



KEY BUDGET DRIVER FRAMEWORK

Maintaining Utah's competitive edge and quality of life requires that we proactively manage and address the multiple demands being placed on limited resources—the taxpayer dollar. Utah's growing and changing population along with new dynamics in our revenue streams places an increased demand on everything from infrastructure to education and the state's natural resources to our correctional system. Reacting to new demands and changes within the economy without a proactive approach to budget design and strategy could potentially leave Utah vulnerable to a diminished future prosperity.

*For Utah, there are six key elements that drive approximately 80 percent of expenditures: Corrections, Employee Compensation and Liabilities, Higher Education, Infrastructure (transportation, buildings, and debt), Medicaid, and Public Education. The ability to develop sound planning strategies and to resolve the challenges within these key areas is fundamental to a thriving economy. These planning strategies, or what we in GOMB refer to as **key budget drivers**, have been developed in consultation with subject-matter experts and key stakeholders.*

HIGHER EDUCATION

Objective

To support the state goal of 66% of working-age adults attaining a post-secondary degree or certificate by 2020 by:

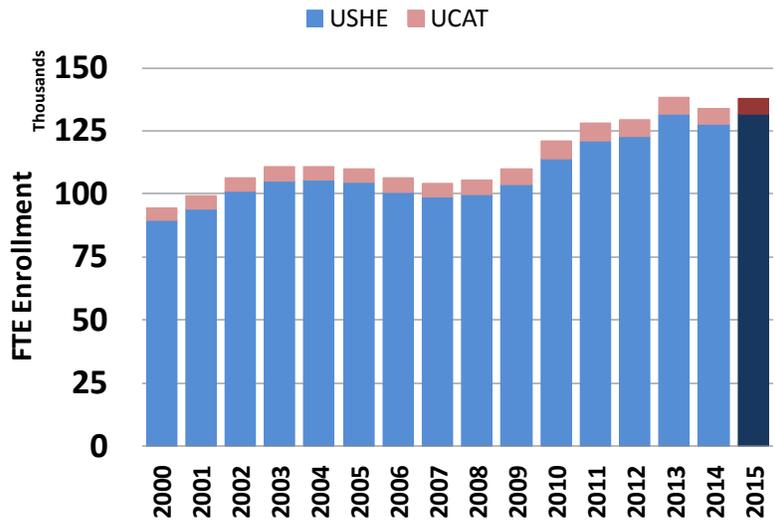
- increasing the graduation / completion rate;
- ensuring affordability for students at all economic levels;
- providing access and support infrastructure for first generation and nontraditional students; and
- improving the alignment between graduates skills and workforce needs.

Background

In the 21st century, a dynamic economy requires an educated population. Education drives innovation, attracts employers looking to fill high-skilled jobs, and provides for a higher quality of life. Higher education levels correspond to higher average income and lower levels of government dependence.

Utah has two major systems providing post-secondary education—the Utah System of Higher Education (USHE) and Utah College of Applied Technology (UCAT).

Figure 1 - Higher Education Enrollment



The eight USHE institutions include the University of Utah, Utah State University (including USU Eastern), Weber State University, Southern Utah University, Utah Valley University, Dixie State University, Salt Lake Community College, and Snow College. USHE projects total enrollment of about 190,000 in FY 2015, or about 130,000 end-of-term full-time equivalent students. USHE granted nearly 30,700 degrees in FY 2014, an increase of nearly 2,900 over the number of degrees granted in FY 2011 (see Figure 2).

