

Draft—Awaiting Formal Approval  
**MINUTES OF THE  
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE**  
Mountainland Applied Technology College, Lehi, Utah  
August 2, 2016

**Members Present:** Sen. Stephen H. Urquhart, Co-Chair  
Rep. Jon E. Stanard, House Vice Chair  
Sen. Jim Dabakis  
Sen. Ann Millner  
Sen. Howard A. Stephenson  
Sen. Evan J. Vickers  
Rep. Kim Coleman  
Rep. Fred C. Cox  
Rep. Jack R. Draxler  
Rep. Daniel McCay  
Rep. Carol Spackman Moss

**Members Excused:** Rep. Keith Grover, Co-Chair  
Sen. Jerry W. Stevenson

**Members Absent:** Rep. Kay L. McIff  
Rep. Derrin Owens  
Rep. Mark A. Wheatley

**Staff Present:** Mr. Spencer Pratt, Fiscal Manager  
Ms. Jill Curry, Fiscal Analyst  
Ms. Lorna Wells, Secretary

**Note:** A copy of related materials and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

## **1. Call to Order/Approval of Minutes**

Co-Chair Urquhart called the meeting to order at 1:18 p.m.

## **2. Student Loan Debt**

Mr. Pratt explained the [Student Debt--USHE and National Data Issue Brief](#). Co-Chair Urquhart asked if the non-graduates were factored into the data. Mr. Pratt said they are factored into the total amount borrowed, but the non-graduates are not delineated. Mr. Pratt discussed the student debt at each institution and compared Utah with national averages. He indicated that Utah has the lowest student debt in the country. He mentioned economic diversity and student success. He discussed three-year default rates and the student loan default rates by state.

Vice Chair Stanard asked if the Utah student-loan default rate only included USHE institutions. Mr. Pratt answered that this would include all higher education institutions in the state. Rep. Cox asked for more specific detail regarding this data. Mr. Pratt will provide committee members with more detailed information.

Rep. Coleman stated that Utah could find some comfort from where it is placed on the spectrum, but Utah is still very close to the averages.

Rep. Draxler asked where Utah ranks in per capita income. Mr. Pratt indicated that the per household income is above average but the per capita income is below average.

Sen. Stephenson mentioned that nationwide it has been reported that this now a crisis because total student debt is over one trillion dollars. He asked if there is a crisis in Utah. Co-Chair Urquhart stated that in his opinion it is a crisis adding that over one-third of the students in Utah are graduating with an average of \$19,000 in debt. He would like data on the debt incurred by students who do not graduate.

Sen. Dabakis mentioned that his intern has a dual master's degree and over \$81,000 in student debt. In order to pay-off this debt, he would have to pay \$980 a month for the next 20 years. He said that the impact this will have on the state's economy and the serious consequences for the state must be considered.

Rep. Coleman asked if the one of the reasons that Utah has lower student-debt debt is that the burden is being shifted from the students to their parents and family. She currently has two children in college, and the FAFSA program has shown that her family should be able to pay \$50,000 per year towards their education. She mentioned that she is still paying-off her own student loans. She indicated that shifting this burden from parents to students will impact the larger economy of the state.

Sen. Stephenson said that the Legislature might consider allowing all education expenses to be pre-tax dollars. This would be a tremendous incentive for individuals to see the value of post-secondary training. Co-Chair Urquhart said that his was an interesting idea, but the fiscal note involved would be extremely large. He asked if there would be a way to calculate this. He asked what additional burdens would be passed on to those with greater means.

Rep. Coleman stated that the Revenue & Tax Committee has discussed the fact that there is a cap on what can be kept in savings for college, but this cap hasn't changed for years. They have had several discussions about raising the cap.

Sen. Stephenson indicated the wealthy are getting wealthier, reporting that in the past ten years 25 million people have dropped out of the middle class. He said that it is a fact that education lifts earning capacity. He would like to discuss some of these issues at the Joint Education Conference in September. Rep Draxler appreciated the great discussion and would like to place everything on the table at the conference. He would like to look at the cost of attendance at post-secondary schools and what the Legislature could do to keep the costs for students down. One idea would be to allow students to have their tuition locked into the same tuition that they started with for four years.

Sen. Dabakis would like to discuss this at the upcoming conference as well. He is hopeful that the conference will produce a grand vision and a clear focus of direction so that decisions and

priorities can be made based on that grand vision. He mentioned that a side issue is that student loans are extremely easy to obtain. He stated that when the federal government took over student loans, the guidelines changed. Students can sign their life away without realizing the future impact.

