases, the Analyst will distribute the funds to the appropriate line

items. The following table shows the distribution of the health and dental rate increases:

<b>USHE Health and Dental Rate Increase</b>			
	<b>General Fund</b>	<b>Tuition</b>	<b>Total</b>
University of Utah	\$982,800	\$395,000	\$1,377,800
Utah State University	931,200	329,200	1,260,400
Weber State University	403,500	214,400	617,900
Southern Utah University	223,000	91,000	314,000
Snow College	111,900	73,600	185,500
Dixie State College	132,400	54,600	187,000
College of Eastern Utah	120,400	26,500	146,900
Utah Valley State College	333,000	302,900	635,900
Salt Lake Community College	404,800	193,900	598,700
State Board of Regents	18,400	1,300	19,700
<b>USHE Total</b>	<b>\$3,661,400</b>	<b>\$1,682,400</b>	<b>\$5,343,800</b>

**Retirement Rate Adjustments** - The recommended retirement rate for FY 2004 is 13.21 percent for contributory and 13.20 percent for non-contributory. Based on the change in the retirement rate for contributory of 1.34 percent and 2.84 percent for non-contributory over the FY 2003 rate, the base increase is \$3,225,700 for retirement rate benefits with \$2,225,000 from State funds and \$1,000,700 from dedicated credits. If Executive Appropriation approves the retirement rate increase, the Analyst will distribute the funds to the colleges as indicated in the following table:

<b>USHE Retirement Rate Increases</b>			
	<b>General Fund</b>	<b>Tuition</b>	<b>Total</b>
University of Utah	875,000	346,100	1,221,100
Utah State University	457,500	162,500	620,000
Weber State University	106,700	56,500	163,200
Southern Utah University	116,700	47,800	164,500
Snow College	52,600	15,100	67,700
Dixie State College	99,800	41,000	140,800
College of Eastern Utah	63,900	14,300	78,200
Utah Valley State College	241,200	219,300	460,500
Salt Lake Community College	204,500	98,100	302,600
State Board of Regents	7,100	0	7,100
<b>USHE Total</b>	<b>2,225,000</b>	<b>1,000,700</b>	<b>3,225,700</b>

### 3.30 Legislative Fiscal Analyst Funding Recommendations and Issues

#### 3.31 Tuition

The current economic environment in Utah poses a particular challenge for the Higher Education Subcommittee. Best estimates of State revenue available for FY 2004 now indicate that USHE will need to continue their current level of service within the FY 2003 adjusted appropriation of \$555 million from State resources coupled with any additional revenue that can be raised through tuition increases.

Ironically, the limitation on State support comes at a time of unprecedented student growth in higher education. Funding for 5,674 new students is estimated at \$32.5 million (\$22.1 million in State funds). The State Board of Regent approved a tuition increase of 4.5 percent that will raise about \$10.9 million to help offset the operating needs for FY 2004. As part of the 4.5 percent increase, the Regents agreed to hold back 0.5 percent or \$1.2 million for financial aid. In addition, the tuition revenue generated from new students will represent another \$17.3 million. **Should students with double digit tuition increases support financial aid with a hold back of 0.5 percent of the tuition rate hike? The Analyst does not recommend using 0.5 percent of tuition revenue for financial aid since tuition waivers available to students based on the tuition increase will be about \$4.5 million. In the opinion of the Analyst, student financial aid should be born by State tax resources and not from student tuition revenues.**

Assuming the Regents were restricted to a 4.5 percent tuition increase, other operating costs would go unfunded without additional State support because the institutions are already struggling with a \$20,749,000 base reduction carried over from FY 2002 and additional reductions of \$15,310,800 in FY 2003. The most critical needs include anticipated health and dental, retirement rate and internal service funds rate increases. Note that only the tuition generating line items were used to calculate the amount of dedicated credits that could be used to cover the health and dental and retirement rate increases. In addition, USHE institutions need additional funding for operating and maintenance costs for new facilities, inflationary rate increases for postage, water, sewer, fuel and power.

When the State's available revenue diminishes, and the Legislature does not have sufficient resource for unmet funding needs, institutions may be tempted to shift the fiscal responsibility to students in the form of tuition and course fee increases to cover the budget gap.

Proposed second tiered tuition increases range from 4 to 19 percent with an average second tiered tuition increase system wide of 7.11 percent. This would generate additional revenue of \$16.9 million to help fund budgetary needs. Appendix B outlines the USHE institutions proposals for the use of the 2<sup>nd</sup> tiered tuition. However, there are many mandated expenses that will occur whether the State funding is received such as O&M for new facilities, fuel and power rate increases and so forth. The following table shows the FY 2004 operating needs of about \$14.6 million that could be funded with tuition revenue which, by the way, excludes any consideration for technology, engineering, nursing, library acquisitions or other statewide initiatives:

USHE Operating Needs										
	Health & Dental Rate Increases	Changes in Retirement Rates	O&M	ADA	Fuel & Power Rate Increases	Water & Sewer Rate Increases	SEVIS	Postage Rate Increase	Internal Service Fund Adjustments	Total
University of Utah	\$389,000	\$342,500	\$0	\$33,500	\$4,390,900	\$0	\$105,000	\$65,000	\$351,300	\$5,677,200
Utah State University	322,300	158,400	1,123,300	59,600	777,000	359,300	86,200	42,000	24,300	2,952,400
Weber State University	214,400	56,500	444,500	54,900	0	30,300	26,000	28,000	12,600	867,200
Southern Utah University	91,000	47,800	0	3,300	0	0	15,000	32,000	18,900	208,000
Snow College	73,600	15,100	586,700	3,600	117,900	12,800	10,000	5,000	(1,700)	823,000
Dixie State College	54,500	40,900	0	12,300	162,300	31,100	10,000	7,500	14,700	333,300
College of Eastern Utah	26,500	14,300	372,000	6,700	264,800	2,600	10,000	15,000	17,500	729,400
Utah Valley State College	302,900	219,300	1,086,300	96,300	149,900	20,000	35,000	16,900	18,000	1,944,600
Salt Lake Community College	193,900	98,100	93,900	129,800	477,100	0	25,000	18,300	(4,700)	1,031,400
<b>USHE Total</b>	<b>\$1,668,100</b>	<b>\$992,900</b>	<b>\$3,706,700</b>	<b>\$400,000</b>	<b>\$6,339,900</b>	<b>\$456,100</b>	<b>\$322,200</b>	<b>\$229,700</b>	<b>\$450,900</b>	<b>\$14,566,500</b>

The total tuition increases of 8.5 to 23.5 percent for FY 2004 brings up an interesting question.

**Is there justification for large tuition increases at Utah institutions?** Utah students have experienced double digit tuition increase over the past several years. The tuition rates for Utah’s community colleges are well above the average charged by the 236 institutions in the comparison group. On the other hand, tuition charges at Utah’s universities particularly for graduate and post-graduate are among the lowest in the Western Interstate Commission for Higher Education (WICHE) region. There is an opportunity to increase graduate and post-graduate tuition at the universities and still maintain affordable access to these institutions. The following table shows the disparity in tuition between Utah and the WICHE states:



### 3.32 Funding Formula

#### Fundamental Concerns with the Proposed Funding and Allocation Mechanism

##### **A. Funding formula driven items that appear to be discretionary in nature before basic operating needs of an institution.**

In the proposed Allocation Model, a portion of the funds will be used for systemwide initiatives (engineering, computer science and nursing), libraries, technology, student financial aid, salary equity and other items as determined by the Board of Regents. While these “*core support*” items enhance the quality of the system of higher education, in the opinion of the Legislative Fiscal Analyst, they should not be prioritized above basic operating expenses that are necessary to keep the system functional.

For example, the USHE is requesting a significant increase in standard mandated costs (exceeding \$7 million) that are not reflected in the New Formula Funding mechanism. Often these costs are imposed on institutions by external entities or factors that must be covered to keep the campus operating. Examples of mandated costs included in the FY 2004 budget request, but not reflected in the new funding formula are listed below:

- **Fuel & Power** - The most alarming is the increase in fuel and power (heating oil, natural gas and electrical power) due to rate changes and increased consumption. The requested amount is \$6.3 million for FY 2004 coupled with a \$4.8 million FY 2003 supplemental.
- **Operation and Maintenance of New Facilities** - O & M support for 15 new facilities coming on-line in FY 2004 is about \$4.0 million.
- **Health and Dental Insurance Premiums** - Rapidly increasing costs for health insurance create the need for would not be fully funded (approximately \$5.3 million) by the 4 percent inflationary adjustment proposed for FY 2004.

**The Analyst recommends that, if the Legislature adopts the proposed funding formula for the Utah System of Higher Education, mandated and inflationary expenses of the institution be covered by the formula.** This is consistent with Legislative funding of the WPU for Public Education. Revenue received by Public Education through the WPU adjustment is expected to cover operating expenditures. This includes: fuel and power, non-salary driven employee benefit increases such as health and dental insurance premiums, the handling of waste and other utility rate adjustments, risk insurance, central motor pool, the operation and maintenance of facilities and other increased contractual obligations. **The Legislative Fiscal Analyst recommends that those items that are for quality enhancements be submitted independently for Legislative funding consideration.**

## **B. Compensation and Inflation Increase**

There is reflected in the proposed funding model an inflationary increase for compensation and current operating expenses. A compensation recommendation for higher education or any state agency 2004 is usually not included in the Analyst's budget figures. The final compensation package is determined late in the session by the Executive Appropriation Committee.

This is problematic in higher education because of the large cost for operating USHE institutions. Health and dental insurance premiums are of particular importance. Health and dental insurance rates have increased dramatically over the last several years, particularly relating to prescription costs. The recommendation for FY 2004 health and dental premium rate increases is not included in the Analyst's budget figures for the Utah System of Higher Education. The proposed rate change of 8.05 percent for health insurance premiums and an 8.50 percent increase for dental insurance premiums at a total cost of \$5.3 million would not be covered by the inflationary value usually proposed by the Executive Appropriation Committee.

## **C. Funding model lacks accountability and performance measures. The model is primarily dependent upon enrollment funding. There are no funding links to key performance indicators and accountability measures?**

In the opinion of the Analyst, the funding formula fails to meet the objective of the Legislative Intent Language. The primary objective of the funding formula is to *“reduce dependence on growth funding while still providing for appropriate levels of enrollment growth.”* It perpetuates reliance on enrollment growth. Because this formula continues the incentive to create more enrollments, the institutions in turn are not discouraged from:

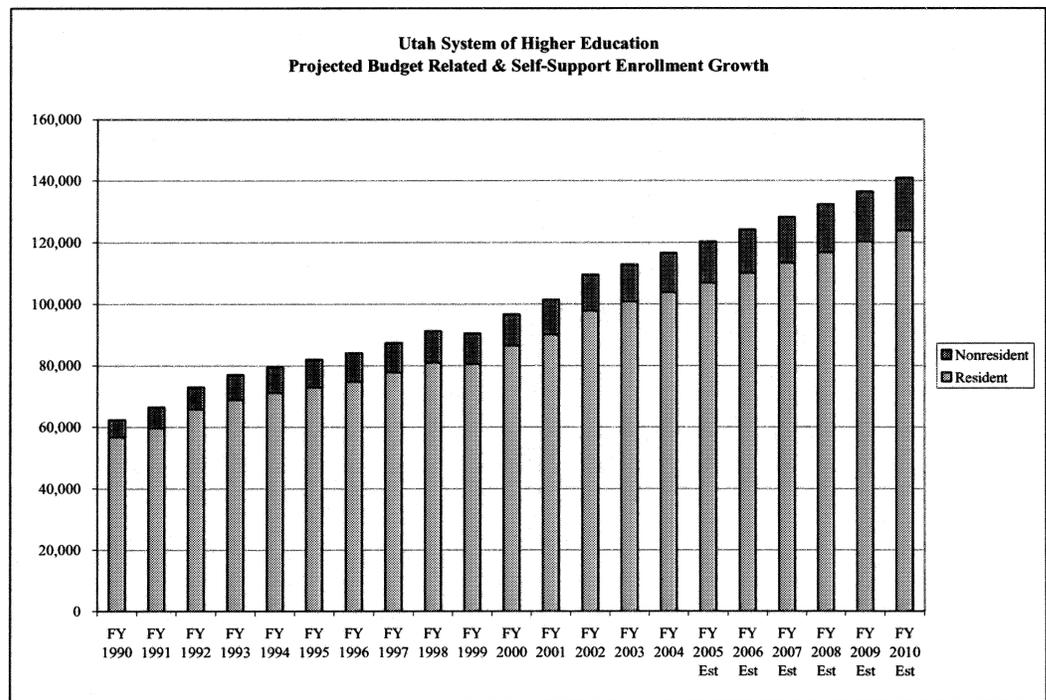
- Enhancing their recruiting efforts for more students to foster higher levels of enrollment funds. This would create problems for institutions proposing to cap enrollment.
- Admitting students who previously may not have been admitted if enrollment funding was not as rewarding.
- Approving credit for courses that were previously non-credit courses in order generate more student credit hours.
- Producing more programs in an effort to respond to the interest of more potential students.
- With the potential need to cap enrollment at the research institutions, the model

**See Appendix B for funding formula mechanism. In the opinion of the Analyst, the formula needs to be modified to reduce dependence on enrollment funding. A portion of appropriated funds could be linked to certain**

**systemwide and institutional specific performance indicators, changes in costs, responsiveness to market demands, student performance as well as recognized differences in institutional roles and mission.**

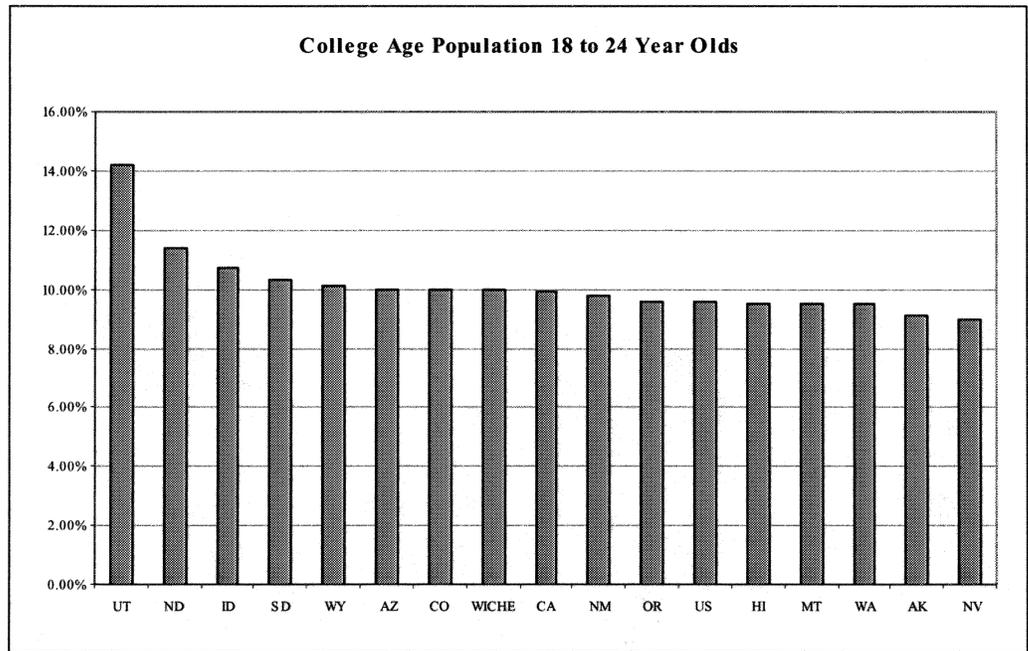
### 3.33 Enrollment Growth

One of the hallmarks of Utah’s higher education system has been open access to any USHE institution for which a student is suitably prepared. Over the past decade, budget-related student enrollments plus self-supported student enrollments increased by 39,500 new FTE students. This growth is equivalent to the combined enrollments of Utah State University (USU), Weber State University (WSU), Southern Utah University (SUU) and Snow College. Current estimates suggest that this high growth trend will continue over the next decade as illustrated by the following graph:



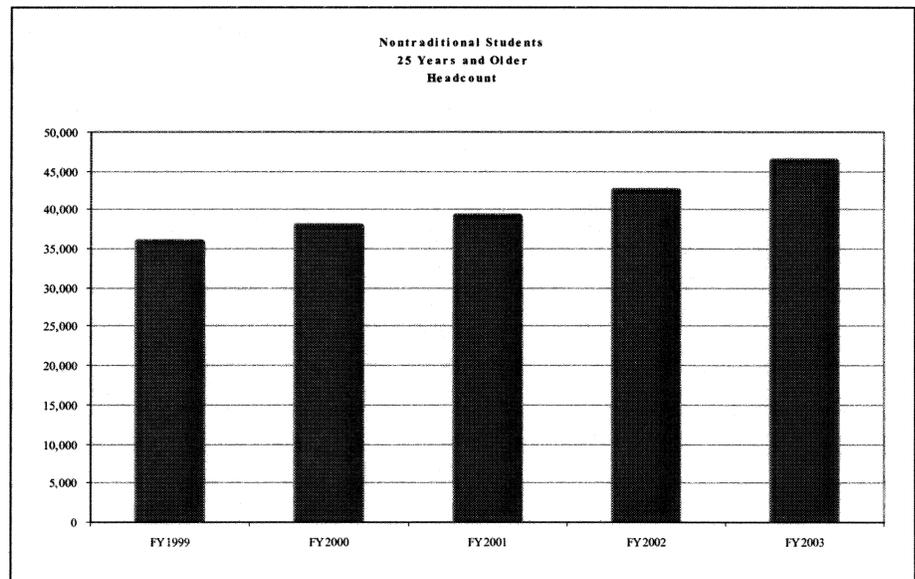
The growth in higher education enrollment is partially due to the increase in the population of the State. Between 1990 and 2000, total population in Utah increased nearly 30 percent, from 1,722,850 to 2,233,169. This rate of increase was much greater than the national average of 13.2 percent and the regional average of 19.4 percent.

