

UTAH COLLEGE OF APPLIED TECHNOLOGY

AGENDA ITEM

UCAT BOARD OF TRUSTEES 14 January 2016

ITEM: III.O

TOPIC: 2016 Legislative Planning Discussion

BACKGROUND

The 2016 General Session of the Utah State Legislature begins on Monday, January 25, 2016. We have received notification of the first four meetings of the Higher Education Appropriations Committee (HEAC) to be held:

Wednesday, January 27th, 8:00 am
Friday, January 29th, 8:00am
Tuesday, February 2nd, 8:00am
Thursday, February 4th, 8:00am

We expect additional HEAC meetings will be held during February and March. We do not know at this time when UCAT and the campuses will be making their presentations.

Included in this item are:

- UCAT's FY 2017 Budget Request (as approved by the Board of Trustees in September, 2015)
- A description of campus and system programs and other items being requested
- UCAT's proposal for addressing specific needs in the Manufacturing and Information Technology industries that was prepared in the event of a special legislative session being called to address employee backlog in those sectors.

Senator Stephen Urquhart has also filed a bill "Utah College of Applied Technology Governance Amendments." The bill is currently listed as "In Process".

RECOMMENDATIONS

Information Only





UTAH COLLEGE
of
APPLIED TECHNOLOGY

09/17/15

Legislative Budget Request Summary
For the Fiscal Year Ending June 30, 2017

Anticipated FY 2017 Base Budget (State Tax Funds Only)		\$70,355,700
Ongoing Budget Increase Requested		\$ 17,348,100
1. Compensation		2,172,500
Merit-Based Salary Increases	1,591,200	
Health Insurance Premium Increases	581,300	
2. Campus Program Expansion		9,046,400
BATC	1,046,400	
DATC	1,210,000	
DXATC	935,000	
DXATC (New building)	750,000	
MATC	1,320,000	
OWATC	1,170,000	
SWATC	865,000	
TATC	800,000	
UBATC	950,000	
3. Performance-Based Funding		1,000,000
4. Ongoing Equipment Upgrade & Replacement		1,200,000
5. System Requests		3,929,200
Custom Fit	3,159,200	
UCAT Information System Maintenance and Expansion	250,000	
UCAT Marketing and Messaging Fund	400,000	
In-house Legal Counsel	120,000	
One-time Budget Increase Requested - Campus Special Needs		3,400,000
1. One-Time Equipment Fund		3,000,000
2. Financial Aid Package		400,000
FY 2015 Supplemental Budget Increase Requested		-
No Supplemental Request		
Request Summary		
<u>Ongoing Budget Priorities</u>		17,348,100
<u>One-time Increases</u>		3,400,000
<u>Supplemental Increases</u>		-

Campus	Need	FTE	Salary &		Total
			Benefits	Current Expense	
BATC	Mfg Initiative	4.00	419,200	40,000	459,200
BATC	Brigham Expansion	3.50	367,000	30,000	397,000
BATC	AM STEM	2.00	170,200	20,000	190,200
BATC Totals:		9.50	956,400	90,000	1,046,400

Campus	Need	FTE	Salary &		Total
			Benefits	Current Expense	
DATC	Unmanned Aerial Vehicle Technician	1.00	100,000	10,000	110,000
DATC	Aerospace Technician/Composites	2.00	200,000	20,000	220,000
DATC	Welding Program Expansion	1.00	100,000	10,000	110,000
DATC	Additive Manufacturing	1.00	100,000	10,000	110,000
DATC	IT/Coding Initiative Program Expansion	2.00	200,000	20,000	220,000
DATC	Allied Health Expansion	2.00	200,000	20,000	220,000
DATC	Recreational Vehicle Repair	1.00	100,000	10,000	110,000
DATC	Campus Support	1.00	100,000	10,000	110,000
DATC Totals:		11.00	1,100,000	110,000	1,210,000

Campus	Need	FTE	Salary &		Total
			Benefits	Current Expense	
DXATC	IT/Programming	1.60	160,000	10,000	170,000
DXATC	Paramedic	1.25	125,000	10,000	135,000
DXATC	Fire Academy	1.25	125,000	10,000	135,000
DXATC	Auto Tech	1.25	125,000	10,000	135,000
DXATC	Endo Neurodiagnostics Tech	1.25	125,000	10,000	135,000
DXATC	Occupational Therapist Asst	1.25	125,000	10,000	135,000
DXATC	Culinary	0.80	80,000	10,000	90,000
DXATC Totals:		8.65	865,000	70,000	935,000

Campus	Need	FTE	Salary &		Total
			Benefits	Current Expense	
DXATC	Campus Support (funding for new bldg)	7.50	750,000	-	750,000

Campus	Need	FTE	Salary &		Total
			Benefits	Current Expense	
MATC	IT Expansion	8.50	850,000	85,000	935,000
MATC	Advanced Mfg	3.50	350,000	35,000	385,000
MATC Totals:		12.00	1,200,000	120,000	1,320,000

Campus	Need	FTE	Salary &	Current Expense	Total
OWATC	Practical Nursing	2.00	200,000	6,000	206,000
OWATC	Outcome Reporting	1.25	125,000	20,000	145,000
OWATC	Pharmacy Tech Expansion	1.25	125,000	5,000	130,000
OWATC	Coding Camps	0.50	50,000	10,000	60,000
OWATC	Industrial Automation/Robotics	1.70	170,000	12,000	182,000
OWATC	Instructional designer Online	1.00	100,000	-	100,000
OWATC	Emergency Medical Services	1.50	150,000	15,000	165,000
OWATC Totals:		10.90	1,090,000	80,000	1,170,000

Campus	Need	FTE	Salary & Benefits	Current Expense	Total
SWATC	Practical Nursing	3.50	400,000	-	400,000
SWATC	Campus Support	3.00	300,000	-	300,000
SWATC	Distance Ed/Curriculum Dev	1.00	100,000	10,000	110,000
SWATC	Computer Science Expansion	0.50	50,000	5,000	55,000
SWATC Totals:		8.00	850,000	15,000	865,000

Campus	Need	FTE	Salary & Benefits	Current Expense	Total
TATC	Practical Nursing	3.50	400,000	-	400,000
TATC	Construction Tech	2.00	200,000	-	200,000
TATC	Motorsports Academy	2.00	200,000	-	200,000
TATC Totals:		7.50	800,000	-	800,000

Campus	Need	FTE	Salary & Benefits	Current Expense	Total
UBATC	Automation & IT	3.00	300,000	80,000	380,000
UBATC	Civil Tech	2.00	200,000	40,000	240,000
UBATC	Auto & Diesel Tech	1.00	100,000	40,000	140,000
UBATC	Building Trades	1.00	100,000	20,000	120,000
UBATC	Welding Expansion	0.50	50,000	20,000	70,000
UBATC Totals:		7.50	750,000	200,000	950,000

System Requests	Need	FTE	Salary & Benefits	Current Expense	Total
UCAT	Custom Fit	-	-	3,159,200	3,159,200
UCAT	Northstar	-	-	250,000	250,000
UCAT	Marketing - System	-	-	400,000	400,000
UCAT	In-House Legal Counsel	1.00	120,000	-	120,000
System Request Totals:		1.00	120,000	3,809,200	3,929,200

Other	Need	FTE	Salary & Benefits	Current Expense	Total
All	Performance Based Funding	-	-	1,000,000	1,000,000
All	Ongoing Equip	-	-	1,200,000	1,200,000
System Request Totals:		-	-	2,200,000	2,200,000

Ongoing Request Totals	FTE	Salary & Benefits	Current Expense	Total
*UCAT Totals:	83.55	8,481,400	6,694,200	15,175,600

*2,172,500 compensation not included in above total

UTAH COLLEGE of APPLIED TECHNOLOGY

Legislative Budget Request for the Year Ending June 30, 2017

The Board of Trustees of the Utah College of Applied Technology (UCAT) is directed by statute to compile and prioritize campus and system budget requests, and submit the request to the Legislature and the Governor's Office of Management and Budget. This budget request has been prioritized and approved by the Board to be included in presentations and other material to demonstrate funding needs in meeting UCAT's goals as identified in its strategic plan developed in accordance to State Statute and in conjunction with Governor Herbert's Statewide Education Plan.

UCAT respectfully requests an ongoing increase in tax appropriations of **\$17,348,100**. Also requested is one-time funding of **\$3,400,000**.

Ongoing Budget Request

The Utah College of Applied Technology budget request is listed in priority order.

1. Compensation - **\$2,172,500**
 - UCAT requests funding for performance-based compensation increases equal to 3% of current salary and salary driven benefits amounts. UCAT requests flexibility in the disposition of these funds in order to retain high performing but often underpaid faculty and staff. A 3% compensation increase for UCAT is approximately \$1,591,200
 - UCAT requests \$581,300 for insurance increases anticipated by PEHP to be 7.6%
2. Campus Program Expansion - **\$9,046,400**
 - Each campus has identified specific critical programmatic and support areas within its service region to meet unmet demand and improve student success and throughput. A more detailed breakout is included in a separate attachment to the budget request summary. The program expansion amounts requested for each campus are:

BATC	\$1,046,400
DATC	\$1,210,000
DXATC	\$1,685,000
MATC	\$1,320,000
OWATC	\$1,170,000
SWATC	\$865,000
TATC	\$800,000
UBATC	\$950,000

3. Performance-Based Funding - **\$1,000,000**

- At the direction of the Higher Education Appropriations Subcommittee, UCAT has developed a performance-based funding model that measures the following:
 - Program Certificates (divided by various lengths)
 - Occupational Skills Certificates
 - Occupational Upgrades
 - Other Post-Secondary Completions
 - Secondary Completions
 - Placements (Extra weighting for underserved segments & high-impact/high-cost programs)

The model will award campuses based on the achievement of rigorous performance goals.

4. Ongoing Equipment Upgrade & Replacement - **\$1,200,000**

- An ongoing increase for upgrading and replacing equipment is critical to ensure state-of-the-art training opportunities continue at UCAT campuses. UCAT has an ongoing equipment line item that has been as much as \$2,262,400. Over the recession, that fund fell to its current level of \$561,100. Campuses receive considerable support from business and industry in the form of equipment donations, however, there is an acute need for a budget infusion to combat obsolescence in many training labs.

5. System Requests - **\$3,929,200**

- UCAT requests \$3,159,200 to double its Custom Fit budget. Custom Fit training is in high demand, particularly in the IT and manufacturing industries. Often campus Custom Fit budgets are committed and depleted early in the year. This effort will provide great benefits to businesses and their employees as well as the economy as a whole.
- UCAT also requests \$250,000 to bolster its home-grown student management system, Northstar. This funding will relieve the campuses of \$170,000 per year combined support to the project as well as help expand and improve the system.
- \$400,000 is requested to continue UCAT's marketing campaign and expand its efforts. In FY 2015, UCAT was appropriated one-time funds of \$200,000 for marketing. UCAT requests this as ongoing funding plus an additional \$200,000 to flow out to campuses for local marketing efforts.
- Finally, UCAT requests \$120,000 for in-house legal counsel to assist representatives from the Office of the Attorney General. As UCAT grows, the additional legal help has been recommended by the Assistant Attorney General assigned to UCAT.

One-time Budget Request

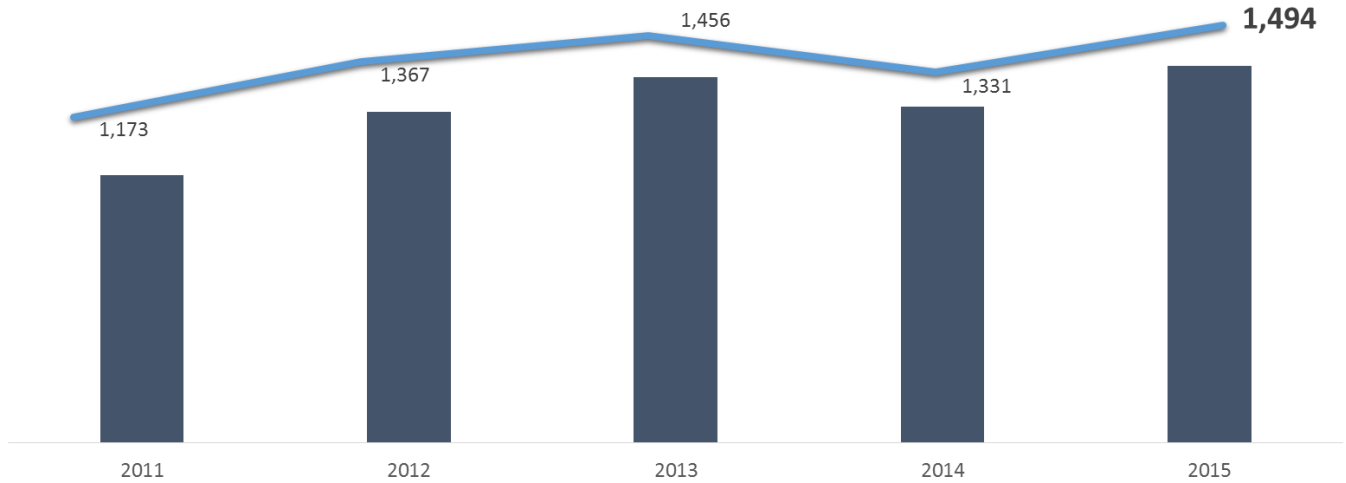
UCAT's one-time budget request is also in priority order.

1. **One-Time Equipment Fund - \$3,000,000**
 - UCAT requests \$3,000,000 to replace campus equipment that is currently obsolete. This funding is critical to ensure UCAT students are receiving the most up to date training available. The one-time funding will be used to address the most acute needs.

2. **Financial Aid Package - \$400,000**
 - Additionally, UCAT requests \$400,000 to purchase a financial aid software package to integrate with its Northstar Student Management System. This will streamline the federal student aid processes at campuses and assist with compliance while providing better service to students.

