

USHE Issues

Financial Reporting

The financial reporting for the USHE is necessary each year by the Legislative and Governor's Analysts in order to complete their budget recommendations. All state agencies except Higher Education are required to submit their actual revenue and expenditures for the preceding fiscal year by mid August to the Department of Administrative Services. **It is a recommendation of the Analyst that the following intent language be adopted regarding financial reporting by the USHE:**

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's Office by October 1 of each fiscal year.

Apprenticeship Programs

Currently, four institutions offer apprenticeship programs on their campuses. In the State Board of Regent's Policy R510-4.4 states:

Tuition for courses offered specifically for apprenticeship programs shall be at least one-half of, and no greater than, tuition for other credit courses at the institutions.

The Utah Code in Section 53B-8-101 (1) states:

The president of each institution may waive all or part of the tuition in behalf of a meritorious or impecunious resident student

Currently, three of the four schools with apprenticeship programs offer a 40 to 50 percent tuition waiver. Students enrolled in the apprenticeship programs are usually employed in the vocation of study, and in some instances, their employer subsidizes their tuition. On the other hand, USHE students who are not enrolled in apprenticeship programs more often than not work as well as pay full tuition. Should a student enrolled in the apprenticeship program be held to the same standard as other USHE students? The following table outlines the full time equivalent (FTE) students enrolled in apprenticeship programs, the annual tuition charged at each school, the potential revenue generated based on the apprenticeship FTE students, the actual revenue charged, and the uncollected revenue based on the tuition waiver:

<u>USHE Apprenticeship Programs</u>					
<u>Institutions</u>	<u>FTE Students</u>	<u>Annual Tuition</u>	<u>Potential Revenue</u>	<u>Amount Charged</u>	<u>Uncollected Revenue</u>
Salt Lake Community College	638	\$1,310	\$835,900	\$493,200	\$342,700
Utah Valley State College	181	1,310	237,100	118,600	118,500
Dixie College	14	1,143	16,000	16,000	0
Southern Utah University	12	1,524	18,300	7,700	10,600
Total	845		\$1,107,300	\$635,500	\$471,800

It is the recommendation of the Analyst that the full tuition be charged for apprenticeship programs, which will increase the dedicated credit revenues generated by approximately \$471,800.

Applied Technology Education Task Force

Introduction

Applied technology education (ATE) is provided by the following educational systems:

1. Eight institutions of higher education under the direction of the State Board of Regents (SBR);
2. 40 school districts and five Applied Technology Centers (ATCs) under the direction of the State Board of Education (SBOE);
3. Three Applied Technology Center Service Regions (ATCSRs) which function as a joint effort between the SBR and SBOE to offer applied technology education.

Utah Code does not clearly define key elements of ATE and therefore provides little guidance for the Joint Liaison Committee to effectively manage applied technology issues. In order to more efficiently meet the needs of the state and eliminate unnecessary duplication of programs, guidelines need to be established in statute that clearly outline the role and mission of ATE providers.

With limited funding to meet the needs of a growing state, coordination and cooperation between program delivery systems is imperative. Currently, each institution offering applied technology education has its own mission and agenda. In order to provide seamless, quality programs, the State Board of Education must work with the State Board of Regents to develop standard roles, missions and articulation agreements. The Analyst has the following concerns about the current operation and governance of ATE:

- There appears to be a lack of coordination between delivery strategies;

- Some programs may not align with private sector needs;
- Articulation of curriculum between secondary and post-secondary may not flow well in some cases;
- Data showing student outcomes is inadequate in both systems;
- Current governance may provide structural barriers to efficiency, and;
- Facilities may be underutilized in some areas.

An impediment to seamless program delivery has been the financial emphasis on enrollment and program growth. The current funding methodology tends to promote competition between systems.

It is the Recommendation of the Analyst that a task force be established to study applied technology education.

Task Force Mission

The task force should ensure that the social and economic needs of the state are efficiently and effectively met through collaborative partnerships involving educational systems, business and industry. The purpose of the Applied Technology Education Task Force is to:

1. Define the role and mission of applied technology education providers;
2. Establish policies and procedures for the governance of applied technology education;
 - a. Establish criteria for determining new facility requirements;
 - b. Develop policies for alternate methods of delivery such as distance learning, shared facilities, or partnerships with business and industry;
 - c. Develop policies for articulation between the stake holders with standards of accountability;
3. Study funding mechanisms;
4. Review the role and mission of the Joint Liaison Committee;
5. Establish a procedure for the development and utilization of measurable standards including uniformity in database development and common methods of information dissemination Task Force Membership

The Analyst Recommends a Task Force comprised of the following members:

1. Three members of the Senate.
2. Three members of the House of Representatives.
3. Three representatives of the Private Sector, hopefully from the major business sectors such as information technology, manufacturing, services, etc.