Overall, student enrollment in the Utah System of Higher Education continues to grow at a steady rate because of the growth in the 18 to 24 year age group. According to a recent WICHE report, the 18 to 24 year olds in Utah experienced a significant increase of nearly 59 percent compared to regional and national averages of 27 percent and 26 percent respectively. In Utah, better that 14 percent of the population is between the ages of 18 to 24, the traditional college age. The following chart illustrates this:

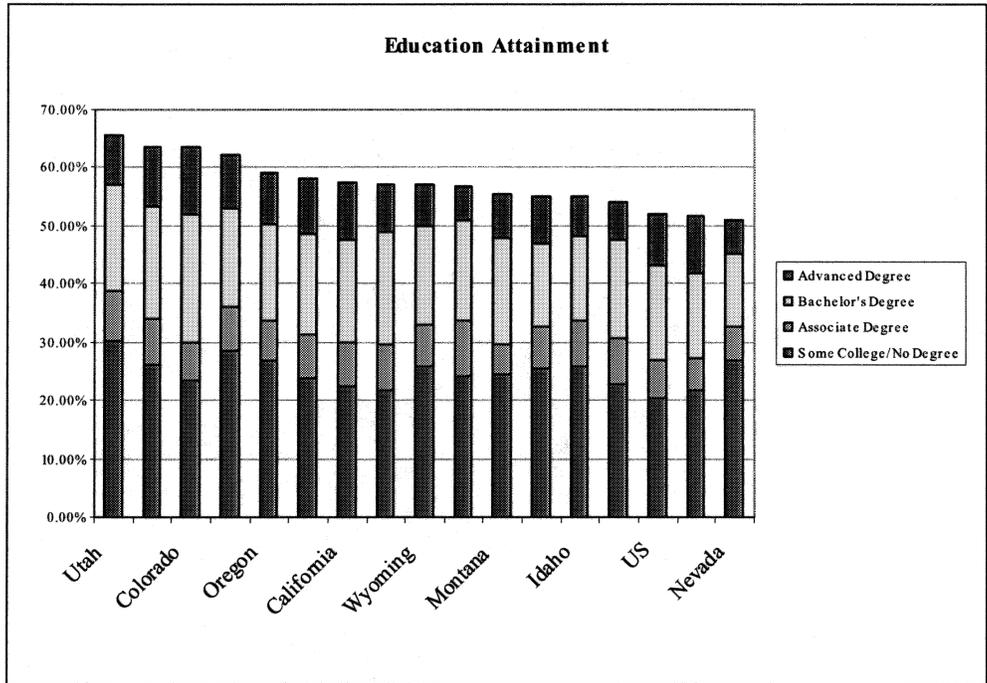


Another factor affecting enrollment in higher education is the growth of nontraditional students.

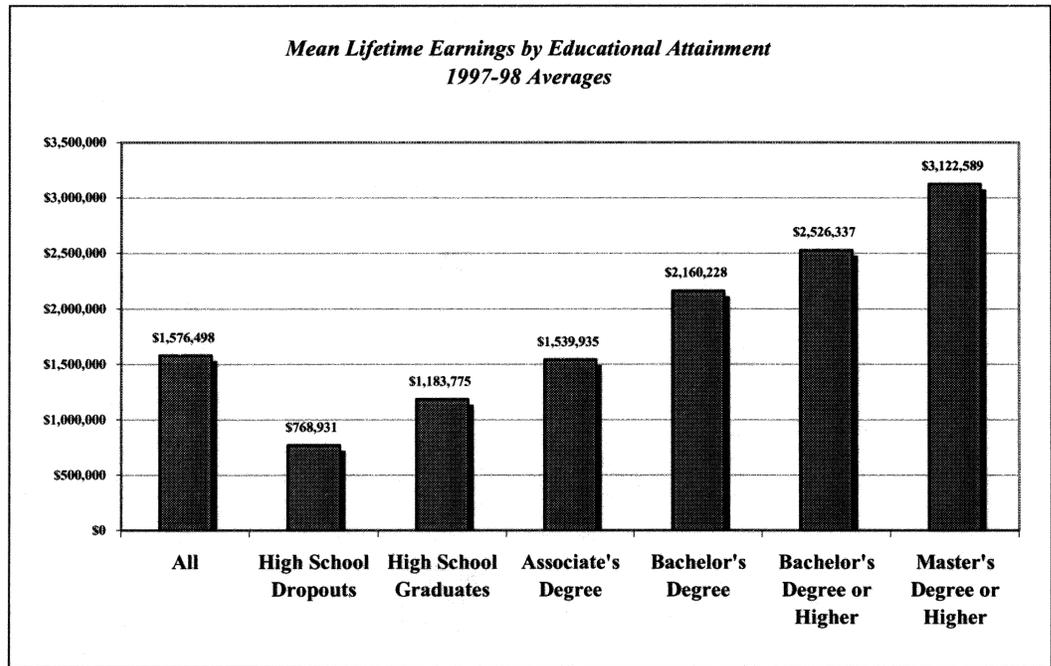
Nontraditional students are typically students who are 25 years of age or older and attend colleges on a part-time basis. Often times, these students come back to school during difficult economic times because of a need to improve job skills, to change professions or for reentry into the workforce. There was an increase in non-traditional students at USHE institutions by ten thousand students. The growth rate of students over 25 years of age from FY 1998 to the present is shown in the following graph:



The students that are coming to USHE institutions are inclined to stay in school and complete their degree. Approximately 27 percent of Utah’s population aged has at least a Bachelor’s degree. According to a recent WICHE publication of state profiles based on data from the 2000 Census, the percent of Utah population with at least some college participation through the completion of advanced degrees ranks Utah highest in the WICHE region and above the US national average. This suggest the state has a strong commitment to schooling past secondary public education. The following graph shows the education attainment of the western states:



The trend in enrollment growth over the next decade is clearly substantiated by the data and graphic materials described above. Enrollment funding remains a critical issue for higher education. There has been an ongoing effort by the Legislature to fund access and to improve the quality of higher education. A well-educated citizenry and a skilled technical workforce have been beneficial to the State’s economy. As businesses begin to recover from this economic downturn and seek to grow in the future, individuals search for ways to contribute productively in the high-tech, global marketplace, consequently the value of a college and university education grows in importance. Because the Legislature continues to provide access to higher education for our citizenry, it not only improves the lifetime earning potential of these people; it also fosters a better economic climate for the entire state. The following graph illustrates the potential life-time earning by level of education attainment:



However, the current economic environment in Utah poses a particular challenge for the Higher Education Subcommittee of the Legislature. Best estimates of State revenue available for FY 2004 now indicate that USHE will need to continue their current level of service within the FY 2003 adjusted appropriation of \$555.0 million from State Resources coupled with any additional revenue that can be raised through tuition increases.

Ironically, the limitation on State support comes at a time of unprecedented student growth in higher education. The annualized FTE enrollment, systemwide, for FY 2004 is 104,685, up 4,017 FTE students or 4 percent over FY 2003. The following table shows enrollment growth by institution:

<b>UTAH SYSTEM OF HIGHER EDUCATION Annualized FTE Enrollment for FY 2004</b>			
	<b>FY 2003 Enrollment</b>	<b>FY 2004 Enrollment</b>	<b>Estimated FY 2004 Growth</b>
UofU	23,885	25,702	1,817
USU	17,651	17,705	54
WSU	12,799	13,712	913
SUU	5,611	5,297	(314)
SNOW	2,967	2,722	(245)
DSC	4,164	4,248	84
CEU	2,171	2,104	(67)
UVSC	15,734	17,080	1,346
SLCC	15,686	16,115	429
<b>Total</b>	<b>100,668</b>	<b>104,685</b>	<b>4,017</b>

The annualized enrollment increase of 4,017 new students for FY 2004 coupled with 5,443 students that were not funded by the Legislature in fiscal years 2002 and 2003 totals 9,460 FTE students above the funded target. To fully fund enrollment growth would require an appropriation of \$53.9 million. The plan of financing is \$36.6 million from State resources and \$17.3 million from tuition revenue generated from these students. The following table shows the current year's growth and the number of unfunded students from the past two years:

	Estimated FY 2004 Growth	FY 2002 & 03 Unfunded Students	Total Unfunded Students	SBR 60% Growth
UofU	1,817	1,075	2,892	1,735
USU	54	799	853	512
WSU	913	524	1,437	862
SUU	(314)	161	(153)	(92)
SNOW	(245)	(16)	(261)	(157)
DSC	84	143	227	136
CEU	(67)	82	15	9
UVSC	1,346	1,338	2,684	1,610
SLCC	429	1,337	1,766	1,060
<b>Total</b>	<b>4,017</b>	<b>5,443</b>	<b>9,460</b>	<b>5,676</b>

Because of concern regarding the availability of State resources, the Regents are requesting only 60 percent funding for 5,676 FTE students as shown in the table above. The total cost of the proposal is \$32,474,600. The plan of financing in their request includes \$22,103,600 in State funds plus \$10,371,000 from tuition revenue. The Regent's request did not recognize the full amount of tuition revenue, which is an additional \$6,929,800 for a total of \$17,300,800 that will go toward enrollment funding. Therefore, the amount needed to fund 5,674 students or 60 percent of the unfunded growth is \$15,173,800. With the limited amount of new resources projected for FY 2004, the funding of new enrollment growth will be a challenge. **If additional funding is available, the Analyst recommends an appropriation of \$15,173,800 from State resources for higher education enrollment growth. If additional funding for growth is less than this amount, the Analyst recommends that the funds be proportionately allocated to the institutions based on the total number of unfunded students.**

### 3.34 Policies and Issues Relating to the Utah System of Higher Education

The USHE, as defined in the Utah Code (53B-1), is *“to provide a high quality, efficient, and economical public education system of higher education through centralized direction and master planning.”* Altering the State's vision of broadly accessible higher education that is relatively inexpensive to our resident students will result in a discussion of a number of critical policy issues:

**Should the Legislature consider capping USHE enrollment?** President Machen of the University of Utah, in a report to the Regents and the Higher Education Appropriation Subcommittee proposed limiting enrollment to 28,300 FTE students because of the current funding shortage.

**Possible Impact:**

- Admission for students applying to State research universities may become more competitive because institutions will prioritize their selection of exemplary students who may be more likely to succeed.
- Redistribution of students to other institutions because of students being turned away from the research institutions.
- Limiting access at research institutions may force other institutions to become more selective in their admission practices because of access and funding limitations.
- Capping enrollment may discourage some students (i.e. at-risk, minorities, lower income) from attending institutions of higher education. This would result in lower lifetime earning potential and a continuation of diminished social-economic expectations and, ultimately lower revenue to the State.
- Enrollment caps may increase the selection of nonresident students because nonresident students pay the full-cost of instruction, which generates more tuition revenue for the institution.
- Reduced enrollment may diminish bottleneck courses and improve graduation rates.
- Limiting enrollment may encourage some students to move directly into vocational training.
- Selective enrollments in higher education may motivate public education to find better ways to prepare students for college and university studies.
- Capping enrollment may encourage secondary students to take advantage or more rigorous high school curriculum.
- Enrollment capping will force institutions to evaluate academic and vocational offerings to enable access to the high demand programs.
- Limiting access may cause institutions to redefine their missions and roles.
- Reduced enrollments will make distance education a viable choice for many students.
- A change in the funding for higher education from an enrollment driven formula to performance based funding will have to be addressed.

**3.35 Should recent high school graduates be charged the “direct cost of instruction” or the equivalent non-resident tuition rate for developmental (remedial) courses if they are unprepared for college level course work?**

The National Education Association report on the “Results of the 2001 Higher Education Issues Survey” mentions that

*“... approximately 30 percent of first-time freshmen in 1995 were enrolled in at least one remedial reading, writing or mathematics course. Too many students who start college don’t finish because they lack the basic knowledge necessary to perform college-level work”.(NEA, Where WE Go from Here: State Legislative Views on Higher Education in the New Millennium.)*

Utah students are better prepared for college level course work. In fall term 2000, 7,565 students (11.4 percent of total enrollments) enrolled in developmental classes. Of those students, 5,072 (67 percent) were 22 years of age or younger.

Students seeking admission to USHE institutions (excluding the University of Utah, Utah State University and Southern Utah University) are encouraged to take prerequisite developmental courses in math, English or writing composition if ACT, SAT or College Placement results are below certain academic standards. To bring these recent high school graduates to college level proficiency standards cost the State \$2.1 million annually.

<b>UTAH SYSTEM OF HIGHER EDUCATION</b>			
Students in Remedial Courses Age 22 and Under			
Budget Related Fall 2000-01 Enrollment			
<b>INSTITUTION</b>	<b>Head Count</b>	<b>FTE Students</b>	<b>State Cost</b>
WSU	584	135	215,900
SNOW	51	13	19,000
DSC	564	191	279,800
CEU	145	39	53,100
UVSC*	1,638	609	753,600
SLCC	2,090	631	782,500
<b>TOTAL</b>	<b>5,072</b>	<b>1,617</b>	<b>\$2,103,900</b>

FY 2000 Standard Costs & Tuition from Enrollment Funding Mechanism

**3.36 Who should bear the cost of developmental (remedial) course instruction?**

In recent years the Legislature has provided public education with \$7.4 million for the Utah Performance Assessment System for Students (UPASS) to assess student proficiency. Based on current accountability and assessment standards in public education, students are required to meet specific graduation objectives. In the opinion of the Analyst, this ought to include competency for entry in higher education in basic areas of math, English and science.

Students who do not meet these graduation requirements should be charged a fee equal to the full cost of instruction for taking developmental courses offered in higher education. On the other hand, this charge could be avoided if the under-prepared students identified in the UPASS assessment process were encouraged to take refresher classes during the high school senior year in preparation for college.

