

A Critical Tipping-Point for Utah Higher Education

A Joint Statement by the Utah State Board of Regents
Utah Commissioner of Higher Education and
Presidents of Utah's Public Colleges and Universities
November 13, 2009

Introduction

With the 2010 session of the Utah State Legislature approaching, as citizens we face a critical moment in our state's history. Forty years ago the people of Utah, through their elected representatives in the State Legislature and the Governor, established the Utah State Board of Regents with responsibilities for Utah's nine public colleges and universities. Today, these institutions are providing education for 164,860 students, and employ 29,933 Utahns. In total the state's nine public colleges and universities grant over 35,000 degrees and certificates to students annually. The hopes and economic futures of Utah families depend on their ability to access a quality higher education. Today, the strength of the system Utah has built is at considerable risk of being irreparably harmed.

Together we take very seriously the responsibility entrusted to us. We view this as a stewardship to the people of our state and have an obligation to advise state policymakers and the public that the next year could prove critical to the future of Utah's public colleges and universities and those they serve. Indeed, we are at a critical "tipping point," not just for higher education, but for the state as a whole.

Utahns' commitment to higher education was evident from the earliest days after pioneer settlement, when in 1850—before many settlers even had houses—they established a university. Utah's history is filled with similar examples of commitment in communities up and down the state, where the people of Utah prized education enough to make remarkable sacrifices. As we face the future, we cannot and should not forget this history that brought us the opportunities we have today.

Benefits of Higher Education

Higher Education today brings tangible results for those who earn it.

- The lifetime earnings of a college graduate (on average) are double that of a high school graduate.
- According to the Department of Workforce Services, this year 75% of Utahns filing unemployment claims have a high school degree or less, and only 15% have a college degree.

- Each year's crop of college graduates contributes approximately \$500 million annually to the state's economy in increased wages.
- There is near-perfect (1-to-1) correlation of a state's economic success and the portion of their population that is college-educated.
- Utah's Research Universities attract approximately \$500 million a year in out-side research funding, responsible for 10,000 jobs, and create dozens of new companies a year employing many more.

In both urban and rural areas of the state, colleges and universities serve as tremendous economic engines. And in smaller communities they are also the cultural epicenters that contribute immeasurably to quality of life of Utah citizens.

Even with these benefits, Utah is beginning to fall behind, relative to the rest of the nation, in college attainment. Utah has dropped below the national average on adults ages 25-44 with an Associate Degree or higher. And as pointed out by the Utah Foundation just last month, Utah's ranking of adults with a bachelor's degree has fallen from 5th in the nation in 1940, to 16th in 2000, and to 18th in 2008, at a time when higher education is more important than ever. Now is not the time to make it more difficult for Utahns to attend and graduate from college.

Today's Challenge

We recognize that in today's challenging economic environment, Utah's elected leaders face the most serious budgetary shortfall in a generation. In just three years, state revenues have dropped by one billion dollars. These challenging times require elected officials to rise to the occasion and answer the call of history, as their decisions will resonate far beyond 2010 with long-term consequences for the rising generation.

Utahns are turning to higher education as a solution to their personal economic crises. This has resulted in an increased total enrollment of 17 percent since 2008—24,528 additional students. Some are recent high school graduates; many others of these new students are the unemployed or under-employed, seeking to better their lives through additional education and training. Today Utah's public colleges and universities are providing educational opportunities with \$1,350 less state support per student than in 2008.

As serious as today's economic challenges are, we are confident that better days are ahead. Indeed, signs are already pointing to the beginning of an economic recovery. And while it is not likely to be as quick or robust as we would like, better days will come. It is important that today's decisions do not result in harming Utah's long-term economic future by seriously damaging our capacity to educate those who seek to better their lives by enrolling in college. If Utah is to compete economically regionally

and internationally, we must keep our commitment to provide educational opportunities. And now is the ideal time for Utah to position itself for economic recovery by preserving a strong system of post-secondary education.

2009 Budget Cuts

In the 2009 Legislative Session, higher education budgets were cut 17 percent; however, thanks to the appropriation of federal stimulus funds by the Legislature, budgets were “back-filled” with one-time money, resulting in a net cut of 9 percent, or \$70.2 million for the current fiscal year. We were and are grateful for legislative and executive action that prevented deeper cuts. And, fortunately, the Legislature granted our college and universities flexibility to manage the cuts in ways that would be best for their respective institutions.