The Legislative Fiscal Analyst shall provide staff support to the task force.

Estimated cost of task force is \$95,000 to be used for committee expenses, consulting, and other operational costs.

Concurrent Enrollment

Concurrent enrollment is an opportunity for secondary students to obtain college credit in high school that meets the graduation requirements for both high school and college. For the academic year 2000, there were 19,744 high school students enrolled in concurrent enrollment with a total of 127,694 credit hours successfully completed. Concurrent enrollment programs were designed to address the growing concern over the rising costs of education and the increased demand for services. The purpose of concurrent enrollment is to move a student more quickly through the educational system as an alternative to expensive capital facilities. As the cost of a college education increases, concurrent enrollment offers parents and students a way to reduce the expense of tuition by completing college credits while in high school. The Utah Code Section 53A-15-101 stipulates that concurrent enrollment students are not required to pay tuition, however, a one-time application fee may be assessed by the USHE institution.

The Utah Code Section 53A-15-101 outlines the collaboration between the State Board of Education (SBOE) and the State Board of Regents (SBR) to implement concurrent enrollment programs and delivery systems. The SBR is responsible for approving the concurrent enrollment faculty. Course content, teaching materials, and procedures for the concurrent enrollment curriculum are approved by the USHE institution to ensure the quality of instruction is comparable to courses offered on college and university campuses. This code section also states that each high school receives a proportionate share of the appropriated current enrollment funding based on the number of credit hours successfully completed in the previous academic year. Each USHE institution shall receive concurrent enrollment funds from the school districts based on the Annual Concurrent Enrollment Contract.

In Section 53A-17a-120 of the Utah Code, the public education schools participating in concurrent enrollment may receive up to \$50 per semester for each credit hour successfully completed. This section also states that concurrent enrollment funding shall be spent on these programs according to the standards established by the State Board of Education and that uniform and consistent policies are to be developed for the utilization of concurrent enrollment monies.

The Analyst has the following concerns relating to the concurrent enrollment program:

1. The passage of Senate Bill 90, "Higher Education Scholarships" (The New Century Scholarships), has increased the demand
2. The issue of sophomore enrollments
3. Increased enrollments and costs
4. The need for academic advising
5. Consistent policies and procedures relating to concurrent enrollment instruction
6. Inconsistency in the use of concurrent enrollment monies.

The passage of the New Century Scholarship Program greatly increased the demand for concurrent enrollment. With the increased demand, several issues need to be addressed to accommodate the requirements associated with the new scholarship as well as the increase in enrollments.

The State Board of Education Rule R277-713-3 states that local school districts and USHE institutions shall jointly establish student eligibility requirements. Most of the students enrolled in concurrent enrollment are juniors and seniors. Typically, sophomores are only admitted to the program on a case by case basis, which varies from school to school. In order for a student to graduate with an associate degree, as well as meet all of the requirements for high school graduation, the student needs to start as early as the sophomore year. Therefore, consistent policies need to be established system-wide regarding the admittance of sophomores.

The increased enrollments have added to the work-load for the higher education staff. The sentiment of many USHE institutions is that “it is not worth the trouble.” The USHE institutions are responsible for the approval, monitoring, and supervision of the concurrent enrollment teachers, curriculum, as well as teaching materials. Each institution receives a contracted amount per credit hour, however, the amount is no longer covering the expenses associated with increased enrollment numbers. High school students taking advanced placement (AP) courses pay \$60 to take an examine at the end of the semester in order to receive college credit. A student at Salt Lake Community College (SLCC) pays tuition of about \$187 for 3 credits hours and approximately \$551 for 10 credit hours. A high school student averages about 10.8 concurrent enrollment credit hours. Perhaps it is time to assess tuition for concurrent enrollment students. At \$20 a credit, the cost to a student for a 3 credit hour course, would be in line with the AP cost. The \$20 per hour would still be an inexpensive way to fund at least part of a college education compared to the full tuition charged by higher education institutions. This would require a change in the statute in Section 53A-15-101 (6) (b) (iii), which states that “higher education tuition and fees may not be charged for participation in this program.” If a student was unable to pay due to economic constraints, a tuition waiver could be granted based in the Utah Code Section 53B-8-101.