A recent survey conducted by the Education Commission of the States' Center for Community College Policy identified 13 states that charge the full cost of remedial instruction in their community college system. It was also interesting to see that a number of states have considered limiting (or eliminating) state funding for developmental instruction in their community college system, charging the K-12 system for this instructional costs, or privatizing this program altogether.

It should be noted that this discussion of reduced State funding for developmental programs is not intended to affect adult non-traditional students.

**Possible Impact:**

- Intensify efforts of high school students to raise their level of achievement so that the lack of preparation will not be a barrier to college access.
- Better align public education curriculum and accountability with higher education admission standards and assessments.
- Reduce State expenditures on the direct cost of instruction supporting developmental courses for recent high school graduates.
- Raise academic standards and expectations of USHE institutions.
- Accelerates higher education graduation rates because incoming students are better prepared.
- High school students may become more responsible for senior year course work.
- Students deficient in college preparation could take refresher courses that would be financed by the Weighted Pupil Unit (WPU) funding formula.
- Reduces student tuition charges since they would not need refresher courses as a prerequisite to college level classes.
- Improve access to limited classroom space that would otherwise be occupied by developmental students.
- Requiring a higher tuition of recent high school graduates taking developmental courses may discourage some students. This could lower their lifetime earning potential and therefore impact the State's economy.
- Students that successfully complete refresher courses prior to collegiate studies tend to have better retention and graduation rates.

### **3.37 Cost of Applied Technology Education**

With the creation of UCAT and because eight of the nine USHE institutions provide vocational education, there has been a lot of discussion about the cost of applied technology education. **The objective of this analysis is to determine whether it is more cost effective for UCAT or USHE institutions to offer entry-level vocational programs.**

This is a complex issue because in the past there has not been a standard to compare higher education with UCAT because of the method of accounting for student enrollments (full time equivalent (FTE) versus membership hour). However with UCAT offering associate of applied technology degrees, a conversion factor for membership hours to credit equivalents was adopted in order to articulate with USHE institutions. The conversion factor for membership hours to a full time equivalent (FTE) student is 900 hours per academic year. This is consistent with the U.S. Department of Education’s definition for federal financial aid. This allows for an appropriate comparison of costs per FTE.

In order to compare the same fiscal years based on the 2002-2003 Data Book published by the Utah System of Higher Education, the cost study section was used to compare the USHE institution and the State Auditor’s report for FY 2001 was used for UCAT. Because of the availability of information, three schools were evaluated, Weber State University, Ogden-Weber and Davis Applied Technology Colleges. Also for a more accurate comparison, the cost of instruction for adult students was evaluated at Davis and Ogden-Weber since Weber State only.

<b>Comparison of Cost of Instruction for Adult Students</b>				
	<b>Direct Cost of Vocational Instruction for Total Funds</b>	<b>Full Cost of Vocational Instruction for Total Funds</b>	<b>Direct Cost of Vocational Instruction for State Funds</b>	<b>Full Cost of Vocational Instruction for State Funds</b>
Weber State University	\$3,520	\$6,493	\$2,464	\$4,545
Davis Applied Technology College	\$2,910	\$5,552	\$1,973	\$3,764
Ogden-Weber Applied Technology College	\$2,751	\$5,627	\$2,020	\$4,131
Average Cost	\$2,831	\$5,590	\$1,997	\$3,948
Variance Between WSU and the Average	\$690	\$904	\$468	\$598

A preliminary evaluation of the cost of instruction for Ogden-Weber and Davis Applied Technology Colleges (for adults only) versus Weber State University indicates it may be less expensive to offer entry-level courses at the two UCAT institutions (Appendix D Tables show the detail of the analysis). The following table summarizes the Analyst’s preliminary findings:

Although, it appears to be less expensive to train adult vocational students at UCAT institutions, this analysis was limited to the Ogden area. Therefore, an additional study needs to be performed system-wide to determine which institution can provide the vocational effectively and efficiently. There are many factors that need to be evaluated before a final recommendation can be made on where these programs should be offered. Other issues regarding tenured faculty at USHE institutions, availability of instructional space, equipment and faculty support need to be evaluated.

**It is the recommendation of the Analyst, that the following intent language providing for a study of applied technology programs is performed.**

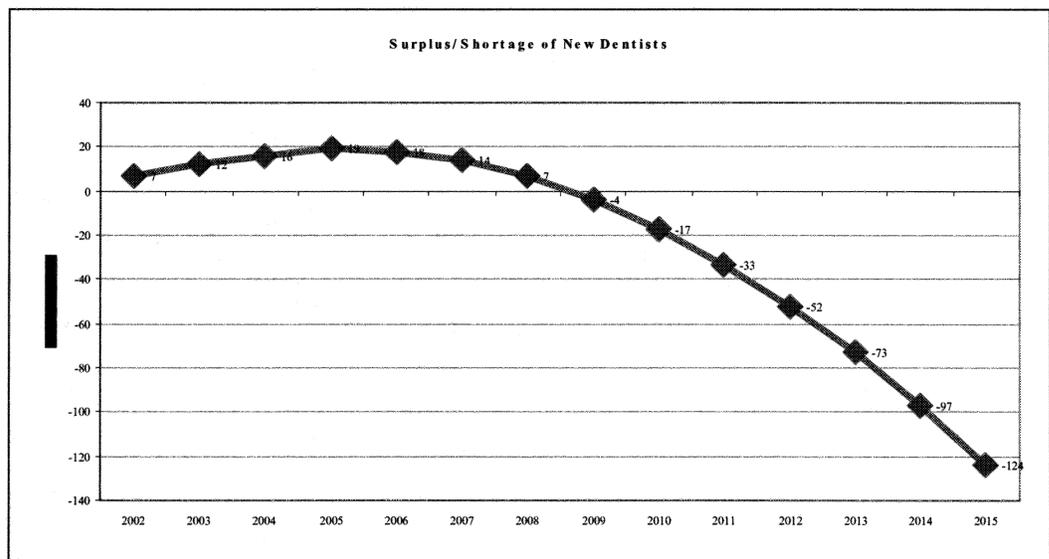
*It is the intent of the Legislature that an interim study be performed, by the State Board of Regents and the UCAT Board of Trustees in conjunction with the Legislative Fiscal Analyst Office and the Governor's Office of Planning and Budget to determine the most appropriate placement of applied technology, and reported to the Executive Appropriation Committee by September 30<sup>th</sup> of 2003. It is further the intent of the Legislature that the appropriate placement of developmental programs be included in the study.*

### **3.38 Regional Dental Education Program (RDEP)**

The Regional Dental Education Program (RDEP) is a cooperative dental education program between the State of Utah and Creighton University School of Dentistry. It is designed to provide a quality dental education program for Utah residents. The RDEP currently has ten positions available each year for Utah residents. Students admitted to the program receive the first year of instruction at the University of Utah. The remainder of the training takes place at the dental school facilities at Creighton University in Omaha, Nebraska.

Approximately 200 Utah students apply each year to Creighton. Creighton evaluates the applications based on academic standing as well as the results of an oral interview. Of the 200 submitting applications for admission, only ten are accepted into the program annually. The conditions of acceptance by Creighton University do not consider the student's financial status. Students requiring financial aid may apply for federally subsidized loans after acceptance at Creighton.

Workforce trends show an increasing need for qualified students into dental careers to ensure that the dental profession continues to meet the public's need and demand for dental care. Studies done by the Utah Medical Education Council (UMEC) suggest that in five years there will begin to be a shortage of dentists in Utah.



The current tuition charge for students attending Creighton University School of Dentistry is \$27,316 per year. The State’s contract with Creighton provides that Utah students pay resident tuition rates. Therefore, a dental student enrolled in RDEP pays approximately \$11,925, which is the same tuition amount paid by Utah residents students attending the University of Utah School Of Medicine. The legislative appropriation to the RDEP covers the balance of the tuition payment (\$15,391 per student) to Creighton University.

The plan of financing for the RDEP program consists of \$554,200 from the General Fund and \$118,500 from student tuition revenues for a total of \$672,700.

**The question arises relating to RDEP, as to whether the Legislature continues to subsidize 10 dental students selected to attend Creighton University or whether the RDEP program be treated as a “tuition loan forgiveness program”?** There are several tuition loan forgiveness programs in the higher education system that are funded by the Legislature. They include: the T.H. Bell Teaching Incentive Loan (TIL) and the Engineering and Computer Science Loan Forgiveness programs. The programs require employment in Utah upon graduation.

The loans would be given to students who declare intent to complete a course of instruction and then work in the State for a period of four years after graduation (one year of employment is credit for a one-year loan for tuition and fees). A loan recipient who does not work in the State after graduation is required to repay the amount of the loan.

There are several advantages to converting the RDEP program to a “tuition loan forgiveness” program:

- The State would recover better than \$60,000 from each RDEP student recipient that did not return to Utah to practice dentistry. During a ten-year period, between 30 and 40 percent of RDEP recipients chose to practice in another State after graduation from Creighton.
- The program can be structured to encourage students to work in underserved areas of the State.
- The funding pool would be enhanced from loan repayments to increase the number of State supported dental students attending other dental education programs.
- The additional funding would help address the need for additional dentists in Utah.
- Continued line item funding would provide State match for approximately \$1.2 million in Federal dollars. Of this amount, it is estimated the about \$600,000 annually could be used for dentistry students attending other schools.

**It is the recommendation of the Legislative Fiscal Analyst that the Legislature convert the Regional Dental Education Program from a “tuition assisted” program to a “tuition loan forgiveness” program beginning in FY 2004.**

Students currently in the program would continue under the same guidelines and regulations now in place. It is also the recommendation of the Analyst that the Legislature continue funding the RDEP at \$554,200 from the General Fund and \$118,500 from student tuition revenues for a total of \$672,700 for FY 2004. It is noted that tuition amounts may change depending on the tuition rates adopted for FY 2004.

**It is also recommended that the following intent language be adopted regarding Regional Dental Education Program students:**

***The Regional Dental Education Program should adopt rules that students enrolled in the program must practice dentistry in Utah upon completion of their dental program (including advanced specialties) for a period equivalent to the number of years they receive tuition support or repay the amount paid by the University of Utah, with interest. Any repayments will flow to the Regional Dental Education Program at the University of Utah to offset budget increases and assist with dental education.***

### **3.39 New Programs in Higher Education under Development or Consideration for Approval**

Approximately 44 programs under “*development or for consideration*” as additions systemwide were submitted to the Board of Regents for implementation in FY 2004. Another 77 are being considered for program additions or development for FY 2005. The institutional Board of Trustees previously approved the programs on the list. Although some programs may be critical based on demand, many on the list appear to be duplicating what other institutions are currently offering, while others seem to be “wants rather than needs”. In July 2002, the Board of Regents put a moratorium on new programs; with a charge to prepare new procedures for the

approval of new programs would be reported in the September meeting. Chair Karras stated, "The message which comes from a freeze is an important message to send. Expanding the System makes no sense." A list of the new programs under consideration is included in Appendix E. **In view of the budget cuts sustained in FY 2002 and FY 2003 and the funding limitation forecast for FY 2004, should USHE institutions be expanding their program offerings at this time?**

### 3.40 Legislative Fiscal Analyst Funding Recommendations

#### 3.41 Operation and Maintenance of New Facilities - \$3,706,700

It has been the practice of the Legislature to view Operation and Maintenance (O&M) of new facilities as an obligation of the State when the Legislature has approved both the construction of the facility and the payment of the O&M from State tax funds. **The Analyst recommends \$3,706,700 in State Tax Revenue for fiscal year 2004 for the operation and maintenance of new facilities.**

#### Utah State University – \$1,123,300

##### *Natural Resources Annex - \$36,900*

Utah State University has turned an existing facility into the Natural Resources Annex to house the faculty offices of the College of Natural Resources. The facility is a Quonset style building that has been a warehouse for storage for the College of Agriculture metal shop and library overflow, as well as fire and police emergency storage. This project is a \$2.1 million privately funded renovation. The renovation includes configurations more complex than the existing facility such as carpets, wall structures, mechanical systems, electrical wiring and fire monitoring systems. The total O&M required for this facility for FY 2003 is for 6 months of funding. **The Analyst recommends if additional funding becomes available an appropriation for O&M for the Natural Resources Annex of \$36,900 in FY 2004 to cover the remaining 6 months of funding.**

##### *Engineering Classroom Building - \$633,700*

The new engineering classroom building is currently under construction with a completion date before FY 2004. This facility will be house classrooms, computer labs, group project areas, engineering labs, and office space. **The Analyst recommends, if additional funding becomes available, an appropriation of \$633,700 for FY 2004.**

##### *Edith Bowen Laboratory School - \$307,200*

This facility is a two-phase privately funded project to construct a new student laboratory to enhance the College of Education. The existing facility will be removed after the second phase is completed. The O&M request for FY 2004 is for phase one of the building, which is the new east wing of the facility. **The Analyst recommends, if additional funding becomes available, an appropriation of \$307,200 for FY 2004.**

***Biology/Natural Resources West - \$11,500***

This privately funded project is the first of a three-phase addition to the west end of the Biology/Natural Resources Building. The new addition has laboratory space including an outdoor laboratory for the College of Natural Resources. **The Analyst recommends O&M funding for FY 2004 of \$11,500 if additional funding becomes available.**

***Lab Animal Research Center Addition - \$12,200***

This federally funded addition to the Lab Animal Research Center will provide five animal testing rooms and support space. **The Analyst recommends, if additional funding becomes available, an appropriation of \$12,200 for FY 2004 for O&M.**

***Brigham City Center - \$121,800***

The Brigham City Branch Campus has been leased since 1991. In the 2002 General Session, the Legislature funded the purchase of the Brigham City Education Complex from Box Elder County. This center houses seven electronic classrooms, three multimedia computer labs, eight classrooms, and office space. **The Analyst recommends an appropriation of \$121,800 for FY 2004 for O&M, if additional funding becomes available.**

**Weber State University - \$444,500**

***Davis County Campus - \$444,500***

This is the first building on the 106 acre campus located in Layton. This building will serve about 3,500 students. Full development of this campus will accommodate 12,000 to 15,000 students in Northern Davis County. The building will be completed in August of 2003; therefore, 11 months of O&M is needed. **The Analyst recommends an appropriation of \$444,500 for FY 2004 for O&M for the Davis County Campus.**

***IHC – Dee McKay Hospital Property – \$0***

WSU is in the process of trying to purchase the old Dee McKay Hospital across the street from the campus. The hospital was torn down leaving a multi-story parking garage. In talking with staff at WSU, the purchase does not look like it will go through this year, so the O&M funding request is not needed for FY 2004. **The Analyst does not recommend funding this facility at this time.**

**Snow College - \$586,700**

***Center for the Performing Arts - \$185,000***

The new Performing Arts Building is scheduled for completion August 1, 2003. It will house the nationally accredited music program, the theatre department complete with a theater, classrooms, offices, a scene shop, dance studios, and a 750-seat performance hall. This new building will replace five older building that will be razed starting the summer of 2003. The college will transfer about \$238,200 of the O & M from the old buildings to the new Performing Arts center. The amount requested for FY 2004 is for 12 months of O&M of \$185,000 for the O & M needed for 87,100 square feet of additional space. **The Analyst recommends, if additional funding becomes available, an appropriation of \$185,000 for FY 2004 for the O&M.**

***Snow South Multi-Event Center - \$401,700***

The Snow South Multi-events Center is a three-phase project to provide classrooms, science labs, counseling offices, a theatre, a physical education facility, and applied technology education labs. The facility is due to be complete January 1, 2003. The Legislature previously funded \$164,600 of O&M to cover utility and maintenance costs while the building was under construction. The total O&M for the facility will be \$566,300. The remaining O&M needed for FY 2004 is \$401,700. **The Analyst recommends, if additional funding becomes available, an appropriation of \$401,700 in FY 2004.**