Vice Chair Stanard mentioned that statistics show that Utah is doing better than the rest of the country, but there is still a lot of student debt. He would also like to know why tuition is increasing at such an alarming rate. He stated that if all education dollars were pre-tax dollars, this might impact PELL eligibility. He asked if there was a way to identify if students are receiving more family contributions than other states.

Co-Chair Urquhart mentioned that the institutions are fairly frugal. They have an increased challenge because their enrollments typically go up during economic downturn. He stated that some of the costs of higher education are driven by accreditation.

Sen. Millner mentioned that state funding has shifted the cost of education to students and that the state does not fund growth. Co-Chair Urquhart reported the recent equity funding did fund some growth. Vice Chair Stanard said the EAC has been generous in funding new buildings for Higher Education, but have not been as generous with increases to on-going funding.

### **3. Funding Issues**

Mr. Pratt explained the [USHE Historical Funding, Trends, Costs Per Degree Issue Brief](#). He stated that some of the data is a year old because the fiscal year just ended. Mr. Pratt discussed costs per degree. Co-Chair Urquhart asked if this includes teaching non-completers and completers. Mr. Pratt indicated that the way the data is compiled costs are allocated to those who graduate. Mr. Pratt explained instructional costs compared to total educational costs.

Co-Chair Urquhart stated that the taxpayer is paying more overall than it was in 2003 and that much of this is driven by cost. He stated that just looking at graduates as a whole creates a discrepancy. In order to have meaningful dialog, it is necessary to drill down into the data.

Rep. Coleman stated that the core of this dilemma is why costs of education are growing at a faster rate than the Consumer Price Index. Sen. Millner discussed some possible explanations for this gap.

Rep. Draxler reported that a high percentage of Utah college students work. This means they will take longer to graduate, and often become part-time students. Vice Chair Stanard asked if more students work now than they did in previous generations.

Sen. Stephenson stated that the state needs to do a better job of educating students so they are fully informed as they make decisions regarding their education. They need to “know before they go.” He said that if students have a plan and know where they are going then they will choose a degree that makes sense for them. He said that liberal education allows someone to live civilly. He mentioned his past discussions regarding “degrees to nowhere” and this only occurs when someone chooses a degree without a plan in place.

Rep. Coleman reported that she is working on a bill with Sen. Stephenson and USHE to develop some disclosures regarding jobs available at the end of the degree. She mentioned that it is important to look at the return on investment. However, there is a hard return and a soft return. The soft return is the value of a degree to society in general.

Rep. Moss expressed concern that the state not be responsible for picking “winner and loser” degrees. Sen. Stephenson reported that the state does just the opposite by charging a 25 percent surcharge on STEM degrees.

Rep. Draxler commended the chairs for opening this discussion and allowing the committee to drill down into the data to get some answers. He mentioned his recent caustic letter to committee members regarding on-going tuition increases. He is very concerned that the state is financing salary parity on the backs of middle-income families. He praised the institutions and know they are doing a great job as stewards of state dollars. He asked the committee to be more pro-active in identifying ways to stop automatic tuition increases each year. He mentioned the funding going towards tuition waivers.

**Response from Commissioner’s Office.** Board of Regents Chair Daniel Campbell assured committee members that every USHE president is very concerned about costs and keeping tuition rates low. He stated that current predictors show that enrollments will increase by 50,000 students in the next few years.

Commissioner David Buhler reported that about 80-85 percent of costs are personnel related which include the rise in health care costs and salaries to retain good faculty and staff. He would like some more time to look at the issue brief. He noted that Page 12 shows that Utah has the fourth lowest total revenue. He stated that higher education only receives about 12.4 percent of the entire state’s budget.

Sen. Dabakis would like to see tuition increases taken off the table. He stated that although raising taxes is very difficult, it may be necessary in order to put more money into the system.

Rep. Coleman stated that it is a challenge for some legislators not to consider tuition as a source of “free money.” She expressed concern about the unintended consequences of current policies. Comm. Buhler indicated that some important measurements to consider are the total spending per student and the percentage of funding generated by tuition.

Co-Chair Urquhart reminded committee members of the tremendous demands on the state budget for public education, health and human services, and Medicare. He said it is important to have public support for higher education funding. There needs to be a clearer vision regarding the future of higher education. He asked if anything can be done to offset the rising costs of higher education.