High school teachers that teach concurrent enrollment are required to have the same credentials as college instructors. They are also required to attend in-service training and orientation meetings. Preparation for the class as well as the paperwork for the program requires more time than a regular high school course. With the increased demand, a heavier workload, as well as the requirement of a master’s degree, there is very little incentive to teach concurrent enrollment. The concurrent enrollment instructors need a stipend to compensate them for their expertise, time, and effort.

One of the purposes of concurrent enrollment is for students to move through the educational system quicker. The following table shows that 68 percent of the students take between one and 10 credits:

1997-98 Concurrent Enrollment Credit Hours	
Credit Hours Taken	Number of Students
1-5	7,613
6-10	4,645
11-15	3,338
16-20	1,111
21-25	586
26-30	300
31-35	159
36-40	121
41-45	102
46-50	36
51-60	22
Total Students	18,033

Most USHE institutions lack definitive data to show whether concurrent enrollment leads to accelerated completion of degrees. Concurrent enrollment data generated by Salt Lake Community College (SLCC) indicates that students enrolled in concurrent enrollment do not necessarily complete their Associate Degrees any faster than traditional students. The following table illustrates the credit hours generated by concurrent enrollment and traditional students at SLCC:

	Credits Earned by All Students at SLCC	Average No. of Credits Earned by Concurrent Enrollment Students at SLCC	Difference Between All Students and Concurrent Enrollment Students
HS Senior (1995-96)	0.0	10.8	10.8
SLCC Freshman (1996-97)	28.5	39.4	10.9
SLCC Sophomore (1997-98)	57.0	64.4	7.4

There are several reasons why concurrent enrollment students are not moving through the system faster. As the statistics show, the average credits taken by most concurrent enrollment students are only 10.8 hours. Also, students often randomly take courses that do not necessarily meet general education or the Associate Degree requirements. Parents, students and high school counselors need to understand that an unstructured accumulation of college credits does not necessarily lead to early completion of college or eligibility for the New Century Scholarship. High school and college advisors can play a critical role to ensure students enrolled in concurrent enrollment are taking courses that

align with their Student Education Occupation Plan (SEOP), as well as meet the requirements for their particular discipline. Also, each school district and USHE institution determines the programs that are taught. In order to be fair to all students, consistent policies and procedures need to be developed for concurrent enrollment instruction.

Utah Code Section 53A-17a-120 stipulates that concurrent enrollment funding shall be spent on these programs according to the standards established by the State Board of Education and that uniform and consistent policies are to be developed for the utilization of concurrent enrollment monies. Also, the SBOE policy R277-713-8 indicates that the concurrent monies are to be used for the following:

1. Pay students tuition
2. Pay the share of the costs of supervision and monitoring by colleges and universities according to the annual contract agreement
3. Aid in staff development
4. Assist in the costs of distance learning
5. Offset the costs of personnel who work in the program
6. Pay for textbooks and other instructional materials

The allocation of concurrent enrollment funding is not consistent for each school district. Districts are receiving anywhere from \$40.24 to \$15.89 per credit hour out of the possible \$50. The following table indicates the distribution of concurrent enrollment funding:

Concurrent Enrollment

District	<u>Distribution of Concurrent Enrollment Funding</u>						
	1998-99 High School Hours	1998-99 College Hours	Total 1998-99 Hours Completed	Total Hrs Calculation x \$548,899	H.S. Hrs. Calculation x \$4,152,274	Total Concurrent Enrollment Allocation	Amount Per Credit Hour
Grand	54.0	112.0	166.0	\$714	\$1,941	\$2,655	\$15.99
Piute	64.0	67.0	131.0	563	2,300	2,864	21.86
Daggett	123.0	-	123.0	529	4,421	4,950	40.24
Beaver	171.0	-	171.0	735	6,146	6,881	40.24
Morgan	232.0	-	232.0	997	8,339	9,336	40.24
Park City	303.0	12.0	315.0	1,354	10,891	12,245	38.87
Tintic	322.0	-	322.0	1,384	11,574	12,958	40.24
Kane	403.0	-	403.0	1,732	14,485	16,218	40.24
So. Summit	411.5	-	411.5	1,769	14,791	16,560	40.24
No. Summit	621.5	-	621.5	2,672	22,339	25,011	40.24
Wayne	636.0	-	636.0	2,734	22,860	25,594	40.24
Garfield	680.0	-	680.0	2,923	24,442	27,365	40.24
No. Sanpete	701.0	-	701.0	3,013	25,197	28,210	40.24
Rich	723.0	-	723.0	3,108	25,988	29,095	40.24
Juab	745.0	-	745.0	3,202	26,778	29,981	40.24
Iron	756.0	161.0	917.0	3,942	27,174	31,115	33.93
Ogden	770.0	508.0	1,278.0	5,494	27,677	33,170	25.95
Uintah	906.0	-	906.0	3,895	32,565	36,460	40.24
Emery	1,496.0	-	1,496.0	6,431	53,772	60,203	40.24
So. Sanpete	1,517.0	114.0	1,631.0	7,011	54,527	61,538	37.73
San Juan	1,645.0	119.0	1,764.0	7,583	59,128	66,711	37.82
Millard	1,739.0	-	1,739.0	7,475	62,507	69,982	40.24
Washington	1,461.0	3,068.0	4,529.0	19,468	52,514	71,982	15.89
Tooele	1,857.0	-	1,857.0	7,982	66,748	74,731	40.24
Duchesne	1,952.0	-	1,952.0	8,391	70,163	78,554	40.24
Carbon	2,135.5	-	2,135.5	9,180	76,759	85,938	40.24
Wasatch	2,171.5	-	2,171.5	9,334	78,052	87,387	40.24
Box Elder	2,225.0	-	2,225.0	9,564	79,975	89,540	40.24
Salt Lake	2,358.0	359.5	2,717.5	11,681	84,756	96,437	35.49
Murray	2,468.0	-	2,468.0	10,609	88,710	99,319	40.24
Logan	3,007.0	-	3,007.0	12,926	108,084	121,010	40.24
Sevier	3,178.5	201.5	3,380.0	14,529	114,248	128,777	38.10
Provo	5,240.5	767.0	6,007.5	25,824	188,365	214,188	35.65
Weber	5,502.5	1,033.0	6,535.5	28,093	197,782	225,875	34.56
Cache	6,433.0	220.0	6,653.0	28,598	231,228	259,826	39.05
Davis	8,097.0	2,200.5	10,297.5	44,264	291,039	335,303	32.56
Nebo	8,746.0	1,085.0	9,831.0	42,259	314,367	356,626	36.28
Alpine	11,306.0	1,903.5	13,209.5	56,782	406,383	463,165	35.06
Jordan	14,465.0	242.0	14,707.0	63,219	519,931	583,150	39.65
Granite	17,898.0	-	17,898.0	76,936	643,327	720,262	40.24
Total	115,520.5	12,173.0	127,693.5	\$548,899	\$4,152,274	\$4,701,173	\$36.82

As the above table indicates, the distribution of funding is not proportionate for all school districts. The following table shows the variance in the distribution:

District	Total 1998-99 Hours Completed	Actual		Proportionate Allocation	Overage or (Shortage) in Allocation
		Concurrent Enrollment Allocation	Amount Per Credit Hour		
Grand	166.00	\$2,655	\$15.99	\$6,111	(\$3,457)
Piute	131.00	2,864	21.86	4,823	(1,959)
Daggett	123.00	4,950	40.24	4,528	421
Beaver	171.00	6,881	40.24	6,296	586
Morgan	232.00	9,336	40.24	8,541	795
Park City	315.00	12,245	38.87	11,597	648
Tintic	322.00	12,958	40.24	11,855	1,103
Kane	403.00	16,218	40.24	14,837	1,381
So. Summit	411.50	16,560	40.24	15,150	1,410
No. Summit	621.50	25,011	40.24	22,881	2,130
Wayne	636.00	25,594	40.24	23,415	2,179
Garfield	680.00	27,365	40.24	25,035	2,330
No. Sanpete	701.00	28,210	40.24	25,808	2,402
Rich	723.00	29,095	40.24	26,618	2,477
Juab	745.00	29,981	40.24	27,428	2,553
Iron	917.00	31,115	33.93	33,760	(2,645)
Ogden	1,278.00	33,170	25.95	47,051	(13,880)
Uintah	906.00	36,460	40.24	33,355	3,104
Emery	1,496.00	60,203	40.24	55,077	5,126
So. Sanpete	1,631.00	61,538	37.73	60,047	1,491
San Juan	1,764.00	66,711	37.82	64,944	1,767
Millard	1,739.00	69,982	40.24	64,023	5,959
Washington	4,529.00	71,982	15.89	166,740	(94,758)
Tooele	1,857.00	74,731	40.24	68,367	6,363
Duchesne	1,952.00	78,554	40.24	71,865	6,689
Carbon	2,135.50	85,938	40.24	78,621	7,317
Wasatch	2,171.50	87,387	40.24	79,946	7,441
Box Elder	2,225.00	89,540	40.24	81,916	7,624
Salt Lake	2,717.50	96,437	35.49	100,048	(3,610)
Murray	2,468.00	99,319	40.24	90,862	8,457
Logan	3,007.00	121,010	40.24	110,706	10,304
Sevier	3,380.00	128,777	38.10	124,438	4,339
Provo	6,007.50	214,188	35.65	221,173	(6,984)
Weber	6,535.50	225,875	34.56	240,611	(14,736)
Cache	6,653.00	259,826	39.05	244,937	14,889
Davis	10,297.50	335,303	32.56	379,113	(43,810)
Nebo	9,831.00	356,626	36.28	361,939	(5,313)
Alpine	13,209.50	463,165	35.06	486,322	(23,157)
Jordan	14,707.00	583,150	39.65	541,454	41,696
Granite	17,898.00	720,262	40.24	658,934	61,328
Total	127,693.50	4,701,173	\$36.82	4,701,173	-

The contractual amounts as well as the admission fee for each institution of higher education varies from school to school. The following table indicates the contracted amounts for each USHE institution:

	<u>Concurrent Enrollment</u>		
	<u>One-time Admission Fee</u>	<u>Tuition Charge per Credit Hour From School District</u>	
		<u>USHE Teacher</u>	<u>Public Ed Teacher</u>
U of U	N/A	N/A	N/A
USU	\$0.00	\$50.00	\$16.67
WSU	\$0.00	\$17.00	\$17.00
SUU (Iron County)	\$25.00	\$45.00	\$25.00
SUU (All Other)	\$25.00	\$39.00	\$25.00
Snow	\$20.00	\$18.03	\$18.03
Dixie	\$25.00	\$33.33	\$16.67
CEU	\$20.00	\$32.40	\$16.20
UVSC	\$20.00	\$33.00	\$16.50
SLCC	\$20.00	\$16.67	\$16.67

The allocation and uses of concurrent enrollment funding are not uniform and consistent. The utilization of concurrent enrollment monies should be as follows:

1. Fund the direct cost of instruction for programmatic needs
2. Pay students tuition
3. Cover personnel costs for faculty, supervision, and monitoring
4. Evaluate the distribution of funding for faculty, supervision and monitoring
5. The costs of academic advising
6. Assist in the costs of distance learning
7. Pay for textbooks and other instructional material

As the state moves into the 21st Century, concurrent enrollment can become an innovative and creative way for students to gain an education while meeting the high school graduation requirements. Some of the issues relating to concurrent enrollment have been addressed, such as the need for academic advising, as well as the allocation and utilization of the funding. In order for the program to work more efficiently and effectively, the system as it currently exists needs to be evaluated and changed to meet the growing demand of current enrollment. **Therefore, it is recommendation of the Analyst that during the Interim, the Office of the Legislative Fiscal Analyst in conjunction with personnel from the Utah State Board of Education and the Utah System of Higher Education conduct a study of concurrent enrollment education. It is further recommended that a written report of the study with recommendations be reported to Executive Appropriations in the fall of 2000.**

Performance Based Funding

The budgeting process for financing higher education in Utah focuses on incremental funding increases coupled with an enrollment-driven formula. This method of allocating money to USHE institutions does not consider state educational goals, nor does it offer incentives for improvements in institutional or program effectiveness, educational quality, or student learning outcomes. In other words, current funding mechanism does not link funding to clearly specified results. Success or failure is not part of the funding equation.

It is proposed by the Legislative Fiscal Analyst that a portion of the funds allocated to higher education be based on performance-based initiatives. Under this system, performance measures are reported in the budget process and are then tied either directly or indirectly to funding decisions. The intended purpose is to create a reward for achievement and successful changes in institutional performance. The primary emphasis would be on student learning needs, customer service, quality, and faculty productivity.

Advantages

A few of the numerous advantages for implementing performance-based funding include:

- Serves as an incentive to improve performance
- Provides an alternative to enrollment-based funding mechanisms
- Encourages more accountability
- Connects planning goals with the budget

Area of Concern

There are a number of practical problems associated with designing performance measures. Several of these include:

- Performance measures must be acceptable to all stakeholders, balancing institutional autonomy with state-level review and control.
- The complexities of measuring quality, particularly in student learning are enormous and there could be some fear that state mandated efforts will undermine the responsibility of higher education for quality assessment.
- Institutions may tend to “lower the bar” in setting goals to ensure their financial rewards.
- The complexity of our institutions requires customized institutional measures that will account for the diverse nature of each institution.
- Investment of time and resources to develop performance measure and assessment instruments can be significant.
- Current measures tend to be too simple, inadequately reflecting differences in institutional mission.

- Performance-based funding can create a highly competitive environment among institutions.

Under the current proposal recommended by the Legislative Fiscal Analyst, performance funds would be added to the base operating budgets. The resources allocated as performance funds need to be viewed as incentives to good practice and positive results. Because these funds are not earmarked, institutions have the flexibility to allocate the resources based on institutional priorities and need.

It is recommended that \$2,000,000 be appropriated from the General Fund to provide performance based incentives in higher education for FY 2001. Although the proposal of initiating performance funding for USHE is in a rudimentary stage, the Analyst feels that it will be a positive factor that will benefit student learning, institutional performance and effectiveness.

Compensation

The Analyst's recommendation for FY 2001 excludes funding for compensation increases for the Utah System of Higher Education because it is the practice of the Executive Appropriation Committee (EAC) to decide all compensation issues. Each year, the Fiscal Analyst, under direction from the EAC, sets aside funds for compensation increases for all sectors of State Government as part of their annual budget recommendation. For the system of higher education, the plan of financing the FY 2001 salary recommendation will include State resources coupled with a proportionate share of tuition revenue generated from new tuition rate increases. This is consistent with the Executive Appropriation Committee policy of 1994. The policy states that when computing the funding for salary increases for Higher Education:

“the dedicated credits from this revenue source should bear their proportionate share of increased compensation costs based on the ratio of tuition to the free revenue sources in the current budget.”

The State Board of Regents is responsible for establishing tuition rates for each of the nine institutions within the USHE. In the fall of 1999, when the Regents normally adopt a budget amount for the system of higher education, they also set the tuition rate increase to help finance their proposed operating budget increases. For FY 2001, the Regents set the tuition rate increase at 3.0 percent for all nine USHE institutions. This will generate \$5,058,300 in additional tuition revenue, which should cover the cost of providing up to a 3.4 percent salary increase.

Should the Legislature decided to increase employee salaries above 3.4 percent, then the institutions will have to either reallocate institutional resources to cover the funding shortfall or ask the Regents to authorize a tuition rates increase that would support the salary adjustment adopted by the Executive Appropriation Committee.

It should be noted that the Governor's recommendation for the USHE includes a 4.5 percent compensation package for FY 2001. The cost of financing this proposal amounts

to \$25,625,400. The plan of financing includes \$20,567,100 from the General Fund and \$5,058,300 from tuition revenue. If the Executive Appropriation Committee guidelines were used to determine the funding sources for the compensation adjustment at 4.5 percent, there would be a \$1,149,800 tuition shortfall. This tuition shortfall in the Governor's proposal is offset by an increase in the General Fund allocation which is contrary to the EAC's policy of 1994.

Salary Equity Issue

Employee compensation is the principal concern expressed in the Regent's FY 2001 budget request. In addition to a systemwide salary increase for USHE employees, each institutional president urges that the Legislature appropriate additional funds to resolve salary inequities for many USHE personnel. During the interim, the Regents instructed the Commissioner's Office, in cooperation with the USHE institutions, to develop a position-by-position, analysis of salaries in the system. When USHE salaries were compared to the market place, approximately 2,600 employees are being paid a salary that is less than 90 percent of the market. To bring this entire group's salaries to a level that is 90 percent of the market, will take about \$13.5 million.

In the last several sessions of the Legislature, the EAC recognized the need to make selective salary adjustments for employee job categories that were below market. They indeed funded several special salary requests for correctional officers and highway patrolmen. Other requests for selective salary increases from the Department of Human Resource Management (DHRM) were approved, however, funding for the increases were met through the reallocation of departmental appropriations.

If funding for selective salary increases is not appropriated to the Utah System of Higher Education, it is recommended that the institutions review operating budgets for reallocating institutional funds to meet their needs. When private industry is faced with budgetary constraints, operations are often downsized. Employees are required to assume a greater workload and more responsibility. The incentive for these employees is increased compensation.

It is recommended that higher education institutions review their current operating budgets for more efficient and economical ways of doing business, similar to the approach taken by business and industry. For example, one idea is to increase the average class size for each institution by 10 percent. Currently, the average class size in lower division, systemwide is 22.6 FTE students per faculty. For upper division, there are 15 FTE students per faculty. If the class size were increased by at least 10 percent, the savings in faculty salaries through turnover savings from natural attrition and more efficient utilization of classroom space could save about \$6.6 million. A 30-to-one student faculty ratio in lower division would provide about \$15.1 million. The saving could then be used to provide the resources to resolve salary inequities on campus.

Student / Faculty Ratios

	Student/ Faculty Ratio	Full- time Faculty - Lower Division	Change in Faculty	FY 2001 Change in Base Budgets
10% Increase in Student /Faculty Ratio (Lower Division)				
University of Utah	23.2	210.1	(19)	(\$1,375,751)
Utah State University	32.8	131.3		0
Weber State University	18.1	197.5	(18)	(1,135,527)
Southern Utah University	32.1	56.4		0
Snow College	22.0	68.9	(6)	(355,390)
Dixie College	22.4	70.3	(6)	(368,248)
College of Eastern Utah	22.6	40.5	(4)	(198,927)
Utah Valley State College	21.9	149.6	(14)	(760,509)
Salt Lake Community Col.	22.2	136.2	(12)	(659,249)
USHE Total	22.6	1,060.7	(42)	(\$2,342,324)
10% Increase in Student /Faculty Ratio (Upper Division)				
U of U	15.4	271.9	(24)	(\$1,739,885)
USU	17.5	176.6	(16)	(1,098,665)
WSU	10.8	169.8	(16)	(994,216)
SUU	14.7	82.8	(8)	(428,217)
UVSC	20.7	11.5	(1)	(61,743)
USHE	15.0	712.6	(65)	(\$4,322,726)

One objection to this recommendation is that class size is one factor in assuring high quality education. Some suggest that an optimal number in a college or university class should be in the range of 12 to 16. Although this may be the ideal, it is not often very practical because of student demand and limited resources. Undergraduate classrooms often have several hundred students. Even medical school student participate in classroom sizes of a hundred or more.

Non-compensation Base Funding

Traditionally, the Legislature has funded enrollment growth for new students at the institutions of higher education. In FY 2000, the Legislature appropriated non-compensation base funding of \$1,500,000 (\$500,000 was one-time) to enhance the instructional budgets for existing students on USHE campuses. The allocation of funds was based on 84,735 FTE student enrolled which amounted to approximately \$17.70 (\$11.80 ongoing and \$5.90 one-time) per FTE student.

The Legislature adopted the following intent language relating to the distribution and use of these funds:

The Council of Presidents and a representative of the Board of Regents working in conjunction with the Legislative Fiscal Analyst and a representative of the Governor's Office, shall recommend key performance indicators that will be used to determine the criteria for allocating productivity funds to the nine institutions of higher education. These performance indicators shall be used to report on the quality of instruction, enhanced productivity and efficiency. The allocation of funds will be based on each institution's demonstration of improved quality of instruction, and enhanced productivity and efficiency. The Board of Regents and the Council of Presidents shall report to the Higher Education Appropriations Subcommittee and Executive Appropriations Committee by December 1 on how the funds were spent and the benefits derived from those funds.