**College of Eastern Utah – \$372,000**

***Computer/Technology Building - \$224,100***

A new Computer/Technology Building will replace the Reeves Main Building on the Price Campus will be a high-tech science complex. The replacement space of 43,400 square feet will require additional O&M funding of \$108,500 (\$2.50 per sq. ft.) and the new space has an estimated cost of \$115,600 (\$5.75 per sq. ft.) for a total cost of \$224,100 for O&M. **The Analyst recommends an appropriation of \$224,100 for FY 2004, if additional funding becomes available.**

***Prehistoric Museum - \$147,900***

The College of Eastern Utah's Prehistoric Museum is one of the few accredited museums for two-year colleges in the nation. The museum serves the community, as well as students from both higher and public education. The museum offers many courses in Paleontology. Price City originally built the facility with a federal grant. CEU has entered into an agreement with the City of Price to transfer the Museum's the ownership of the Prehistoric Museum over to CEU. The transfer occurred in January of 2002, requiring CEU to maintain the facility. **The Analyst recommends an appropriation of \$147,900 in FY 2004 for O&M if additional funding becomes available.**

**Utah Valley State College - \$1,086,300**

***Wasatch Campus Facility - \$252,800***

The new Wasatch Campus Facility will provide classroom and office space for the Heber Valley. **The Analyst recommends an appropriation of \$252,800 for FY 2004, if additional funding becomes available.**

***Liberal Art Building - \$833,500***

The new Liberal Art Building on the Orem Campus was approved for funding by the 2001 Legislature. The new facility will provide 58 classrooms and 189 offices to accommodate the rapid growth experienced by UVSC. **The Analyst recommends an appropriation of \$833,500 for FY 2004, if additional funds become available.**

**Salt Lake Community College – \$93,900**

***Larry H. Miller Building # 5– \$93,900***

The 5<sup>th</sup> Larry H. Miller facility located in Sandy just off Interstate 15 was completed September 1, 2002. SLCC is only requesting O&M for the 2<sup>nd</sup> and 3<sup>rd</sup> floors, which will house distance education and office space at a total cost of \$180,000. The 2002 Legislature appropriated one-time funds of \$136,100 for the FY 2003 O&M needs of SLCC. **The Analyst has request that the one-time funding be converted to ongoing funds in FY 2004. If that occurs, the Analyst recommends, if additional funding becomes available, an appropriation of \$93,900 for FY 2004 to cover the costs of the 5<sup>th</sup> Larry H. Miller Building.** The following table shows the allocation of O&M funds for SLCC:

<b>SLCC Operation &amp; Maintenance</b>		
	<b>FY 2003</b>	<b>FY 2004</b>
Jordan Campus	10,800	
Detroit Diesel	11,500	
Larry H. Miller Buildings 3 & 4	28,800	
Larry H. Miller Building 5	135,000	180,000
<b>SLCC O&amp;M Request</b>	<b>186,100</b>	<b>180,000</b>
Less: FY 2003 Appropriation	<u>(136,100)</u>	(136,100)
Unfunded Portion from FY 2003	50,000	50,000
<b>FY 2004 Request</b>		<u><u>\$93,900</u></u>

**3.42 Americans with Disabilities (ADA) - \$400,000**

The Americans with Disabilities Act is designed to remove obstructions that prevent disabled persons from fully participating in activities that are available to the general public. As student enrollment grows and access increases, the number of disabled students participating in college life on Utah campuses also increases. Therefore, additional programmatic needs are required for disabled students on campus. This recommendation is to enhance funding for interpretive programs for the deaf, provide enlarged print services and readers for the blind, and purchase specialized equipment for these students. **If Additional funding becomes available, the Analyst recommends an appropriation of \$400,000 for ADA for FY 2004 because of limited state resources.**

The distribution of these funds is included in the following Table:

<b>Americans With Disabilities</b>	
University of Utah	\$33,500
Utah State University	59,600
Weber State University	54,900
Southern Utah University	3,300
Snow College	3,600
Dixie State College	12,300
College of Eastern Utah	6,700
Utah Valley State College	96,300
Salt Lake Community College	129,800
<b>USHE Total</b>	<b>\$400,000</b>

**3.43 Fuel and Power Rate Increases - \$0**

Starting in FY 2001, natural gas companies increased rates between 35 to 50 percent nationwide due to low inventories of natural gas. The power companies in turn increased their rates because of their dependency on natural gas to fuel their generators. Because higher education has more square feet than any other State agency, the Legislature appropriated in fiscal years 2001 and 2002 one-time funding of \$3.1 million and \$4.4 million respectively to mitigate the increase in fuel and power rate increases. The funding helped alleviate the problem but still left most of the schools with a deficit in the ending balances. The problem is prior year shortfalls in the reserve accounts have made it difficult to catch up. This fiscal year, USHE is requesting funding of \$6.3 million for FY 2004 and a supplemental appropriation for FY 2003 of \$4.8 million. An evaluation of the fuel and power rates and consumption indicate that the rates are going down and the consumption is remaining stable. Over time, if the rates continue to drop and the usage remains fixed, the schools will begin to catch up their deficit. **The Analyst recommends not funding fuel and power for FY 2004 due to the lack of state resources. Institutions will need to reprioritize their resources to cover short fall in funds for utilities.**

### 3.44 Inflationary Rate Increases - \$0

The USHE has requested inflationary rate increases for postage, water and sewer rates. The requests are as follows:

- Postage Rate Increases - \$230,500
- Water and Sewer Rate Increases - \$456,100

**Because of limited resources, the Analyst recommends that the inflationary rate increases be absorbed in existing budgets.**

### 3.45 Student Exchange Visitor Information System (SEVIS) - \$322,200

The Department of Justice's Immigration and Naturalization Service implemented the Student Exchange Visitor Information System (SEVIS) effective January 1, 2003. SEVIS requires higher education to report electronically foreign and exchange students enrolled in their institutions. The Utah System of Higher Education has approximately 3,800 foreign and exchange students. In order to be in compliance with this federal requirement, higher education has determined that funding of \$322,200 will be needed to track these students. **The Analyst recommends an appropriation of \$322,200 for FY 2004, if additional funding becomes available.**

### 3.50 System-wide Initiatives

#### 3.51 Financial Aid - \$1,403,300 and a Supplemental of \$67,400

The State of Utah is the recipient of several campus-based federal financial aid programs, as well as State funded Utah Centennial Opportunity for Education (UCOPE) program and the New Century Scholarship to help students offset the cost of their tuition. For fiscal year 2003, about \$15 million in federal and state financial aid was awarded to Utah students.

In addition to administering the campus-based federal financial aid programs, the UCOPE, and Computer Science and Engineering Loan Forgiveness Programs, the Utah Higher Education Assistance Authority (UHEAA) oversees the Utah Student Loan Guarantee Program, the Utah State Board of Regents' Loan Purchase Program, the Utah Educational Savings Plan Trust, and the Utah Higher Education Tuition Assistance Program. UHEAA is a non-state supported operation generating revenue from the programs it administers. The decision to purchase three floors at the Gateway rather than continue the lease agreement at the Triad Center was impacted by two factors; UHEAA had outgrown the space in the Triad Center and the purchase price was approximately \$4 per square foot cheaper than the lease agreement. The loan for the purchase of the new facility is predominately paid by UHEAA since they utilize most of the space (UHEAA pays \$1.1 million of the \$1.3 million loan payment). With more space, UHEAA was able to end contracts with outside vendors and provide all services to the citizens in Utah in one location. UHEAA currently has 180 full time equivalent employees.

A description of the programs and funding needs are listed below:

***(LGP) Utah Student Loan Guarantee Program and the Utah State Board of Regents' Loan Purchase Program (LPP)***

The LGP and LPP are Federal Family Education Loan Programs operated by UHEAA in partnership with the U.S. Department of Education. LGP and LPP are two entities with separate funds and accounts.

***Utah Educational Savings Plan Trust (UESP)***

UESP is a state college savings program, which operates compliance with federal regulations to ensure eligibility of participants for federal income tax benefits applicable to savings plans.

***Utah Higher Education Tuition Assistance Program (UTAP)***

UTAP is a state program offering need based tuition assistance based on federal criteria for awarding need based financial aid.

***Federal Aid Programs - \$175,900***

Federal student aid programs often have State matching requirements to participate in their program. When the federal government changes the matching requirements, State funds are used to replace lost federal dollars to maintain the same level of support. This cost increase for the programs operated through the Utah Higher Education Assistance Authority include:

- ***Supplemental Educational Opportunity Grants (SEOG) Program*** - is a grant program for undergraduate students. Annual awards of up to \$4,000 are available depending on the student's needs and availability of funds. The SEOG Program is considered a campus-based program with funding provided by the U.S. Department of Education. The state match requirement is 25 percent.
- ***The Federal Work-study Program (FWS)*** - provides jobs for students who qualify for financial aid. Employers and the FWS each pay a portion of the wages. FWS is a campus-based program that receives funding directly from the U.S. Department of Education. Institutions are required to provide a 25 percent match annually.
- ***Federal Perkins Loans Program*** - offers low interest (5 percent) loans with a maximum repayment period of 10 years. The matching requirement of this program is 25 percent of the capital contributions to the institutional loan fund.

- Leveraging Educational Assistance Partnership (LEAP)** - Formerly known as the State Student Incentive Grant Program (SSIG), is a grant program for undergraduate students with substantial financial need. Awards of up to \$2,500 per year are available depending on the student's need and available funds. U.S. Department of Education provides part of the funding with a minimum of 100 percent state match and maintenance of effort requirement of the designated state agency. Historically, the amount of federal funding has decreased while the program requirement of "maintenance of effort" has resulted in a two to one State/federal ratio. Beginning in FY 2002, federal funding will be increased and the additional funds will be called Supplemental LEAP requiring a two to one match ratio. The Each institution is responsible for the administration of the program.

The following table illustrates the calculations based on the latest Federal Government action on the FY 2004 Budget:

Financial Aid Table for FY 2004						
	FY 2002 Federal Appropriation	FY 2003 Federal Allocation	Percent Change from FY 2002 to FY 2003	FY 2003 State Match	FY 2004 State Match	Program Maintenance Needed for FY 2004
<b>1. Federal SEOG Program</b>	725,000,000	725,000,000	0.00%			
A. Actual Allocation to USHE	3,067,968	3,769,000	22.85%	1,042,100	1,045,100	3,000
B. USHE % of Total	0.42%	0.52%				
<b>2. Federal Work Study Program</b>	1,011,000,000	1,011,000,000	0.00%			
A. Actual Allocation to USHE	4,275,063	6,558,500	53.41%	875,900	935,900	60,000
B. USHE % of Total	0.42%	0.65%				
<b>3. Federal Perkins Loans</b>	100,000,000	100,000,000	0.00%			
A. Actual Allocation to USHE	1,134,800	1,194,600	5.27%	374,800	375,300	500
B. USHE % of Total	1.13%	1.19%				
<b>4. Leveraging Education Assistance Program (LEAP)</b>	40,000,000	40,000,000	0.00%			
<b>Supplemental LEAP (SLEAP)</b>	27,000,000	32,500,000	20.37%			
<b>Subtotal of Appropriation</b>	67,000,000	72,500,000				
A. Actual LEAP Allocation to USHE	228,732	228,732		652,300	652,300	0
B. Actual SLEAP Allocation to USHE	268,651	336,692		552,100	664,500	112,400
C. Total Allocation to USHE	497,383	565,424		1,204,400	1,316,800	112,400
D. USHE % of Total	0.74%	0.78%				
<b>FY 2004 Total State Matching Funds</b>						<u>\$175,900</u>

**It is the recommendation of the Analyst, if funds are available, that there is an appropriation of \$175,900 for FY 2004 for State Match of Federal Financial Aid Programs.**

**Utah Centennial Opportunity Program for Education (UCOPE) - \$1,000,000**

UCOPE was established in 1997 to provide state-funded, need-based financial aid for Utah resident students attending public and private universities and colleges in Utah. UCOPE is currently funded at just over \$2.7 million. The requested funding increase of \$2,000,000 is based on a tuition rate increase for USHE institutions of 4.5 percent. In addition to the UCOPE request, the State Board of Regents agreed that each campus would use 0.5 percent or (\$1.2 million) of the tuition revenue for student aid. Student Leaders have strongly supported the request for UCOPE to mitigate the increase in tuition and fees. In order to keep pace with the increases in tuition and fees, the following policy in The Board of Regents Section R510-3.8 states:

***When the Board's of higher education appropriation recommendations contemplate tuition rate increases, the Board will consider including a request for a related appropriation increase for the Utah Centennial Opportunity Education Program for Education (UCOPE).***

The following table illustrates the amount of funding needed to keep pace with USHE tuition increases:

<b>UCOPE Funding Needed to Keep Pace with Tuition Increases</b>		
<b>Description</b>	<b>4.5% Increase Tuition Increase</b>	<b>Proposed 2nd Tiered Tuition Increase</b>
1. Tuition Increase for FY 2004	\$10,977,900	\$16,947,700
2. Estimate of Portion of Tuition Paid by Students Qualified for Federal Financial Aid (Approximately 51%)	5,598,700	8,643,300
3. Estimate of Increases in Federal Financial Aid Programs	5,610,000	5,610,000
4. Estimated of Portion of Federal Financial Aid Increases Applicable to Tuition	1,683,000	1,683,000
5. Estimate of Unmet Costs for Students Qualified for Federal Financial Aid (Number 2 minus Number 4)	3,915,700	6,960,300
6. State Appropriation in FY 2004 Base	2,695,700	2,695,700
<b>7. Total Amount of UCOPE Funding Needed to Keep Pace with Tuition Increases (Number 5 less Number 6)</b>	<b>\$1,220,000</b>	<b>\$4,264,600</b>

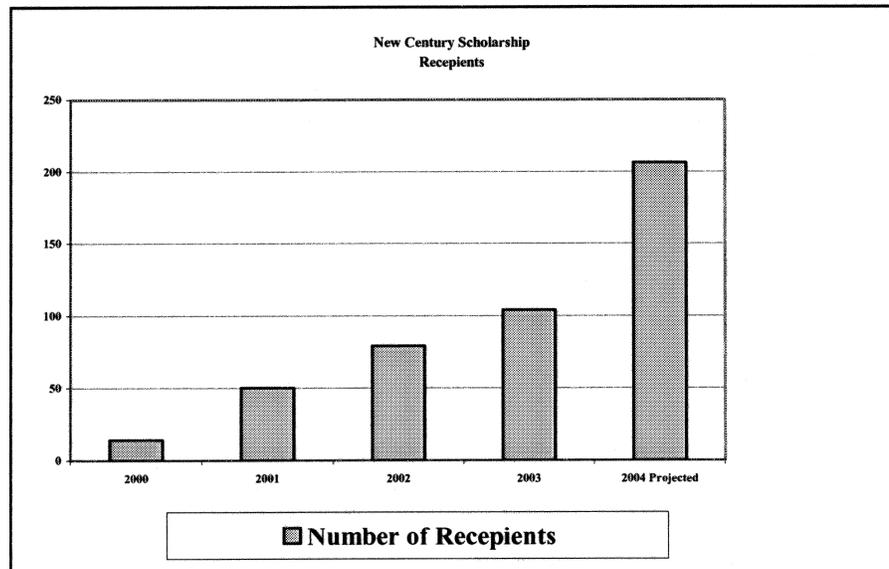
**If additional funding becomes available, the Analyst recommends an appropriation of \$1,000,000 for FY 2004 for UCOPE.**

***New Century Scholarship Funding- \$227,400 and Supplemental of \$67,400***

In the 1999 Legislative Session, Senate Bill 90, “Higher Education Scholarships” or as it is commonly known, New Century Scholarship was passed. The New Century Scholarship awards a two-year 75 percent tuition scholarship for those students who complete the requirements of an Associate Degree by the September after their high school graduation to be used at one of Utah’s four-year institutions. Since the inception of the New Century Scholarship, 247 students have received scholarships. Currently, the state support for the program is \$141,200 (including \$68,000 from FY 2003 as one-time that needs to be converted to ongoing). Of the 247 students taking advantage of the program, 7 have graduated with a Bachelor’s Degree, and 15 have completed 60 credit hours toward their Bachelor’s Degree. The following chart indicates the growth in the program over the past five years:

<b>Institutions Attended by Receptiens of the New Century Scholarships</b>	
Brigham Young University	28
Dixie State College	2
Southern Utah University	26
University of Utah	52
Utah State Universtity	45
Utah Valley State College	20
Weber State University	30
Westminter University	3
Not currently enrolled	19
Students Deferred	22
<b>Total Receptiens</b>	<b>247</b>

The following table shows where the students participating in this program are:



The projected recipients for the New Century Scholarship for FY 2004 are 206 requiring additional funding of \$227,400 for FY 2004 and a one-time supplemental appropriation of \$67,400 to cover the unfunded students in FY 2003. In Section 53B-8-105 of the Utah Code:

- (4) (a) The Legislature shall make an annual appropriation from the General Fund to the State Board of Regents for the costs associated with the New Century scholarship program authorized under this section.*
- (c) Notwithstanding Subsections (1) and (2), if the appropriation under Subsection (4)(a) is insufficient to cover the costs associated with the New Century scholarship program, the State Board of Regents may limit or reduce scholarships.*

**If additional funding becomes available, the Analyst recommends an appropriation of \$227,400 for FY 2004 and a one-time supplemental of \$67,400 for FY 2003.**

***Statutory Tuition Waivers***

In addition to the federally sponsored student financial aid programs, the president of each institution may waive all or part of the tuition for meritorious or impecunious resident and non-resident students to an amount not exceeding 10% of total tuition collections. In the FY 2004 budget, the nine USHE institutions will grant tuition waivers of about \$29.1 million. Although there are some restrictions on the number of non-resident students that may receive tuition waivers, this is a significant source of financial aid that is often overlooked. The growth of the fund escalates automatically with changes in tuition rates and new revenue collected from increases in student population.