Figure 2 - Number of Degrees by Institution

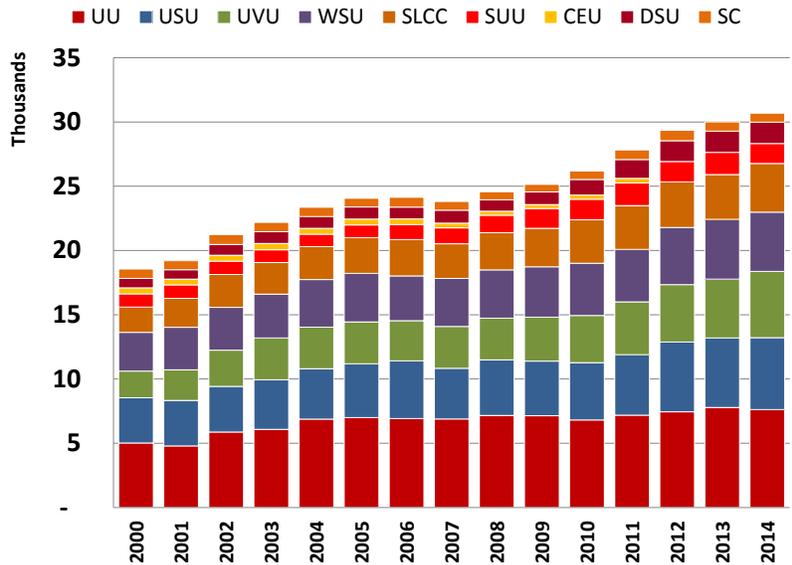
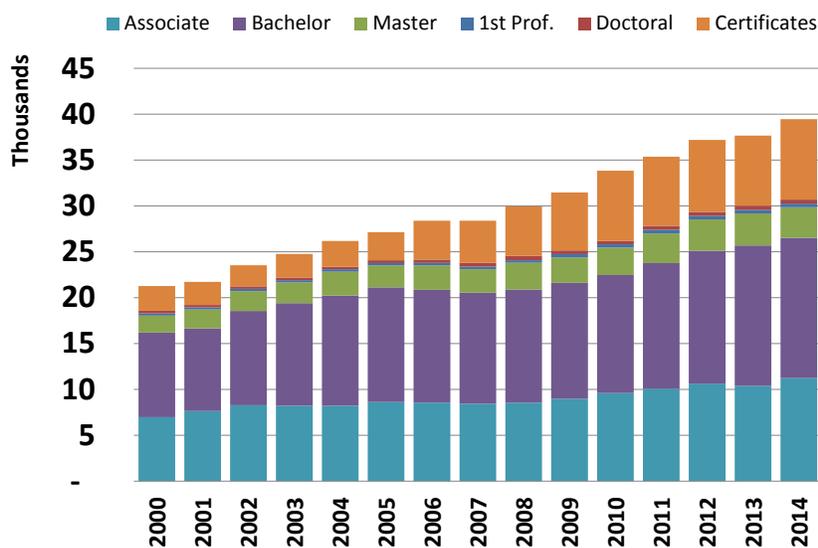


Figure 3 – Higher Education Completions by Type



The eight UCAT institutions include Bridgerland, Ogden-Weber, Davis, Tooele, Mountainland, Uintah Basin, Southwest, and Dixie ATC. UCAT currently serves about 36,000 students, including high school, occupational upgrade, certificate seeking, and other post-secondary training students. UCAT currently grants about 10,000 certificates per year.

The Utah Education Network and Utah Telehealth Network provide the technology infrastructure connecting education and health care entities statewide.

Post-secondary education is one of the largest programs funded in the state budget, constituting about 15% of the combined Education Fund and General Fund budgets.

Funding for post-secondary education comes from state funds, tuition, and other funds such as federal and endowment funds. Tuition is paid not only with direct student payments but also through scholarships, grants, and student loans.

Tuition costs have been increasing at a higher rate than overall inflation. Increasing tuition costs have led students to increasingly turn to student loans. Changing demographics include a higher proportion of immigrants, refugees, and first-generation college students, many of whom struggle to pay for college and who may not be aware of all options available to them.

Guiding Principles

- Improve the degree completion rate of higher education students.
- Focus on ways to deliver education more economically and provide additional funding access for students.
- Develop mechanisms to support post-secondary education access and success for nontraditional students.
- Incentivize education innovation to explore new models of delivering post-secondary education.
- Offer programs that meet the workforce demands of high wage industries.

Proposed Solutions

- Following a legislative session in which historic funding increases were provided to post-secondary education, continue the investment in Utah's future.
- To ensure the state's desired outcomes are attained, provide \$15 million in USHE performance-based funding contingent on demonstrable improvements in meaningful performance measures—correlated with each institution's distinct mission—including the number of degrees granted overall and degrees for first generation or disadvantaged students.
- Provide \$13 million in campus equity funding to UCAT to expand capacity and increase the number of certificates awarded by the various UCAT campuses in high-demand fields.
- Provide \$30 million in flexible compensation funding to USHE, UCAT, and UEN to help ensure institutions are able to maintain a highly qualified workforce.
- Provide \$3 million for Regents' Scholarships.
- The Governor's budget includes funds for a science building at Snow College (\$19.9 million), the Crocker science building at the University of Utah (\$34 million), a new building at the Dixie Applied Technology College (\$31.9 million), and a sizable contribution toward the Huntsman Cancer Center at the University of Utah (\$9.5 million). The budget also includes additional funding for the operation and maintenance of these new buildings.
- The Governor's budget includes \$10.7 million (\$4.5 million ongoing and \$6.2 million one-time) for the Utah Education Network to improve existing infrastructure and expand capacity throughout the state.
- Obtain a better understanding of the net out-of-pocket cost of higher education to students (after scholarships and grants) to ensure that post-secondary education remains affordable and assists policy makers in gaining a better understanding of how to best fund the system.
- Explore different curriculum development and delivery models, including leveraging technology to deliver curriculum and to bring people together from remote locations.
- Look for opportunities for shared resources in curriculum development and delivery as well as shared administrative resources.