The following table shows the allocation of the non-compensation base funding for FY 2000:

<u>Non-Compensation Base Funding</u>			
	<u>One-Time</u>	<u>Ongoing</u>	<u>Total</u>
University of Utah	\$124,200	\$248,300	\$372,500
Utah State University	89,200	178,300	267,500
Weber State University	63,000	126,000	189,000
Southern Utah University	31,000	62,200	93,200
Snow College	19,500	39,100	58,600
Dixie College	20,300	40,600	60,900
College of Eastern Utah	11,000	21,900	32,900
Utah Valley State College	70,100	140,100	210,200
Salt Lake Community College	71,700	143,500	215,200
Total	\$500,000	\$1,000,000	\$1,500,000

Each institution evaluated their most critical needs for the utilization of these funds. Based on intent language, each President was to report to the Legislature on how these funds were spent. The following is a brief description of the usage:

The University of Utah predominately used the funds to purchase new switches to strengthen the network backbone. Software was also purchased for the Campus Network Operation Center, and additional connectivity devices to eliminate bottlenecks. A small portion of the funding went to the School of Medicine.

Utah State University allocated the non-compensation base funding to approximately 15 departments throughout the campus to enhance their instructional budgets.

Weber State University disbursed the funding mainly for student services such as the First Year Experience Program, the HOPE Scholarship, Student Affairs Tutoring and

Disabled Students Department, and student computer labs. Some of the funding was also used to procure equipment for the 800 MHZ conversion.

Southern Utah University used the funds to offset the costs of state inspections, the disposal of hazardous material, FCC Universal Access charges, and reporting requirements for the Tax Reconciliation Act. The remaining funds were used to purchase industry standard equipment for the Engineering Department.

Snow College utilized the funds for computer literacy and computer networking at the main campus. The balance was used at the Snow South Campus in the Placement Services Office and to purchase software for the Financial Aid Office.

Dixie College hired faculty with the ongoing funding and the one-time went to the library.

College of Eastern Utah distributed the funding to the Blanding Campus for student computing and the remainder went to the Moab Center.

Utah Valley State College allocated the funding for instruction, student services, and institutional support. The one-time funding was used to purchase fiber and phone line connections as well as furniture for the West Campus classrooms.

Salt Lake Community College hired three applied technology education instructors and addressed the issue of Y2K compliance. The one-time funding was used to purchase computer equipment.

Regional Dental Education Program (RDEP)

Utah supports selected students in optometry, podiatry, and veterinary medicine and has a bilateral agreement with Creighton University for dentistry. In order to meet the needs of dental students, in the most cost effective way, the University of Utah sent out a Request for Proposal (RFP) to dental schools throughout the U.S. in the 80's. The RFP outlined the specifications and standards for the dental program. After negotiating the specification, standards, and cost, the Regional Dental Education Program (RDEP) entered into a cooperative agreement with Creighton University School of Dentistry. Based on the terms of the contract, ten positions at Creighton University are available each year for Utah residents. A dental student attends the first year at the University of Utah, and the remaining three years at Creighton University located in Omaha, Nebraska.

The plan of financing for the RDEP program consists of \$540,100 from the General Fund and \$119,800 from tuition revenues for a total of \$659,900. Each first year dental student enrolled in RDEP pays the same tuition as the school of medicine students. The annual tuition is approximately \$9,628 (1999-00 academic year). Approximately 25 percent or \$135,000 of the General Fund monies are retained in Utah to support the first year students and the rest is paid to Creighton per the terms of the contract. The contractual amount pays about \$13,500 per student from General Funds. Dental students pay tuition

and fees, as well as purchase books and supplies at Creighton. The current tuition at Creighton is \$9,628 plus fees per year. The instrument and supply costs are estimated at \$10,400 for the four years and books run about \$2,700.

To qualify for RDEP, students must have been a Utah resident at least five years prior to applying for the program. The Board of Regents established the following five indicators for determining residency:

1. Utah drivers license
2. Automobile registered in Utah
3. Registered to Vote in Utah
4. Pay taxes in Utah
5. Bank account in Utah

Approximately 100 students apply each year to Creighton. Creighton evaluates the applications based on academic standing as well as the results of an oral interview. 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.

The question arises relating to RDEP, should the RDEP program be treated the same as the T.H. Bell Teaching Incentive Loan (TIL), (formerly known as the Utah Career Teaching Scholarship)? The TIL program requires employment in Utah upon completion of the program for the same number of years funding was received. If the student does not meet this obligation, the monies must be repaid with interest.

It is the recommendation of the Analyst that the following intent language be adopted regarding Regional Dental Education Program students:

Students enrolled in the Regional Dental Education Program at Creighton University must accept employment in Utah upon graduation from the program for a period of three years or repay their portion of the contract 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.