**3.52 Engineering and Computer Science Initiative – \$2,000,000**

The Legislature recognized that a significant increase in the number of engineering and computer science graduates from the State system of higher education is required over the next several years. The objective of the Engineering and Computer Science Initiative is to double the number of graduates in technology disciplines by 2006 and triple the number of graduates by 2009. To advance the initiative, the Legislature has appropriated \$6.0 million to the system of higher education since the inception of the initiative (Senate Bill 61, 2001 General Session). This is illustrated in the following table:

<b>Engineering Computer Science Initiative</b>		
State Appropriated Funds		
	FY 2002	FY 2003
Ongoing	\$1,000,000	\$2,000,000
One Time	\$3,000,000	\$0
<b>Total</b>	<b>\$4,000,000</b>	<b>\$2,000,000</b>

Institutions will still be required to evaluate current program offerings and reallocate funds internally to leverage an equal match of the appropriated funds to fulfill the objective of this initiative.

The first year of funding impacted the number of students enrolled in the program during the 2001-2002 school year. The second year of funding, being spent during the 2002-2003 school year is continuing to increase the number of student enrolled, particularly in the upper division courses in both engineering and computer science. The first graduating class impacted by the funds will graduate in the spring of 2003. The total number of graduate in the year 2000 compared to the graduate in 2002 increased by 5.8 percent.

Engineering Computer Science Initiative		
Bachelor Degrees		
	2000	2002
Engineering	513	486
Computer Science	423	504
Total	<u>936</u>	<u>990</u>
Percent Increase		5.8%

The number of students enrolled at the four universities, where the first year funds were allocated, increased 30 percent between Fall 2000 and Fall 2002. The number of students enrolled system-wide increase 35 percent.

It should be noted that despite the weak economy of the State, engineering graduates continuing to receive job offers in Utah at higher than average starting salaries. Increasing support for engineering and computer science will have a positive impact on the economic development of the State.

It is requested by the Board of Regents and recommended by the Governor that \$2.0 million be appropriated in FY 2004 for the Engineering and Computer Science Initiative. **It is recommended by the Legislative Fiscal Analyst that \$2.0 million be appropriated for this initiative for FY 2004 due to the limited amount of available State resources. If addition funds are available, it is also recommended that the Legislature consider increasing the funding for this initiative.**

State statute (53B-6-105(4)) indicates that: *“the Legislature shall provide an annual appropriation to the initiative as a budget line item for the State Board of Regents.”* If the Legislature chooses not to increase the appropriation for the Engineering and Computer Science Initiative, in the opinion of the Legislative Fiscal analyst, continuation of the base amount of \$1,950,900 satisfies the intent of the legislation.

### 3.53 Engineering and Computer Science Loan Forgiveness Program - \$500,000

The Legislature also established a student loan program as a component of the engineering and computer science initiative. Students may use their loans at any institution within the state system of higher education that offers an engineering, computer science, or related technology baccalaureate degree. The loans may be given to students who declare intent to complete a course of instruction in engineering or computer science and work in the State for a period of four years after graduation (one year of employment as an engineer or in the field of computer science is credit for a one-year loan for tuition and fees). A loan recipient who does not work in the State after graduation is required to repay the full amount of the loan.

State Statute 53B-6-105.7 (Initiative student loan and loan forgiveness program) provides that: “*the Legislature shall make an annual appropriation to the State Board of Regents to fund the student loan program*”. **It is therefore recommended by the Legislative Fiscal Analyst that the Legislature appropriate \$500,000 in ongoing State resources for FY 2004 to fund the Engineering and Computer Science loan program.** It should be noted that the loan program was funded in FY 2002 at \$500,000 with one-time money from the General Fund. The loan program was not funded in FY 2003.

### 3.54 Utah Academic Library Consortium (UALC) - \$600,000

The Utah Academic Library Consortium provides a synergistic effect for the nine institutions in the USHE, allowing for procurements and subscriptions of library materials that individual members could not purchase on their own. The UALC also effectively coordinates the identification and prioritization of the USHE library needs. The UALC not only addresses system-wide needs, but also evaluates institution specific needs. The UALC needs are outlined as follows:

#### ***Library Collections - \$500,000***

Ongoing funding is needed to meet the increased cost as well as demand for journal subscriptions for all USHE libraries. Research journals, both in print and electronically, are expected to increase by 8 percent in 2004. The average cost of journal subscription in the health sciences is \$600.88, university research library is \$430.78 and a 4-yr/college library is \$318.04. Without additional support, the UALC will be forced to eliminate journals from their collections, thus limiting the resources available to students, faculty and the general public.

#### ***Electronic Information Resources - \$100,000***

The goal of the Libraries 2000 Initiative was to bring together the libraries of higher education in a new model of statewide resources and services. The

collaborative efforts of the UALC, has enabled the library systems to stretch state dollars and provide resources throughout the state. UALC provides higher education students and faculty with access to more than 60 databases, over 5,000 journals, and 7,000 online books. The UALC has also entered into a partnership with the Nevada library system to expand the resources available to our students and faculty on campus and at home. Additional funding would allow the UALC to purchase newly developed products that would significantly enhance education programs in higher education.

UALC also offers any faculty and students access to the statewide collections from their home, office, dorm or library. The Utah Article Delivery Service (UTAD) successfully offers 24-hour delivery of available books and articles not found online.

***Digitizing Utah's History - \$0***

College and university libraries in Utah have collections of historic maps, diaries and photographs that are valuable treasures that are often times so fragile that they are not available to the general public. Advanced digitizing technologies make it possible to publish these items on the Internet. One of the most significant accomplishments of this last year was the establishment of the UALC digitization network. Four digitization centers were identified – University of Utah, Utah State University, Southern Utah University and Brigham Young University. The benefits of this collaboration include the conversion of historic resources from local newspapers, public libraries, and colleges and universities to Internet access publications. A recent example of this effort is the digitization of the Geology of the High Utah Plateaus by C.E. Dutton, which was the result of expeditions in 1875-78 directed by John Wesley Powell (<http://www.lib.utah.edu/digital/dutton/>). To expand the participation to all institutions and areas of the state, additional funding is required. The request was for \$150,000.

While the digitization of Utah's history would be nice to have, the budget constraints at this time require prudent use of the State's resources. Higher education has many critical needs such as O&M and enrollment growth. **The Analyst therefore recommends, if additional funding becomes available, an appropriation of \$600,000 for FY 2004 for the Utah Academic Library Consortium for library collections and electronic information resources.**

**3.55 Nursing Initiative - \$1,000,000**

There are 17,544 registered nurses (RNs) in Utah, of which only 13,257 (75 percent) are working in the healthcare profession. The Department of Professional Licensing approves 1300 to 1400 new RN licenses annually. Of those, 700 are new graduates from the educational system and the rest are nurses who have moved to the state and reactivating their license. The General Accounting Office of the United States reports Utah averages 595 nurses per 100,000 population and ranks 3<sup>rd</sup> in the nation for the fewest nurses. The national average is 782 per 100,000, which puts Utah 31 percent below the national average. Nurse executives in hospitals report a vacancy rate of about 8 to 10 percent for RN positions. This represents around 1,000 open or unfilled positions. The Utah Health Care

Association reports a more significant vacancy rate of 24 percent for long term care facilities.

Although, Utah has a young population, the aging baby boomers are one of the fastest growing segments of the population. Over the next five years, the need for additional nurses will become critical. For example, the healthcare industry is estimating 500 to 1,000 more nurses will be needed to meet the demands particularly in long term nursing facilities.

There are consequences associated with the nursing shortage such as:

- Greater risk for life threatening complications
- Delays in scheduling surgeries
- Less supervision of personnel
- Increased demand on nurses to work overtime
- Closure of hospital units and nursing homes

There are many factors influencing the nursing shortage such as:

- Growth in Utah's population, particularly among the elderly
- Longer life spans and more chronic illness
- Aging of the workforce
- Lack of instructional capacity in educational programs to train more nurses
- Inadequate nursing faculty with many approaching retirement age
- National shortage of nurses limits the ability to recruit outside the state
- Utah's nursing salaries and compensation packages are not competitive with other states limiting the ability to recruit
- More nurses leaving the profession because of working conditions such as long hours, and compensation package

The Utah Nursing Leadership Forum (UNLF) is a coalition of nursing educators and nurse administrators represented by the directors of nursing education programs and nurse executives from public and private health care facilities. This alliance has determined that the nursing education programs in the state need to increase the number of graduates from 571 to 1104. In addition, additional faculty is needed to meet the demands placed on nursing education programs by 144 per year in order to decrease the nursing shortage. The UNLF is requesting state resources of \$6.6 million to achieve these goals. The nursing education programs have in turn agreed to provide some infrastructure such as learning laboratories, supplies and equipment to help solve the problem. In addition, health care agencies will provide instructors to serve as mentors for student learning, space for student and faculty conferences, and participation in coordination of student placements. Some healthcare institutions provide tuition for employees. Finally, rather than waiting for the nursing shortage to become a crisis, Intermountain Health Care (IHC) has given the nursing departments at Salt Lake Community College and Utah Valley State College \$1.5 million to help graduate 144 more RN's over the next three years. In addition, IHC has given Weber State University \$133,000 for its nursing department including the satellite nurse training sites in Cedar City and Richfield. Nursing programs at the University of Utah, Brigham Young University,

Southern Utah University and Dixie State College has also benefited from contributions from IHC.

**It is the recommendation of the Analyst that \$1,000,000 in State funds be appropriated if additional funding becomes available for the nursing initiative. It is also the recommendation of the Analyst that an independent Nursing Advisory Board made up of members from the healthcare industry be created to assist the nursing education programs in the administration of the nursing initiative by:**

- **Make recommendations on the allocation of funds based on training needs of nursing students and faculty;**
- **Develop a strategic plan for the initiative;**
- **Assess current nursing education programs to determine the ability to accept more students and meet the needs in underserved areas; and**
- **Develop an assessment and reporting plan to measure the results of the initiative.**

### **3.60 One-time Funding Recommendations**

#### **3.61 Administrative Data Processing - \$0**

The USHE has requested \$2 million for seven of the nine institutions to convert to a new administrative data processing system. The new Banner system will be up and running by July 1, 2003. The University of Utah converted before Y2K to People Soft and Salt Lake Community College has made the switch to Banner for some modules and is in the process of completing the conversion. In the case of the University of Utah and Salt Lake Community College, the Legislature did not fund their conversions. **It is the recommendation of the Analyst that the conversion to the Banner System be absorbed in the existing budgets because of the State's funding shortage.**

### **3.70 Prior Year Intent Language**

Before each Legislative Session, the Analyst requests the State Board of Regents to respond to the prior year intent language as to the progress made to accomplish the recommendations of the intent language. This year, the Analyst did not receive any response.

#### ***Distribution of Educationally Disadvantaged Funds to Branch Campuses***

*It is the intent of the Legislature that the Utah System of Higher Education in submitting its budget for FY 2003 for the educationally disadvantaged shall separate their request by the main campus and by any branch campuses. It is further the intent of the Legislature that the Office of Legislative Fiscal Analyst in preparing the annual Appropriations Act for FY 2003 shall separate into line items of appropriation those requests approved for the educationally disadvantaged by the main campus and by any branch campuses.*

**USHE Response:** The agency has not submitted a response.

**There is a separate line item for educationally disadvantaged at each institution; therefore the Analyst recommends the intent language for the distribution of educationally disadvantage funds is excluded in FY 2004.**

***Tuition Revenue***

*It is the intent of the Legislature that tuition revenue generated from tuition rate increases shall remain with the institution after funding compensation. However, the allocation of tuition revenue for institutional needs be determined by the President of each institution in consultation with the student body representatives.*

**USHE Response:** The agency has not submitted a response.

**It is the recommendation of the Analyst that the intent language for Tuition Revenue is included in FY 2004.**

***Salary Equity***

*It is the intent of the Legislature that any salary increases be distributed to faculty, professional and classified employees in an equitable manner.*

**USHE Response:** The agency has not submitted a response.

**The Analyst recommends that the intent language for Salary Equity is included in FY 2004.**

***Operation & Maintenance***

*It is the intent of the Legislature that all Utah System of Higher Education institutions use facility operation and maintenance (O&M) funding consistent with State Agencies only for O&M purposes.*

**USHE Response:** The agency has not submitted a response.

**The Analyst recommends the intent language for Operation and Maintenance is included in FY 2004.**

***Formula Funding***

*It is the intent of the Legislature that the Council of Presidents and representatives of the Board of Regents working in conjunction with legislators, the Legislative Fiscal Analyst and a representative of the Governor's Office review and refine the funding formula for the Utah System of Higher Education. It is the intent of the Legislature that this proposed formula reduce dependence on growth funding, link to measurable systemwide and institutional specific performance indicators, respond to changes in costs of instruction due to the implementation of technology or the utilization of cost saving measures and respond to market demand, student performance as well as recognized differences in institutional roles and mission.*

**USHE Response:** The agency has not submitted a response.

**It is the recommendation of the Analyst that this intent language for Non-compensation Base Funding be included in FY 2004.**

***Fuel & Power***

**It is the intent of the Legislature that the State Board of Regents be directed to closely supervise the fuel and power budgets with the intent of promoting greater energy efficiency on each campus. It is also the intent of the Legislature that the Board of Regents report during the interim to the Subcommittee on Higher Education on the implementation of long term plans to control and manage energy costs.**

**USHE Response:** The agency has not submitted a response.

**The Analyst recommends that intent language relating to Fuel and Power is included in FY 2004.**

***Utah Academic Library Consortium***

*It is the intent of the Legislature that the State Board of Regents in consultation with the Utah Academic Library Consortium should coordinate the acquisition of library materials for the nine USHE institutions.*

**Agency Response:** The agency has not submitted a response.

**It is the recommendation of the Analyst that intent language for the UALC be included in FY 2004.**

***Hospital Fees***

*It is the intent of the Legislature that patient fees shall be retained by the Hospital provided that they are spent in compliance with the Hospital's operating budget approved by the State Board of Regents.*

