Roll Call

MEETING OF THE COMMITTEE OF THE WHOLE

Announcement of Michael A. Petersen as Associate Commissioner of Academic Affairs

Announcement of Presidential Search Committee for the College of Eastern Utah

Legislative Summary

Reports of Board Committees

Program and Planning Committee

University of Utah: Request to Offer a Minor in Cognitive Science

1994-95 Annual Program Reviews, Part 3: University of Utah, Utah State University, Snow College, College of Eastern Utah

Utah State University: Request to Offer a Minor in Family Financial Management Services

Committee/Staff Discussion on Future Committee Agendas

SBE-SJR Joint Liaison Committee Meeting Minutes

Consent Calendar, Program and Planning Committee

Finance and Facilities Committee

Southern Utah University: Property Sale

Approving Resolution for University of Utah Biology Research Building Revenue Bonds

Approving Resolution, Student Loan Program, 1996 Bonds

Dixie College: Campus Master Plan

Utah State University: Acquisition of Emert Residence as an Interim Institutional Residence

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Institutional Requests for Changes in Tuition and Fee Schedules

Consent Calendar, Program and Planning Committee

Consent Calendar

Minutes

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Executive Session

Report of the Chair

Report of the Commissioner

Adjournment

WORKSHOP FOR REGENTS AND PRESIDENTS

Roll Call

Budget Discussion

Virtual University

Capital Facilities Funding

Hospitality

MINUTES OF MEETING

UTAH STATE BOARD OF REGENTS

DIXIE COLLEGE, ST GEORGE, UTAH

MARCH 21, 1996

Board Members Present
Kenneth G. Anderton, Chair
Pamela J. Atkinson
Aileen H. Clyde, Vice Chair
Ian M. Cumming
Douglas S. Foxley
John B. Goddard
David J. Grant
L. Brent Hoggan
Karen H. Huntsman
Evelyn B. Lee
Clifford S. LeFevre
Jay B. Taggart
Stacee Yardley
Dale O Zabriskie

Board Members Excused
Larzette G. Hale
Paul S. Rogers

Office of the Commissioner
Cecelia H. Foxley, Commissioner
E. Jeffery Livingston, Associate Commissioner for Technology
Dale Hatch, Associate Commissioner for Budget and Finance
Chalmers Gail Norris, Associate Commissioner for Student Financial Aid
Don Carpenter, