



October 4, 2022

Kade Minchey, CIA, CFE  
Legislative Auditor General  
W315 State Capitol Complex  
Salt Lake City, Utah 84114

Mr. Minchey,

Thank you for the opportunity to review Audit 2022-011, A Performance Audit of Utah's System of Higher Education Governance. We appreciate Darin Underwood, Jesse Martinson, Andrew Poulter, and McKenzie Cantlon for their diligent, professional work. Utah's ongoing prosperity in no small part relies on the success of its system of higher education, underlying the importance of this work. Because the Board is relatively new, with new leadership, it is critically important that we receive this feedback to chart an effective governance course.

The Board of Higher Education and the Commissioner's Office agree with the auditors' 12 recommendations, and we will continue to work with our legislative leaders, the Governor, the boards of trustees, and the presidents to build and maintain a thriving innovative system of higher education.

Sincerely,

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Lisa-Michele Church  
Chair, Utah Board of Higher Education

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Jessielie Anderson  
Vice-chair, Utah Board of Higher Education

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Dave Woolstenhulme  
Commissioner of Higher Education

### **Recommendation 2.1**

We recommend that the Utah Board of Higher Education review its duties and utilize statutory authority to manage the system of higher education more effectively to ensure the value of higher education is being maximized.

***Response:*** We agree. The Utah Board of Higher Education is still relatively new, having been created in 2020 amid a worldwide pandemic, and tasked with combining two separate systems into a cohesive, unified alliance of 16 colleges and universities. These circumstances created challenges such as little opportunity to meet in person as a new Board, and the immediate need to craft and adopt a statewide strategic plan. And although the Board took meaningful steps to meet its statutory responsibilities as the governing body, we recognize there have been and will continue to be opportunities for the Board to exercise improved oversight, stronger governance, and to better leverage our statutorily-granted authority to improve the return on investment for all Utahns.

### **Recommendation 2.2**

We recommend that the Utah Board of Higher Education provide stronger oversight by ensuring that rigorous analyses conducted for tuition proposals.

***Response:*** We agree. The Board recognized this issue in 2020 and—through the Commissioner’s Office—made immediate changes to address the concerns of the previous 2018 audit. They developed a set of questions, criteria, and policies as tools for presidents and trustees to conduct the level of due diligence the Board was seeking. In order for a part-time volunteer state board to meaningfully scrutinize 16 separate institutional budgets, we do rely on the boards of trustees for some of the ground-level analysis. They are uniquely situated to focus solely on their respective institutions’ current budgets, growth projections, program approvals, and regional industry needs. We rely on the Commissioner’s office and institutional finance experts for detailed financial analysis. The Board also hears from students, trustees, and presidents in our Board meetings prior to a vote. There have been vigorous discussions prior to Board voting, but we see room for improvement in our Board analysis and deliberations.

Although the Board is still committed to this model, we agree with the auditors that the current process has shortcomings. We will review the current level of analysis and scrutiny, strengthen the training and tools we provide to the Board, trustees, and institutional staff, and expand the Commissioner’s office level of review prior to the Board making final decisions on tuition and fees.

### **Recommendation 2.3**

We recommend the Utah Board of Higher Education strengthen the documentation of the annual presidential evaluation process to show greater accountability between institutional presidents and the board.

***Response:*** *We agree. The Board and the Commissioner's office are currently developing an alternative process by which the Board can assess the performance of its presidents for spring 2023.*

### **Recommendation 2.4**

We recommend that the Utah Board of Higher Education adopt metrics that demonstrate and monitor the performance of operational efficiency at the institutions.

***Response:*** *We agree. The Board has begun the Shared Services Initiative based on the results of the May 2022 Huron study and, in September, issued Guiding Principles for implementing shared services across systems, including the areas of human resources, IT, purchasing, and other opportunities. The Board has challenged the institutions to present proposals for shared services which will be evaluated during the next year. The Board will also initiate some of its own shared services statewide proposals. In addition to continuing its work on shared administrative services, the Board will evaluate and adopt additional methods to assess and monitor institutional operational efficiency.*

### **Recommendation 3.1**

We recommend that the Office of the Commissioner of Higher Education, in consultation with the Board, review its duties and identify ways to enhance the analysis and support the office provides to the Board.

***Response:*** *We agree. It is critical that the Commissioner's office provides the analysis, guidance, and support necessary for the Board to effectively govern a statewide system. We rely on the Commissioner's office for subject matter expertise and data. Based on this recommendation and feedback from Board members, the Commissioner has identified additional practices—such as expanded data dashboards—that will provide the Board with more relevant, high-quality data, better leverage expertise at the Commissioner's office as well as experts in the system and nationally, and include expanded context and rationale to the Commissioner's recommendations, better positioning the Board to make critical, impactful decisions.*

### **Recommendation 3.2**

We recommend the Office of the Commissioner of Higher Education monitor and study the success of new performance metrics for the Utah System of Higher Education.

***Response:*** We agree. We are grateful for the Legislature’s forethought in establishing the current statewide attainment goals and performance funding program. We acknowledge that ours is a system of limited resources. The Board believes the Legislature selected the most important areas for measurement—access, completion, and workforce alignment. As we deliberately match our strategic plan goals with statewide attainment goals and institutional performance metrics, meaningful change will occur to benefit students.

We are committed to maintaining consistent measures for the next decade under our 10-year Strategic Plan, but in addition, the Board and the Commissioner’s office will carefully monitor the underlying data and the institutions’ impact on those data. We intend to provide metrics that foster real institutional improvement and even stretch the system.

### **Recommendation 3.3**

We recommend that the Office of the Commissioner of Higher Education work with the Board and institutions to keep strategic plan goals and metrics consistent and aligned with performance funding metrics.

***Response:*** We agree. As stated above, the Board is committed to its goals and measures for the long term. Our statewide strategic plan (matching statutory mandates and adopted in May, 2021) is essential to the Board’s effective governing of a complex higher education system serving hundreds of thousands of students. The Board will use this plan as a long-term touchstone for any analysis of performance funding and expects to see context-driven data from the Commissioner’s Office to inform Board decisions.

### **Recommendation 4.1**

We recommend the Legislature consider the findings in this report and affirm its desired governance model for the Utah System of Higher Education.

***Response:*** We agree. We are confident, however, that the Legislature selected an effective governance model two years ago, including a statewide board, local boards of trustees, the Commissioner’s office, and presidents. This Board is newly-energized to implement the recommendations of this audit and, by doing so, the Utah System of Higher Education as constituted will achieve the Legislature’s desired outcomes.

## **Recommendation 4.2**

We recommend the Legislature consider additional accountability measures to ensure its desired governance model is fully implemented and operational. This could include additional Legislative audits or ongoing legislative committee oversight.

***Response:*** *We agree. The Board and the Commissioner are committed to working within whatever model of accountability the Legislature deems appropriate.*

## **Recommendation 4.3**

We recommend after the Legislature consider its desired governance model for the System of Higher Education, that it also reviews the balance of power between the Utah Board of Higher Education and local boards of trustees.

***Response:*** *We agree. The Board believes the most effective governance model includes boards of trustees, presidents, and the Commissioner, which all play a role in a complicated, multi-dimensional system. We believe the boards of trustees play an indispensable role in maintaining a strong, thriving system of higher education due to their local oversight and informed administrative expertise. With the help of the audit recommendations, the Board is proactively bringing together trustees, Board members, the Commissioner, and key legislators to review the current distribution of responsibilities and will make recommendations to the Legislature for improvements and clarity.*

## **Recommendation 4.4**

We recommend the Legislature consider reviewing the structure and size of the Utah Board of Higher Education.

***Response:*** *We agree. The Board will remain committed to leading the system in the form and size the Legislature determines.*

## **Recommendation 4.5**

We recommend the Utah Board of Higher Education consider whether the current governance model allows institutional presidents the flexibility to adequately manage and innovate.

***Response:*** *We agree. The Board knows that higher education is in the midst of an inevitable disruption, which raises questions concerning its return on investment and economic sustainability. Traditionally-held views of how higher education is structured and delivered are now under scrutiny, and we are convinced that institutional presidents understand this challenge. The Legislature's directive is clear:*

*this is a system where each institution has a critical role and mission, and collaboration—not competition—is required. The Board will govern to those roles and missions and to the objectives of our strategic plan. We are confident that the Board and system leaders will innovate where needed to accomplish the core pillars of access, affordability, completion, and workforce alignment.*