**USHE Response:** The agency has not submitted a response.

**The Analyst recommends that the intent language for University Hospital Fees be included in FY 2004.**

***Financial Reports***

*It is the intent of the Legislature that the USHE complete and submit all financial reports (i.e. A-1's, R-1's, S-10's, and S-12's, etc.) to the Office of the Legislative Fiscal Analyst by October 1 of each fiscal year.*

**USHE Response:** The agency has not submitted a response.

**This year, the reports were not received in a timely manner, therefore, the Analyst recommends that the intent language for financial reports be included in FY 2004.**

***Medical School Admissions Policy***

*To the University of Utah Health Science Center for medical education \$2,499,300 at the University of Utah School of Medicine and \$1,785,200 to the Huntsman Cancer Institute.*

**USHE Response:** The agency has not submitted a response.

**The Analyst recommends that the intent language for the allocation of restricted funds be included in FY 2004.**

*In order to assure the Legislature that the University of Utah's School of Medicine is selecting and graduating the most highly qualified and competent doctors for the citizens of Utah, it is the intent of the Legislature that the University of Utah's School of Medicine present a detailed written report to the Higher Education Appropriation Subcommittee on their admission standards, policies and practices.*

**USHE Response:** The agency has not submitted a response.

**The Analyst recommends that the intent language for the allocation of restricted funds be included in FY 2004.**

**Rural  
Development  
Funds**

*To coordinate the placement of interns and healthcare professionals in rural Utah.*

**USHE Response:** The agency has not submitted a response.

**The Analyst recommends that the intent language for the allocation of restricted funds be included in FY 2004.**

**Excess Credit  
Hours**

*It is the intent of the Legislature that the State Board of Regents establish a policy regarding excess course taking by students. The policy may require that a student who registers two or more times in the same undergraduate course be subject to a repeat-course fee of one hundred percent of the full cost of instruction.*

**USHE Response:** The agency has not submitted a response.

In July of 2002, the Regents established policy relating to excess courses and repeat-courses. The policies are outlined below:

**R4.15. Tuition Surcharge for Excess Credit Hours** - *Beginning not later than January 2003, Tuition for credit hours in excess of 135% of the credits required for completion of a student's program of study, excluding credit hours earned through concurrent enrollment, advanced placement, and credit by examination, shall be charged at the full cost of instruction unless the institution determines that the student should be exempt.*

**R4.16. Tuition Surcharge for Course Repetition** - *Tuition for repeating a course more than once shall be charged at the full cost of the instruction unless the institution determines that the repetition is a result of illness, accident or other cause beyond the student's control or unless the course is prescribed by the student's program of study.*

**The Analyst recommends that the language for the excess credit hours be excluded in FY 2004 since the Regents complied with the intent language.**

**Non-resident  
Students**

*It is the intent of the Legislature that the State Board of Regents establish a policy that when an adult who comes to Utah and establishes residence here for the purpose of attending an institution of higher education must demonstrate that they have followed the provisions already set by the Utah Code Section 53B-8-102, as well as reside in Utah one continuous year (12 months) prior to enrolling full-time*

*in an institution of higher education for the academic semester in question and prove that they have been financially independent of their parent(s) or guardian(s) by submitting appropriate Federal tax returns (for two consecutive years) for the calendar year prior to the beginning of the academic period for which registration as a resident student is sought.*

**USHE Response:** The agency has not submitted a response.

House Bill 331 was enacted in FY 2003 establishing residency policy for non-resident students. **It is the recommendation of the Analyst that the intent language for non-resident students be excluded in FY 2004.**

**Tuition  
Waivers**

*It is the intent of the Legislature that the State Board of Regents present a detailed written report to the Executive Appropriations Committee on the distribution of the tuition waiver funds that were set aside from the resident and nonresident tuition revenue collected at each institution. It is also the intent of the Legislature that this report includes the current policy and practices employed for distributing these funds.*

**USHE Response:** The agency has not submitted a response.

The State Board of Regents presented a detailed written report of tuition waivers and the current policies and practices for distribution of these funds to Executive Appropriations in September of 2002. **It is the recommendation of the Analyst that this intent language be excluded in FY 2004.**

**4.0 Funding History**

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Financing</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>
General Fund	357,879,200	379,937,300	496,436,400	555,032,400	555,296,000
General Fund, One-time	2,814,300			7,327,600	
General Fund Restricted			4,500,000	8,284,500	8,284,500
Uniform School Fund	3,545,600	50,000	50,000		
Uniform School Fund, One-time				400	
Income Tax	148,393,500	166,025,600	66,797,100	8,000	8,000
Income Tax, One-time	1,000,000			1,652,500	
Federal Funds	4,546,247	4,502,700	3,913,200	4,203,700	4,203,700
Dedicated Credits	179,833,480	196,249,000	225,229,400	256,218,600	246,371,000
Land Grant	456,977	808,900	1,079,900	753,700	753,700
Federal Mineral Lease	2,312,929	607,500	1,248,500	901,700	743,600
Transfers	1,628,500	2,476,100	9,597,900		
Beginning Balance	20,052,218	32,653,700	23,683,800		145,600
Closing Balance	(23,841,564)	(41,842,300)	(39,493,700)		(145,600)
<b>Total</b>	<b>\$698,621,387</b>	<b>\$741,468,500</b>	<b>\$793,042,500</b>	<b>\$834,383,100</b>	<b>\$815,660,500</b>
<b>Programs</b>					
University of Utah	252,893,887	265,893,400	285,825,800	301,506,200	297,140,300
Utah State University	152,591,918	162,420,900	174,406,400	175,718,000	173,171,400
Weber State University	71,944,906	77,290,700	83,094,000	83,999,500	82,548,400
Southern Utah University	31,930,665	33,992,900	36,352,900	37,308,500	36,976,200
Snow College	18,944,474	19,819,900	19,588,500	19,106,400	18,864,600
Dixie State College	18,874,181	20,844,700	22,156,100	22,600,200	21,986,000
College of Eastern Utah	13,256,813	13,765,900	14,479,500	14,322,100	14,393,500
Utah Valley State College	54,650,500	59,911,600	71,758,800	76,288,500	73,569,800
Salt Lake Community College	69,206,351	72,717,700	85,380,500	80,358,400	78,055,600
State Board of Regents	14,327,692	14,810,800		23,175,300	18,954,700
<b>Total</b>	<b>\$698,621,387</b>	<b>\$741,468,500</b>	<b>\$793,042,500</b>	<b>\$834,383,100</b>	<b>\$815,660,500</b>
<b>FTE/Other</b>					
Total FTE	10,852	11,359	11,367	12,237	12,237
Vehicles			1,743	1,743	1,743

**Appendix A**

The following is a brief description of line items of expenditures in the USHE budget:

### **Education and General (E&G)**

Each institution in USHE has a separately appropriated line item entitled, Education and General.” The education and general line item includes funding associated with instruction, research, public service, academic support, student services, institutional support, operation and maintenance of facilities, and scholarships expenditures.

- **Instruction** – All expenditures associated with instruction including academic, vocational, and remedial education.
- **Research** – Expenditures related to research.
- **Public Services** – Funding for non-instructional services and cooperative extensions
- **Academic Support** – Support services to meet the primary mission of the institution such as libraries, museums, computer support, and academic deans.
- **Student Services** – This category consists of admissions and registration, counseling, financial aid, and career development, as well as the social aspect of student life such as student organizations, and athletics.
- **Institutional Support** – Expenditures associated with executive level activities such as management of the institution, planning and programming, legal services, fiscal operations, administrative data processing, space management, and human resource management.
- **Operation and Maintenance of Facilities** – Operating expenses related to the operation and maintenance of the physical plant including utilities, insurance.
- **Scholarships and Fellowships** – Expenditures for scholarships and fellowships from restricted and unrestricted current funds in the form of grants to students.

**Sources of Revenue:** State fund, dedicated credits (tuition and fees),the U of U receives Tobacco Settlement and Cigarette Tax funds for the Health Sciences and Land Grant Management is included in the U of U and USU.

### **Educationally Disadvantaged**

Each institution in USHE has a separately appropriated line item entitled “Educationally Disadvantaged.” The Legislature initiated this program in 1970 when it appropriated \$100,000 to the University of Utah “for scholarship, tutoring, counseling, and related support services for economically disadvantaged students.” The intent was to benefit “disadvantaged, including minority, students.” In the next year, the appropriated amount doubled to \$200,000 to include five additional institutions. In 1973, the Legislature included all nine institutions and appropriated more than \$700,000 for this purpose. The FY 2000 budgeted amount to the nine institutions total \$1,830,500. The Legislature appropriated \$1,816,600 for FY 2003.

**Sources of Revenue:** State funds

## **University of Utah (U of U)**

### **School of Medicine (SOM)**

The University of Utah School of Medicine has three interrelated missions: education, research and clinical services. The School of Medicine is responsible for the education of physicians, biomedical scientists, and health professionals. In addition, the School of Medicine promotes nationally recognized scientific research. Finally, the School of Medicine is committed to providing advanced and innovative medical procedures to the patients they serve in conjunction with the training of health care professionals.

**Sources of Revenue:** State funds and dedicated credits (tuition and fees)

### **Regional Dental Education Program (RDEP)**

The Regional Dental Education Program (RDEP) is a cooperative dental education program between Creighton University School of Dentistry and the University of Utah. The RDEP currently has ten positions available each year for Utah residents. Students admitted to the program will receive the first year of their instruction at the University of Utah. The remainder of their training will take place at the dental school at Creighton University (located in Omaha, Nebraska) at in-state tuition rates. This arrangement provides access to a quality dental education program at a reasonable tuition rate while allowing the students to remain in Utah for a portion of their education.

**Sources of Revenue:** State funds and dedicated credits (tuition and fees)

### **Poison Control Center**

The Utah Poison Control Center (UPCC) is a 24-hour resource for poison information, clinical toxicology consultation and poison prevention education. Section 69-2-5 of the Utah Code provides dedicated credits for the cost of establishing, installing and maintaining the Poison Control Center from emergency service telephone charges.

**Sources of Revenue:** Dedicated credits from emergency telephone charges

### **Public Broadcasting KUED**

KUED is one of Utah's public broadcasting stations providing 24 hours of commercial free entertainment and educational television programming for the entire population of Utah as well as portions of four surrounding states.

**Sources of Revenue:** State funds and dedicated credits (contractual fees and donations)

### **Public Service**

- **The Museum of Natural History** - In 1959 the President of the University of Utah appointed a committee of faculty members from various academic departments to consolidate museum exhibits scattered around the campus in one location. In 1963, the Legislature established a state museum of natural history at the University of Utah. In 1972, the American Association of Museums accredited the Museum of Natural History. Since the creation, a variety of natural

science classes, lectures, and workshops reach elementary and secondary school students, University students, and adults throughout Utah. In 1972, the Museum developed outreach kits for use in local and rural schools. By 1996, the Museum began a statewide outreach program to fourth-grade classes using the outreach kits. Statewide teacher workshops began in 1985 with classes, field trips, and supplemental curriculum materials. Acquisition of important natural history collections, improved state and private funding. In 1990, the State Legislature officially designated the state museum of natural history, with responsibility for curation of archaeological and vertebrate paleontological specimens recovered on state lands. (53B-17-601 UCA)

- **Seismograph Station** - The Seismograph Station at the University of Utah provides research, education and public service earthquake information for Utah and neighboring areas including Yellowstone National Park.
- **State Arboretum** - The Legislature created a state arboretum at the University of Utah “to cultivate a greater knowledge and public appreciation for the trees and plants around us, as well as those growing in remote sections of the country and world.” (Section 53B-19-102 of UCA)
  
- **Sources of Revenue:** State funds

#### **University Hospital**

University of Utah Hospital provides high-quality care to over five million people in Utah and surrounding states. Many hospital programs and services receive recognition from the national, and international, medical communities.

**Sources of Revenue:** State funds and dedicated credits (patient fees)

#### **Miner’s Hospital**

The Miner’s Hospital was established in 1929 for disabled miners. (Section 53B-27-201 UCA)

**Sources of Revenue:** State funds, dedicated credits (patient fees) and Land Grant Management funds

#### **Utah State University (USU)**

##### **Continuing Education Centers**

USU’s Continuing Education Programs provides educational opportunities for students throughout the State via satellite, through the internet or by attending classes at Continuing Education Centers. A student can receive one of several degrees, attend a conference, take an independent study or attend a web-based course. Approximately 11,000 students participate in USU’s Continuing Education Programs. There are four centers, Uintah Basin, Southeast, Brigham City and Tooele. (53B-18-302 of the UCA)

**Sources of Revenue:** State funds and dedicated credits (tuition and fees)

### **Cooperative Extension**

USU's Cooperative Extension delivers research-based education and information throughout the State in cooperation with federal, state and county partnerships. Almost every county in the State has a Coop Extension Office, which links rural and underserved areas of the State with USU.

**Sources of Revenue:** State funds, dedicated credits (contractual agreements and fees) and federal funds

### **Agriculture Experiment Station**

The Agriculture Experiment State has research facilities located throughout the state. The Station oversees hundreds of research projects that promote agriculture, human nutrition, and enhance the quality of rural life. It operates labs that test soils, plant tissue, irrigation water and livestock feed. It researches food safety and processing, plant and animal genetics, and brings agricultural into harmony with our natural resources. (Section 53B-18 of UCA)

**Sources of Revenue:** State funds, dedicated credits (contractual agreements) and federal funds

### **Water Research Laboratory**

The Utah Water Research Laboratory (UWRL) works with academic departments at USU to generate, transmit, apply, and preserve knowledge in ways that are consistent with the land grant university mission of Utah State University. The research performed is provides service to all of Utah by solving multimedia water-related problems of state, national, and international scopes. The water research lab receives 2.25 percent of the mineral lease royalties annually based on Section 59-21-2 (3) (g) of the Utah Code.

**Sources of Revenue:** State funds and mineral lease funds

### **Southern Utah University (SUU)**

#### **Shakespeare Festival**

Founded in 1961 the Utah Shakespearean Festival is committed to entertain, enrich, and educate audiences of Shakespeare and other master dramatists. The Shakespeare Festival received the 2000 Tony Award for outstanding regional theater.

**Sources of Revenue:** State funds and dedicated credits (entrance fees)

#### **Rural Development**

In FY 2003, the Legislature eliminated the Area Health Education Centers located throughout the State and created the Rural Development Program at Southern Utah University for the development of healthcare programs in rural Utah.

**Sources of Revenue:** State funds

## **Snow College (SC)**

### **Snow College Richfield Campus**

The passage of House Bill 114, "Snow College South" in the 1998 General Session, transferred the operations of the Sevier Valley Applied Technology College from the State Board of Education to Snow College. The Richfield Campus jointly shares a facility with the Central Applied Technology College formed as a campus of the Utah College of Applied Technology in September of 2001. (Section 53B-16-205 of the UCA)

**Sources of Revenue:** State funds and dedicated credits (tuition and fees)

## **Dixie State College (DSC)**

### **Zion Park Amphitheatre**

The 2,000 seat amphitheatre, is naturally surrounded by the cliffs of Zion National Park.

**Sources of Revenue:** State funds and dedicated credits (entrance fees)

## **College of Eastern Utah (CEU)**

### **San Juan Center**

The San Juan Center is a branch campus in Blanding serving the students of Southeastern Utah.

**Sources of Revenue:** State funds and dedicated credits (tuition and fees)

### **Prehistoric Museum**

In the 34 years of existence, the Prehistoric Museum located in Price has made a name for itself in the scientific community by operating 51 dinosaur quarries and participating serves over 63,000 visitors every in archaeological surveys. The museum is accredited by the American Association of Museums and has over 63,000 visitors annually.

**Sources of Revenue:** State funds and dedicated credits (donations)

### **Star School**

The Star School System is a distance education network that was initially built with federal funds and the operating costs are supported with State funds. The network provides distance learning throughout southeastern Utah to rural and underserved areas.

**Sources of Revenue:** State funds

## **Salt Lake Community College (SLCC)**

**Skill Center**

The skill center provides short-term, intensive, non-credit, technical training to prepare economically and educationally disadvantaged students with a workforce skill. (Section 53B-16-204 of the UCA)

**Sources of Revenue:** State funds and dedicated credits (tuition and fees)

**State Board of Regents (SBR)****Administration**

This line item is to support the staff located at the State Board of Regents.

Sources of Revenue: State funds and dedicated credits

**Prison Recidivism**

Funds appropriated to this line item are transferred to several institutions of higher education provide postsecondary education for the inmates incarcerated in State Prisons.

**Sources of Revenue:** State funds and dedicated credits

**Utah Electronic College (UEC)**

The Utah Electronic College is a gateway to technology delivered courses from Utah public colleges. The UEC application entitles you to enroll in the distance learning courses from all partner schools. Loss of credit and other administrative hurdles associated with taking classes at multiple schools is eliminated. You can earn a degree or take individual courses transferable to all Utah public colleges and universities. Each partner school is fully accredited.

**Sources of Revenue:** State funds

**Financial Aid**

The State of Utah is the recipient of several campus-based federal financial aid programs, as well as State funded Utah Centennial Opportunity for Education (UCOPE) program and the New Century Scholarship to help students offset the cost of their tuition. The following is an explanation of the different financial aid programs:

- **Utah Centennial Opportunity Program for Education (UCOPE)** - UCOPE was established in 1997 to provide state-funded, need-based financial aid for Utah resident students attending public and private universities and colleges in Utah. UCOPE is currently funded at just over one million dollars. (Section 53B-13a of the UCA) In order to keep pace with the increases in tuition and fees, the following policy in The Board of Regents Section R510-3.8 states: When the Board's of higher education appropriation recommendations contemplate tuition rate increases, the Board will consider including a request for a related

appropriation increase for the Utah Centennial Opportunity Education Program for Education (UCOPE).

- **New Century Scholarships** - In the 1999 Legislative Session, Senate Bill 90, "Higher Education Scholarships" or as it is commonly known, New Century Scholarships was passed. The New Century Scholarship awards a two-year 75 percent tuition scholarship for those students who complete the requirements of an Associate Degree by the September after their high school graduation to be used at one of Utah's four-year institutions. (Section 53B-8-105 of the UCA)
- **Tuition Assistance Program** - Monies appropriated for this program shall only be available for matching grants for scholarship endowments to higher education institutions. (Section 53B-7-502 of the UCA)
- **Minority Scholarships** – Scholarships available to minority students
- **Financial Aid** - The State of Utah is the recipient of several campus-based federal financial aid programs to help students offset the cost of their tuition. In fiscal year 2002, about \$14.9 million in federal and state financial aid was awarded to Utah students. Federal Aid Programs -Federal student aid programs often have State matching requirements to participate in their program. When the federal government changes the matching requirements, State funds are used to replace lost federal dollars to maintain the same level of support. This cost increase for the programs operated through the Utah Higher Education Assistance Authority include:

- **Supplemental Educational Opportunity Grants (SEOG) Program** - is a grant program for undergraduate students. Annual awards of up to \$4,000 are available depending on the student's needs and availability of funds. The SEOG Program is considered a campus-based program with funding provided by the U.S. Department of Education. The state match requirement is 25 percent.
- **The Federal Work-study Program (FWS)** - provides jobs for students who qualify for financial aid. Employers and the FWS each pay a portion of the wages. FWS is a campus-based program that receives funding directly from the U.S. Department of Education. Institutions are required to provide a 25 percent match annually.
- **Federal Perkins Loans Program** – offers low interest (5 percent) loans with a maximum repayment period of 10 years. The matching requirement of this program is 25 percent of the capital contributions to the institutional loan fund.
- **Leveraging Educational Assistance Partnership (LEAP)** - Formerly known as the State Student Incentive Grant Program (SSIG), is a grant program for undergraduate students with substantial financial need. Awards of up to \$2,500 per year are available depending on the student's need and available funds. U.S. Department of Education provides part of the funding with a minimum of 100 percent state match and maintenance of effort requirement of the designated state agency. Historically, the amount of federal funding has decreased while the program requirement of "maintenance of effort" has resulted in a two to one state/federal ratio. Beginning in FY 2002, federal funding will be increased and the additional funds will be called Supplemental LEAP requiring a two to one match ratio. The Each institution is responsible for the administration of the program.

**Sources of Revenue:** State funds

**Terrill H. Bell Teaching Incentive Loans Program**

The T.H. Bell Teaching Incentive Loan Program was established to recruit and train Utah teachers. The incentive loans may be used at any higher education institution in the State with a state-approved teacher education program. Credit for tuition and fees are granted for each year of teaching in the State. The State Board of Regents is appropriated administrative funds to support the management of the Loan Program. (Section 53B-10 of the UCA)

**Sources of Revenue:** State funds and dedicated credits (contractual agreements)

**Western Interstate Commission for Higher Education (WICHE)**

The Western Interstate Commission on Higher Education (WICHE) allows students from twelve participating states to enroll in certain out-of-state professional programs at reduced tuition rate. These professional programs are usually not available in the student's home state. Students pay the resident rate at public schools and a reduced standard tuition at private schools. Since 1954, the State of Utah has supported 300 veterinary medicine graduates, 48 graduates in podiatry, and 75 graduates in optometry. The student's state of residence pays a support fee to the receiving school to help pay for the cost of the student's professional education. In addition, each state pays a membership fee to support the administrative functions of the Commission. (Section 53B-4 of the UCA)

**Sources of Revenue:** State funds

**Engineering Initiative**

In the 2001 General Session, the Legislature passed Senate Bill 61, establishing an Engineering and Computer Science Initiative. The purpose of this initiative is to double the number of graduates in engineering, computer science, and related technologies by 2006 and to triple the number by 2009. A Technology Advisory Board was created to assist the Board of Regents in the administration and allocation of the technology appropriations. (Section 53B-6-105 of the UCA)

**Sources of Revenue:** State funds

**Utah Academic Library Consortium (UALC)**

The Utah Academic Library Consortium provides a synergistic effect for the nine institutions in the USHE, allowing for procurements and subscriptions of library materials that individual members could not purchase on their own. The UALC also effectively coordinates the identification and prioritization of the USHE library needs. The UALC not only addresses system-wide needs, but also evaluates institution specific needs.

**Sources of Revenue:** State funds

**University Centers**

Allows USHE universities to provide high demand baccalaureate degree programs on community college campuses without altering the role and mission of the community college.

**Sources of Revenue:** State funds

**Technology Initiative**

The technology initiative is to help the USHE meet technological needs for the system.

**Sources of Revenue:** State funds

**Federal Programs**

This program is a federal grant administered by the Board of Regents to assist public and higher education teachers in the “No Child Left Behind Program.”

**Sources of Revenue:** Federal funds

## **Appendix B**

Utah System of Higher Education  
Allocation of Second Tier Tuition

	Financial Aid	Restore Budget Cuts	Enrollment Funding	Salaries Adjust.	Faculty/Staff Development	Library	MIS Technology	New Faculty/Instructors	New Course Sections	Advisors Student Services	Student Recruiting	Total
University of Utah	\$350,000		TBD	\$4,550,000								\$4,900,000
Utah State University						700,000	1,000,000	66,200	239,700			\$0
One-time								1,755,900				\$2,005,900
Ongoing				TBD			TBD	TBD		250,000		\$2,005,900
Weber State University			200,000	85,000	169,500		250,000	60,000	240,000	TBD	85,000	\$1,387,300
Southern Utah University	42,500			TBD				TBD		331,000		\$1,463,000
Snow College				TBD				TBD				\$125,000
Dixie State College		TBD		TBD				TBD				\$320,000
College of Eastern Utah				86,000								\$86,000
Utah Valley State College				2,300,000		200,000	500,000			300,000		\$3,300,000
Salt Lake Community College	128,700					65,000				468,700		\$1,029,400
<b>Total</b>	<b>\$521,200</b>	<b>\$0</b>	<b>\$200,000</b>	<b>\$7,021,000</b>	<b>\$169,500</b>	<b>\$965,000</b>	<b>\$1,750,000</b>	<b>\$2,249,100</b>	<b>\$479,700</b>	<b>\$1,349,700</b>	<b>\$85,000</b>	<b>\$16,622,500</b>

**TBD - To Be Determined after Legislative actions are completed**

## **Appendix C**

**Table 1b**

**UTAH HIGHER EDUCATION FUNDING FORMULA**

**Financing Calculation Summary**

Establishing the Tax Funds Request for 2003-2004

	2002-2003 Actual/Budgeted			2003-2004 Requested Adjustments	
	FTE Students	Average Full Cost per Student	Total Funding (Tax Funds and Tuition)	Factor Change	Value of Factor Change
<b><u>I. EXPENDITURE INCREASES</u></b>					
<i>Instruction Budget</i>					
Funded Students	95,772 <sup>(1)</sup>	\$7,542 <sup>(2)</sup>	\$722,333,000		
a. New Students	5,675	\$5,701 <sup>(2)</sup>	\$32,356,000		\$32,356,000
b. Total Students	101,447	\$7,439 <sup>(2)</sup>	\$754,689,000	0%	\$0
<i>Public Service, Research, and Other Non-instruction Programs' Compensation Budget</i>					
c. Estimated Base	n/a	n/a	\$69,698,600	0%	\$0
Core Initiatives			\$12,899,400		\$12,899,400
				<b>Subtotal</b>	<b>\$45,255,400</b>
<b><u>II. REVENUES</u></b>					
<i>Tuition Offsets (0% Increase<sup>(3)</sup>) plus Additional Tuition from New Students</i>				<b>Subtotal</b>	<b>\$44,874,400</b>
<i>Tax Funds Increase</i>				<b>Net Total</b>	<b>\$381,000</b>

Notes:

- (1) Funded target for 2001-2002 plus 41% of 8,632 FTE student request from 2002 Legislature.
- (2) The average full cost per student is weighted by actual enrollments at each institution and instructional level.
- (3) The assumed 4% tuition increase is a preliminary first-tier number. Any amount for student financial aid within the first-tier increase would not be used as a tuition offset in the funding formula.

Table 2b

**UTAH HIGHER EDUCATION FUNDING FORMULA**

**Funding Distribution Summary -- 2003-2004**

	2003-2004 Requested Adjustments			
	Expenditure	Plan of Financing		
	Change	Tuition Offset	Net Tax Funds	% of Net Tax Funds
<b>I. New Student Support (5675 FTE)</b>	\$32,356,000	\$31,972,100	\$383,900	100.8%
<b>II. Existing Student Support (at 0%) (1)</b>	\$0	\$0	\$0	0.0%
<b>III. Public Service, Research, and other Non-instruction Programs (at 0% for Compensation Only) (1)</b>	\$12,899,400	\$12,902,300	(\$2,900)	-0.8%
<b>IV. Core Support - USHE Core Issues</b>	\$0	\$0	\$0	0.0%
<b>V. Total Formula Increases</b>	<b>\$45,255,400</b>	<b>\$44,874,400</b>	<b>\$381,000</b>	<b>100.0%</b>

Notes:

(1) Funding for a 0% compensation increase for all state appropriated employees is included in Categories II and III.

UTAH HIGHER EDUCATION FUNDING FORMULA

Funding Distribution Detail - 2003-2004

Fund Growth at 5,675 FTE Students

	UoU E&G	Non-MD E&G	Non-MD PA E&G	URCEC E&G	USU SECEC	BCCEC E&G	TCWCEC E&G	WSU E&G	SUU E&G	SNOW E&G	Dixie E&G	CEU E&G	UVSC E&G	SLCC E&G	SBR	USHE TOTAL
<b>I. NEW STUDENT SUPPORT</b>																
<b>1. 2003-2004 STANDARD COST FACTORS (Includes Indirect Factor of \$600)</b>																
A. Vocational	\$0	\$0	\$0	\$4,930	\$4,930	\$4,930	\$4,930	\$5,947	\$5,180	\$5,165	\$5,165	\$5,874	\$5,874	\$5,273		\$5,273
B. Lower Division	\$5,057	\$0	\$0	\$4,333	\$4,333	\$4,333	\$4,333	\$4,080	\$3,985	\$3,374	\$3,374	\$3,401	\$3,401	\$3,357		\$3,357
C. Upper Division	\$6,907	\$9,520	\$6,016	\$6,016	\$6,016	\$6,016	\$6,016	\$4,840	\$4,744	\$0	\$5,135	\$0	\$4,652	\$0		\$4,652
D. Basic Graduate	\$12,276	\$16,060	\$10,918	\$10,918	\$10,918	\$10,918	\$10,918	\$6,880	\$6,880	\$0	\$0	\$0	\$0	\$0		\$0
E. Advanced Graduate	\$18,989	\$21,220	\$21,220	\$17,827	\$17,827	\$17,827	\$17,827	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
<b>2. FTE ENROLLMENT CHANGES (2002-2003 Annualized Estimate less 2002-2003 Funded Targets)</b>																
A. Vocational	0	0	0	(14)	8	1	6	11	(92)	(29)	(93)	(33)	(7)	409		336
B. Lower Division	560	0	0	(91)	146	(2)	40	22	(14)	(39)	4	203	20	927		2,881
C. Upper Division	643	(1)	(2)	295	20	(2)	2	29	26	0	0	0	0	564		1,865
D. Basic Graduate	331	20	22	(43)	12	(5)	(12)	13	(13)	0	0	0	0	0		355
E. Advanced Graduate	157	6	0	67	1	1	0	6	0	0	0	0	0	0		238
F. Subtotal	1,891	25	20	214	187	(7)	36	81	(91)	(68)	(89)	(4)	13	1,610		5,675
3. TOTAL COST	\$14,317,800	\$440,000	\$936,300	\$2,036,300	\$941,200	(\$52,500)	\$83,900	\$572,900	(\$489,000)	(\$281,400)	(\$468,800)	(\$95,200)	\$26,900	\$4,342,100		\$32,356,000
4. TUITION OFFSET	\$11,981,900	\$135,500	\$217,600	\$1,470,100	\$393,400	(\$15,500)	\$85,500	\$188,200	\$2,063,800	(\$469,800)	(\$104,000)	\$126,100	\$16,000	\$7,661,400		\$51,972,100
5. NET TAX FUNDS	\$2,335,900	\$304,500	\$118,700	\$566,200	\$541,800	(\$37,000)	\$400	\$384,700	(\$235,200)	\$218,400	(\$382,800)	(\$221,900)	\$10,900	(\$1,364,700)		\$393,900
<b>II. Tuition Rate Increases</b>																
1. 4% 1st Tier	\$3,047,400				\$1,846,400			\$1,134,900	\$456,600	\$158,500	\$250,800	\$100,000	\$1,378,200	\$1,016,100		\$9,388,800
2. 2nd Tier	\$5,332,900				\$2,307,800			\$1,418,500	\$2,168,900	\$198,100	\$319,500	\$100,000	\$3,446,500	\$1,016,100		\$16,301,400
3. Student Growth	(\$3,486,700)				(\$1,730,400)			(\$1,991,300)	(\$2,592,000)	\$381,200	(\$336,700)	(\$200,000)	(\$3,406,000)	(\$1,309,400)		(\$14,671,300)
Total	\$4,893,600				\$2,423,800			\$72,100	\$33,500	\$737,800	\$227,600	\$0	\$1,417,700	\$722,800		\$11,018,900
<b>III. EXISTING STUDENT SUPPORT (0% Factor Increase)</b>																
1. BASE FTE STUDENTS	22,810				16,862			12,275	5,450	2,983	4,021	2,089	14,386	14,886		95,772
2. INCREASE PER FTE	\$0				\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0		nil
3. TOTAL COST	\$0				\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
4. TUITION OFFSET	\$0				\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
5. NET TAX FUNDS	\$0				\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
<b>IV. PUBLIC SERVICE, RESEARCH, AND OTHER NON-INSTRUCTION PROGRAMS (0% Factor Increase for Compensation Only)</b>																
1. TOTAL COST	\$0				\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
2. TUITION OFFSET	\$0				\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
3. NET TAX FUNDS	\$0				\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
<b>V. CORE SUPPORT- USHE CORE ISSUES (SUCH AS TECHNOLOGY, SALARY EQUITY PHASE, LIBRARIES, STUDENT FINANCIAL AID, FUNDING EQUITY, OR OTHER CORE ISSUES)</b>																
1. TOTAL COST	\$0				\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
2. NET TAX FUNDS	\$0				\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
<b>VII. Ongoing Base Adjustments</b>																
Facilities O&M	\$0				\$1,123,300			\$444,500	\$0	\$586,700	\$0	\$372,000	\$1,086,300	\$93,900		\$3,706,700
Fuel & Power	\$4,990,900				\$777,000			\$0	\$0	\$117,900	\$162,900	\$264,800	\$149,900	\$477,100		\$5,359,500
ADA	\$39,500				\$59,600			\$3,300	\$3,300	\$3,600	\$12,900	\$6,700	\$96,300	\$129,800		\$490,000
Utilities	\$0				\$399,900			\$30,900	\$30,900	\$12,800	\$31,100	\$2,600	\$20,000	\$0		\$456,100
SEVIS	\$106,000				\$68,200			\$26,000	\$15,000	\$10,000	\$10,000	\$10,000	\$35,000	\$25,000		\$232,200
ISP - Liability & Prop.	\$54,200				\$18,500			\$16,900	\$15,200	\$6,800	\$11,900	\$7,500	\$30,200	(\$3,000)		\$54,700
1. TOTAL COST	\$4,883,600				\$2,423,900			\$572,000	\$33,500	\$737,800	\$227,600	\$663,600	\$1,417,700	\$722,800		\$11,679,600
2. TUITION OFFSET	\$4,883,600				\$2,423,900			\$572,000	\$33,500	\$737,800	\$227,600	\$663,600	\$1,417,700	\$722,800		\$11,682,500
3. NET TAX FUNDS	\$0				\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
<b>Financial Aid</b>																
1. TOTAL COST	\$427,100				\$230,800			\$141,900	\$57,100	\$19,800	\$31,300	\$12,500	\$172,900	\$127,000		\$1,219,800
2. TUITION OFFSET	\$427,100				\$230,800			\$141,900	\$57,100	\$19,800	\$31,300	\$12,500	\$172,900	\$127,000		\$1,219,800
3. NET TAX FUNDS	\$0				\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
<b>VI. TOTAL FORMULA INCREASES</b>																
1. TOTAL COST	\$20,404,800				\$6,236,500			\$4,758,500	(\$398,400)	\$9,400	\$561,100	\$607,800	\$7,886,700	\$5,191,900		\$45,255,400
2. TUITION OFFSET	\$17,845,700				\$4,780,400			\$4,786,500	\$398,400	\$9,400	\$561,100	\$607,800	\$7,886,700	\$4,218,200		\$44,874,400
3. NET TAX FUNDS	\$2,759,100				\$1,456,100			\$0	\$0	\$0	\$0	\$0	\$0	\$973,700		\$381,000
Available Tuition	\$0				\$0			\$248,800	\$1,756,000	\$144,400	\$283,900	\$210,400	\$1,364,700	\$0		\$4,008,200