Presidents have made the necessary cuts, always taking care to minimize the impact on students, yet some impact is unavoidable. The cuts were difficult, but Presidents have acted responsibly to manage their institutions within the resources available. Not surprisingly, higher education is a talent-intensive enterprise, with 80% of higher education budgets spent on personnel. As a result, most of the cuts were in reducing the number of employees with the elimination of 940 positions system-wide. Most of these eliminations were voluntary, but 226 (or 25%) were involuntary.

In addition to eliminating employee positions, cuts have included:

- Using more part-time and adjunct faculty
- Eliminating some programs
- Administrative consolidations and efficiencies
- Reducing academic advising and counseling

Students are having more difficulty registering for classes, as the number of class sections has been reduced. Even if funding remains at the present level, in a real sense, as enrollments grow without new state funding, campuses absorb millions in costs, equating to a further budget cut.

Consequences of More Cuts

If the one-time stimulus money is not replaced and runs out this summer, or if additional budget cuts are made, serious consequences will be felt on every public college and university campus in our state. These consequences include:

- Elimination of adjunct and temporary faculty positions
- Elimination of class sections offered

- Less availability of classes makes it more difficult for students to attend and to graduate on time.
 - Delays can result in slowing students' full-entry into the workforce, or even prevent them from graduating as they take on other family responsibilities
- Results in a "soft cap" on enrollments as students are not able to sign up for the classes they need
- Fewer academic advisors, which also makes it more difficult for students to plan their college coursework to graduate on time, often disadvantaging first-generation college students the most
- Elimination of some important academic programs
- Less financial aid and grants to help students afford college
- The risk of losing star researchers and the millions of dollars of research grants they attract, which in turn provides immediate and long-term jobs in the state's economy
- The elimination of several hundred more full-time employee positions, thus further compounding the state's unemployment rate
 - Layoffs also have a rippling negative effects on our economy, such as fewer sales (hurting retailers), and lower tax collections.
- Closing branch or satellite campuses, limiting student access.

We are deeply concerned that these consequences will jeopardize in a single year what has taken Utahns generations to create—quality and accessible higher education opportunities for our citizens.

Tipping Point

Utah is at a critical tipping point, some would say near a breaking point, for higher education. When the legislators convene in January, they, along with our Governor, will face some critical decisions. We know these policymakers will carefully consider the consequences of budget cuts in the lives of Utahns including those in education but also the poor, the sick, and the physically impaired. And when adding revenue is proposed, we realize they must also weigh the impact of their actions on individual Utahns, many of whom are also facing economic difficulty, and on the state's economy. Certainly it is appropriate that tax decisions made in years of record surpluses be reconsidered in today's circumstances.

We understand state policymakers must carefully consider a wide range of challenges while our responsibilities are more focused. And yet, because of the stewardship entrusted to us, we have an obligation to speak up and voice not only our concerns about higher education, but also to be constructive in offering suggestions for ways to address these concerns.

Recommendation

Therefore, we express our mutual and unified concern, and ask that in their deliberations the Governor and Legislature recognize the long-term value of higher education, consider all options, and not diminish our ability to meet the state's needs. Accordingly, we respectfully recommend the following:

1. Protect Utahns' higher education opportunities by replacing the one-time money appropriated in 2009 (a total of \$60 million or 8 percent of the current base budget) with either one-time or on-going appropriations
2. Resist any further cuts to higher education and K-12 public education beyond what has already been done

In today's environment, it may not be easy but these goals can be achieved. To achieve them, we suggest that the Governor and Legislature keep all options, including tax increases, "on the table," at least until the February revenue estimates are available. We support serious consideration of the following options:

- Use whatever portion of the rainy day funds necessary to prevent cuts beyond the present 9 percent
- Reduce the \$300 million in general state sales tax dedicated to highway construction by replacing it with gasoline tax revenues
- Restore the state sales tax on food while providing tax credits and other measures to prevent an undue burden on the poor and financial aid to assist low-income students and their families Increase the tax on alcohol and cigarettes to help pay for health care costs, including funding medical education

We applaud the efforts of the Salt Lake Chamber of Commerce in its advocacy of urging a humane and sensible approach to preserving quality education in Utah. We look forward to working with the business leaders involved in the Chamber of Commerce and with other business and community leaders who share our goals for protecting access to quality higher educational opportunities for Utahns.

The State Board of Regents, the Commissioner of Higher Education, and the Presidents of Utah's nine credit-granting colleges and universities pledge our support and assistance to the Governor and Legislature, as they work to meet the needs of the people of Utah. We ask they remain open to the suggestions made above.

Approved, November 13, 2009 by Utah State Board of Regents.

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