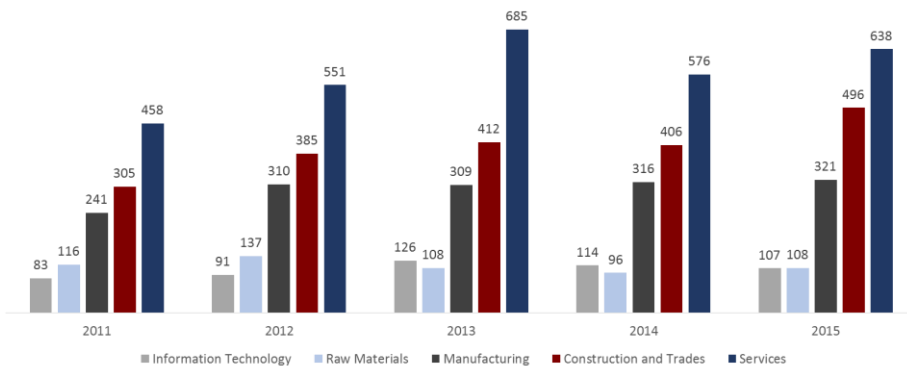
Manufacturing and IT Employee Backlog		Employee Backlog	FTE	Ongoing Salary/Benefits	Ongoing Tuition Relief	Ongoing Other Expenses	Ongoing Facility Leases	One Time Equipment	Employer Contribution	Total Ongoing	Total One Time
BATC	Programs										
	Manufacturing and Aerospace	363	10.0	\$900,000	\$475,000	\$100,000	\$0	\$300,000	\$100,000	\$1,475,000	\$300,000
	Coding, Programming and Info Tech	58	5.0	\$450,000	\$200,000	\$100,000	\$0	\$200,000	\$70,000	\$750,000	\$200,000
	Total	421	15.0	\$1,350,000	\$675,000	\$200,000	\$0	\$500,000	\$170,000	\$2,225,000	\$500,000
DATC	Programs										
	Information Technology	125	6.0	\$525,000	\$300,000	\$125,000	\$0	\$450,000	\$60,000	\$950,000	\$450,000
	Manufacturing/Automation/Composite Matls/Welding/CNC Machining	450	19.4	\$1,680,000	\$800,000	\$125,000	\$0	\$1,000,000	\$240,000	\$2,605,000	\$1,000,000
	Total	575	25.4	\$2,205,000	\$1,100,000	\$250,000	\$0	\$1,450,000	\$300,000	\$3,555,000	\$1,450,000
DXATC	Programs										
	Coding, Programming and Web Development	50	2.0	\$250,000	\$100,000	\$75,000	\$0	\$150,000	\$35,000	\$425,000	\$150,000
	Manufacturing/Automation/CNC Machining/Welding/Aerospace	100	4.0	\$500,000	\$200,000	\$150,000	\$0	\$400,000	\$80,000	\$850,000	\$400,000
	Total	150	6.0	\$750,000	\$300,000	\$225,000	\$0	\$550,000	\$115,000	\$1,275,000	\$550,000
MATC	Programs										
	Manufacturing/Automation/Welding/CNC Machining	175	5.0	\$750,000	\$375,000	\$100,000	\$120,000	\$1,000,000	\$125,000	\$1,345,000	\$1,000,000
	Coding, Programming and Web Development	250	10.0	\$1,250,000	\$425,000	\$100,000	\$200,000	\$500,000	\$250,000	\$1,975,000	\$500,000
	Total	425	15.0	\$2,000,000	\$800,000	\$200,000	\$320,000	\$1,500,000	\$375,000	\$3,320,000	\$1,500,000
OWATC	Programs										
	Automated Manufacturing Robotics and Aerospace/Composites/Machining/Welding	350	7.0	\$1,000,000	\$500,000	\$100,000	\$0	\$500,000	\$125,000	\$1,600,000	\$500,000
	Software Development/Coding and Programming	125	5.0	\$750,000	\$500,000	\$100,000	\$0	\$500,000	\$125,000	\$1,350,000	\$500,000
	Total	475	12.0	\$1,750,000	\$1,000,000	\$200,000	\$0	\$1,000,000	\$250,000	\$2,950,000	\$1,000,000
SWATC	Programs										
	Manufacturing and Aerospace	250	2.5	\$245,000	\$475,000	\$100,000	\$0	\$410,000	\$150,000	\$820,000	\$410,000
	Total	250	2.5	\$245,000	\$475,000	\$100,000	\$0	\$410,000	\$150,000	\$820,000	\$410,000
TATC	Programs										
	Industrial Maintenance/Welding	80	2.0	\$250,000	\$90,000	\$0	\$0	\$148,000	\$75,000	\$340,000	\$148,000
	Total	80	2.0	\$250,000	\$90,000	\$0	\$0	\$148,000	\$75,000	\$340,000	\$148,000
UBATC	Programs										
	Manufacturing/Welding	90	2.0	\$250,000	\$90,000	\$50,000	\$0	\$325,000	\$75,000	\$390,000	\$75,000
	Total	90	2.0	\$250,000	\$90,000	\$50,000	\$0	\$325,000	\$75,000	\$390,000	\$325,000
UCAT	Totals	2,466	79.9	8,800,000	4,530,000	1,225,000	320,000	5,883,000	1,510,000	14,875,000	5,883,000

Custom Fit has experienced 27% overall growth in the number of participating companies over the last five years



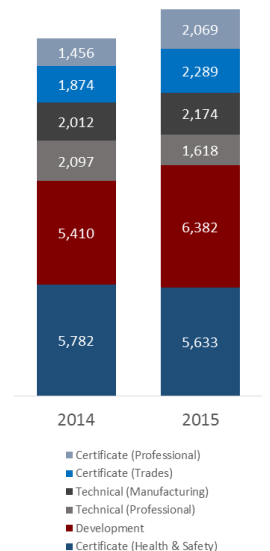
GROWTH: 751 new companies, on average, have contracted with Custom Fit each year over the last five years
REACH: Over the last five years, on average, 1,364 companies have been served by Custom Fit each year
CAPACITY: A total of 334,246 hours of training were provided or allocated for training by Custom Fit in 2015

The growth of Custom Fit training programs has been well distributed; participation across four of the five BLS industry groupings has grown over the last five years