## **Appendix D**

**Table 1**  
**ATE Cost Comparisons of Total Funding for Adults Only**

**Davis ATC**

	FY 01 Revenue & Expenditures	FY 01 Revenue & Expenditures for Adults	Adult Membership Hrs.	Conversion to FTE's Based on 30 clock hrs per credit hr.	Direct Cost	
					of Instruction per FTE Student	Full Cost of Instruction per FTE Student
<b>Revenues:</b>						
87.01% State Funds	\$7,084,000	\$3,813,600				
Tuition	926,000	926,000				
Other	132,000	78,100				
<b>Total</b>	<b>\$8,142,000</b>	<b>\$4,817,700</b>				
<b>Expenditures:</b>						
Instruction	\$4,267,200	\$2,524,900				
Academic Support	529,000	313,000				
Student Services	1,063,800	629,500				
Institutional Support	1,112,000	658,000				
O&M	1,126,000	666,300				
Scholarships	44,000	26,000				
<b>Total</b>	<b>\$8,142,000</b>	<b>\$4,817,700</b>	780,904	868	\$2,910	\$5,552

**Ogden-Weber ATC**

	FY 01 Revenue & Expenditures	FY 01 Revenue & Expenditures for Adults	Adult Membership Hrs.	Conversion to FTE's Based on 30 clock hrs per credit hr.	Direct Cost	
					of Instruction per FTE Student	Full Cost of Instruction per FTE Student
<b>Revenues:</b>						
87.76% State Funds	\$7,786,000	\$5,329,800				
Tuition	913,200	913,200				
Other	172,600	123,900				
<b>Total</b>	<b>\$8,871,800</b>	<b>\$6,366,900</b>				
<b>Expenditures:</b>						
Instruction	\$4,337,100	\$3,112,500				
Academic Support	719,000	516,000				
Student Services	1,134,000	813,800				
Institutional Support	1,280,100	918,700				
O&M	1,395,500	1,001,500				
Scholarships	6,100	4,400				
<b>Total</b>	<b>\$8,871,800</b>	<b>\$6,366,900</b>	1,018,279	1,131	\$2,751	\$5,627

**Weber State University**

	Direct Cost of Instruction	Full Cost of Instruction	FTE Students	Direct Cost of Instruction per FTE Student	Full Cost of Instruction per FTE Student
Vocational Education	\$8,103,644	\$14,947,268	2,302	\$3,520	\$6,493

	Direct Cost of Instruction per FTE Student	Full Cost of Instruction per FTE Student
<b>Variance Between WSU and Davis and Ogden-Weber ATC's</b>		
Davis	\$610	\$941
Ogden-Weber	769	866
Average Variance	\$690	\$903

Sources: 1. Davis and Ogden-Weber's sources revenue and expenditures came from the state auditors FY 01 audit reports.  
2. WSU's figures came from the 2002-03 Data Book; Cost Study Tab; page 12.

**Table 2**  
**ATE Cost Comparisons of Total Appropriated State Funding for Adults Only**

**Davis ATC**

	<b>FY 01 Revenue &amp; Expenditures</b>	<b>FY 01 Revenue &amp; Expenditures for Adults</b>	<b>Adult Membership Hrs.</b>	<b>Conversion to FTE's Based on 30 clock hrs per credit hr.</b>	<b>Direct Cost of Instruction per FTE Student</b>	<b>Full Cost of Instruction per FTE Student</b>
<b>Revenues:</b>						
87.01% State Funds	\$7,084,000	\$3,265,600				
Tuition	926,000					
Other	132,000					
<b>Total</b>	<b>\$8,142,000</b>	<b>\$3,265,600</b>				
<b>Expenditures:</b>						
Instruction	\$4,267,200	\$1,711,500				
Academic Support	529,000	\$212,200				
Student Services	1,063,800	\$426,700				
Institutional Support	1,112,000	\$446,000				
O&M	1,126,000	\$451,600				
Scholarships	44,000	\$17,600				
<b>Total</b>	<b>\$8,142,000</b>	<b>\$3,265,600</b>	<b>780,904</b>	<b>868</b>	<b>\$1,973</b>	<b>\$3,764</b>

**Ogden-Weber ATC**

	<b>FY 01 Revenue &amp; Expenditures</b>	<b>FY 01 Revenue &amp; Expenditures for Adults</b>	<b>Adult Membership Hrs.</b>	<b>Conversion to FTE's Based on 30 clock hrs per credit hr.</b>	<b>Direct Cost of Instruction per FTE Student</b>	<b>Full Cost of Instruction per FTE Student</b>
<b>Revenues:</b>						
87.76% State Funds	\$7,786,000	\$4,674,400				
Tuition	913,200					
Other	172,600					
<b>Total</b>	<b>\$8,871,800</b>	<b>\$4,674,400</b>				
<b>Expenditures:</b>						
Instruction	\$4,337,100	\$2,285,100				
Academic Support	719,000	\$378,800				
Student Services	1,134,000	\$597,500				
Institutional Support	1,280,100	\$674,500				
O&M	1,395,500	\$735,300				
Scholarships	6,100	\$3,200				
<b>Total</b>	<b>\$8,871,800</b>	<b>\$4,674,400</b>	<b>1,018,279</b>	<b>1,131</b>	<b>\$2,020</b>	<b>\$4,131</b>

**Weber State University**

	<b>Direct Cost of Instruction</b>	<b>Full Cost of Instruction</b>	<b>FTE Students</b>	<b>Direct Cost of Instruction per FTE Student</b>	<b>Full Cost of Instruction per FTE Student</b>
Vocational Education	\$5,672,600	\$10,463,100	2,302	\$2,464	\$4,545

	<b>Direct Cost of Instruction per FTE Student</b>	<b>Full Cost of Instruction per FTE Student</b>
<b>Variance Between WSU and Davis and Ogden-Weber ATC's</b>		
Davis	\$492	\$782
Ogden-Weber	445	414
<b>Average Variance</b>	<b>\$468</b>	<b>\$598</b>

Sources: 1. Davis and Ogden-Weber's sources revenue and expenditures came from the state auditors FY 01 audit reports.  
2. WSU's figures came from the 2002-03 Data Book; Cost Study Tab; page 12.

**Appendix E**

**Utah System of Higher Education  
Programs Under Development/Consideration**

**Section I**

**From: December, 2002 through November, 2003**

- Current Status Key:**
1. Under review by department faculty.
  2. Under review by curriculum committee(s) and/or Faculty Senate.
  3. Forwarded to the CAO, President and Board of Trustees for approval.
  4. Sent to Commissioner's Office and all USHE Institutions for review.
  5. On Regents' Agenda.

<b>Institution</b>	<b>Program Name</b>	<b>Degree Type</b>	<b>Current Status</b>	<b>Projected for Regents' Agenda</b>
<b>U of U</b>	Foods and Nutrition	Minor	2	
	Entrepreneurship	BS	4	
	Consumer and Community Studies	BA/BS	2	
	International Studies	BA/BS/Minor	4	Except. To Moratorium. Req.
<b>USU</b>	Professional Communication	PhD	4	Reviewed - Being Held
	Personal and Financial Planning	BA/BS	4	Reviewed - Being Held
	Business w/Specializations in Accounting, BIS, Mgt., Marketing and Operations Mgt.	PhD	2	
	Aerospace Engineering	MS, PhD	1	
	Biochemistry	BS	2	
	Applied Environmental Geoscience	BS, MS	2	
	Wildlife Science	BS	2	
	Conservation and Restoration Ecology	BS	2	
	Fisheries and Aquatic Sciences	BS	2	
	Watershed and Earth Systems	BS	2	
	Computer Science and Computer Scientist	MS	1	
	Geology	PhD	1	
<b>WSU</b>	Applied Technology	BAT	4	Except. To Moratorium. Req.
	Emergency Care and Resuce	BS	1	
	Early Childhood and Special Educ.	BS	2	
	Crime Scene Investigation	AS	1	
	Plastics Engineering Technology	BS	1	
	Biomedical Engineering Technology	BS	1	
<b>SUU</b>	Paralegal Studies	Minor	2	
<b>Snow</b>	No Programs Pending			
<b>Dixie</b>	Visual Technologies	AAS	3	
	Health Sciences Management	BS		
<b>CEU</b>	Hospitality Management	AS/AAS	5	
	Transportation Technology	AS/AAS	1	
	Apprenticeship	AAS	1	
	Paraprofessional Educator	AS/AAS	1	
	Native American Studies	AA/AS	1	
<b>UVSC</b>	Art and Visual Communication	BA,BFA,BS	4	Reviewed - Being Held
	Dance	BA,BFA,BS	2	
	Music	BA,BS	2	
	Applied Technology	BAT		Except. To Moratorium. Req.
	Community Health	BA/BS		
	Spanish	BA,BS	2	
<b>SLCC</b>	Broadcast Video/Audio Production	AAS	4	Reviewed - Being Held
	Film Production	AAS	4	Reviewed - Being Held
	Geoscience	AAS	1	
	Chemistry	AS	1	
	Chemistry Technician	AAS	1	
	Pharmacy Technician	AAS		
	Interior Design Associate	AAS	4	
<b>UCAT</b>	Business Technology	AAT	3	

**Utah System of Higher Education  
Programs Under Development/Consideration**

**Section II**

**From: April, 2003 through March, 2005**

<b>Institution</b>	<b>Program Name</b>	<b>Degree Type</b>
<b>U of U</b>	Occupational Therapy	MS
	Physical Therapy	DPT
	Parks, Recreation and Tourism	MPRTM
	College of Health Depts. And Divisions	Interdisciplinary PhD in Health
	Community Development (Env. Studies & FCS)	Undergrad. Certificate
	Anthropology of Religion	Undergrad. Certificate
	Medical Anthropology	Undergrad. Certificate
	Power Politics of Anthropology	Undergrad. Certificate
	Research and Assessment	Undergrad. Certificate
	Pharmaceutical Sciences	BS
	Combined Doctor of Pharmacy/Philosophy	Doctorate
	Historic Preservation	Certificate
	Gender Studies	Certificate
	Demography	Certificate
<b>USU</b>	Philosophy	MA
	Public Administration	MS
	Agricultural Policy Relations	BS
	Agronomy	MS
	Aerospace Engineering	MS, PhD
	Geography	MS
	Physical Geography	MS
	Human Dimensions of Ecosystem Science and Management	MA, MS, PhD
	Interdisciplinary Doctorate in Disabilities	PhD
<b>WSU</b>	European Studies without Language	Minor
	Professional and Technical Writing	Bachelor's
	Instrumental Musical Pedagogy	Bachelor's
<b>SUU</b>	Environmental Resource Mgt. Or Natural Resource Mgt.	MS
	General Studies (School of Cont./Prof. Studies	BS
	Public Administration (with U of U)	MPA
	Communications	MA/MS
	Theory and Practice of Writing	MA
	Dance	BFA
	Theatre Arts	BFA
	Counseling Psychology	MA/MS
	Exercise Science	BA/BS
<b>Snow</b>	No Programs Pending	
<b>Dixie</b>	Communicaton Technologies	BS
	Speech Language Pathology (Incubated by USU)	BS
	Medical Radiography	AAS
	Bachelor of Nursing	BSN
<b>CEU</b>	Environmental Studies	AA/AS
	Environmental Science	AA/AS
	Wilderness Studies	AA/AS
	Safety Science	AA/AS
	Manufacturing Engineering Technology	AA/AS
	Allied Health Professions	Certificate

Institution	Program Name	Degree Type
UVSC	Communication	BA/BS
	Computer Engineering Technology	BS
	School Health Education	BS
	Health Services Administration	BS
	Mild/Moderate Special Education	BA/BS
	Physical Education/Recreation	BS
	Physical Education/Coaching Education	BS
	Technology Education	BS
	Spanish Education	BA
	Music Education	BA/BS
	Political Science	BA/BS
	Semiconductor Technology	AAS
	Math Education	Minor
	Earth Science Education	Minor
	Chemistry Education	Minor
	Physical Education	Minor
	School Health	Minor
Theatre	BA/BS	
SLCC	Genealogy	AAS
	Hospitality Management	AAS
	Horticulture	AAS
	Pre Bio-Engineering	APE
	Mechanical Engineering	AAS
	Civil Engineering	AAS
	Nanotechnology	AS, AAS
	Electrical Engineering	AAS
UCAT	Welding	AAT
	Apprenticeship	AAT
	Dental Assisting	AAT
	Machining	AAT
	Industrial Maintenance	AAT
	Diesel	AAT
	Electronics	AAT