Comm. Buhler said that it is important to balance quality with hiring more adjunct faculty. Chair Campbell stated that finding strong professors means competing in a national market which is a huge challenge for the institutions.

Rep. Cox discussed a recent article in the newspaper which stated that USHE would be increasing tuition by 3 to 3.5 percent because there wasn't enough funding to hold it to the 2.5 percent previously reported. He mentioned that EAC recognizes funding growth in public education as a high priority. He expressed concern that competing for professors nationally creates a disparity in salaries for other teachers. He cares more about the rising costs to students than if a favorite professor moves to another state and gets paid more.

Co-Chair Urquhart indicated that there is some dissent regarding that statement. He feels it is important for Utah to attract the best professors. He mentioned the greater return on investment. Rep. Moss stressed the fact that great teachers inspire and attract students and other faculty.

Chair Campbell mentioned that as a businessman, it is critical for him to keep qualified employees. This is also important in higher education, there must be an investment to attract and keep an elite pool of faculty.

Sen. Dabakis said that the Legislature will have to have the courage to find ways to increase the state's revenue.

Rep. Coleman would like to have some data on how many students are choosing not to go to college because of the rising costs as well as the student debt crisis.

Co-Chair Urquhart stated there is a great disruption in the status quo especially within higher education. It is important for Utah to be a part of that disruption and look to innovative pathways in the future.

Sen. Stephenson mentioned there is a great disparity between full-tenured professors who teach the same way they have taught for decades and those mastery-based instructors who participate in highly engaging models for education. He asked what the Board of Regents is doing to redesign instruction.

Comm. Buhler said higher education is undergoing a great change. He mentioned the greater utilization of on-line classes and flipped classrooms. He discussed experiential learning in every discipline. Vice-Chair Stanard stated that it is a challenging role for committee members to advocate and push for higher education funding priorities.

Rep. Moss mentioned how impressed she was at her recent tour of the Lassonde Studios at the University of Utah School of Business. She asked if in-state students were being denied access to education in favor of out-of-state students. Co-Chair Urquhart answered that most out-of-state students pay three times the in-state tuition rate for the first year. He mentioned that extending this out-of-state tuition for an additional year might be something to consider.

**MOTION:** Sen. Dabakis made the motion to have staff present some possible alternatives at the next meeting for increasing the state portion of higher education funding to 14.2 percent.

Co-Chair Urquhart reported that due to a lack of a quorum in the House a vote on this motion

could not be taken. However, he did ask staff to prepare this report for the next meeting. He noted that the USHE system is envied by many other states. He wanted to publicly thank the Board of Regents, Commissioner's Office and USHE presidents for their good work.

#### **4. Review of partnership proposals for stackable credentials (S.B. 103)**

Sen. Millner reported on [S.B. 103](#). She stated that the task force issued a call for proposals involving partnerships with public education, UCAT, USHE for stackable credentials focused on high demand job needs. They have now asked the partnerships to refine proposals with some more specific guidelines. The task force will evaluate these and bring recommendations to the meeting in October. Sen. Vickers mentioned that he is on the taskforce and they are looking for projects and programs that can be replicated throughout the state.

Co-Chair Urquhart relinquished the chair to Vice Chair Stanard

#### **5. Career and Technical Education Programs**

Mr. Pratt discussed the [USHE CTE Annual Report](#) and the [UCAT Annual Report](#). He encouraged committee members to look at those reports more closely.

#### **6. Report on UCAT certificates awarded**

Ms. Curry discussed the [UCAT Certificates Awarded & Program Length 2013-2015](#). She demonstrated how to drill down to obtain specific data. Vice Chair Standard asked some clarifying questions.

#### **7. Report on UCAT internal efficiencies**

Ms. Curry discussed the [UCAT Internal Efficiencies Issue Brief](#). She mentioned some common themes and other items specific to each campus.

Vice Chair Stanard thanked Ms. Curry for the report and asked committee members to carefully look at the information.

Mr. Jared Haines, Acting Commissioner of Technical Education also encouraged committee members to look at both issue briefs. He emphasized that the UCAT system contains constant moving parts. He said UCAT's main focus is that all programs are driven by employer needs.

**MOTION:** Sen. Dabakis moved to adjourn. The motion passed unanimously. Vice Chair Stanard adjourned the meeting at 4:00 p.m.

#### **8. Tour of Mountainland Applied Technology College Campus**

Pres. Clay Christensen took committee members on a tour of Mountainland Applied Technology College Thanksgiving Point Campus.