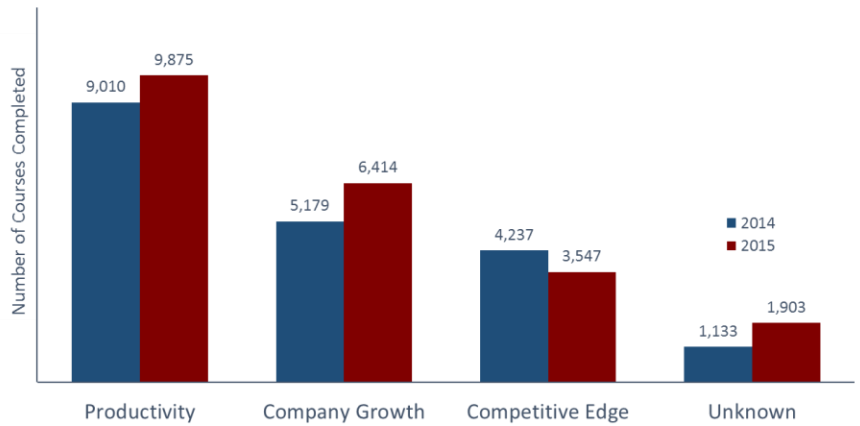
- Based on qualitative assessments from participants, Custom Fit appears to consistently meet the needs of the companies they serve.
- Demand for Custom Fit trainings has grown substantially over the last five years, while funding levels have not increased meaningfully outside of a one-time allocation in 2015.
- Custom Fit has increased the number and type of training programs provided across industries, helping Utah companies become more productive and competitive.

Meaningful year-over-year growth has also been observed in many of the course types completed through Custom Fit



Over the last five years, Custom Fit has provided training for **82,785** participants across the state of Utah.

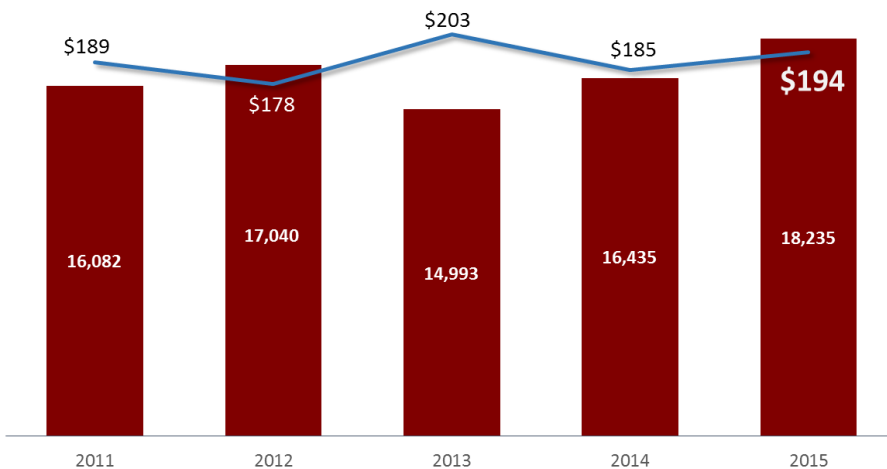
Companies most frequently report that they turn to Custom Fit to help them increase productivity, but also to facilitate growth and maintain their competitive edge



“Custom Fit funding has benefitted our customers and helped support our growth in large part through its flexibility and efficiency. The efficiency of Custom Fit allows [our organization] to address our most urgent training needs promptly.”

“Without the assistance of Custom Fit Training...we would not have realized the benefits of focused, higher skilled and educated employees that are helping to drive our company to higher levels of performance and financial stability.”

While the total number of participants receiving training through Custom Fit has increased since 2011, associated funding has not kept pace. An additional on-going budgetary allocation in 2015 provided some assistance in meeting increased participant needs, however the actual funding amount participant is still almost five percent less than in 2013



Each hour of training facilitated by Custom Fit in 2015 cost **\$10.59** to provide.

“By providing their facility, staff, equipment, and other pieces that they had, we literally saved thousands of dollars and were able to get new talent up and running. Custom Fit did a great job and I know that I’ll be returning in the future.”

To arrive at the statements made in this document, Cicero Group performed an independent analysis of internal data provided by UCAT/Custom Fit. The assessments made in this analysis, and statements extrapolated from these assessments provided in this document assume the data provided to Cicero by Custom Fit represents a comprehensive and accurate representation of all data establishing the relative effectiveness and efficiency of the services provided by Custom Fit.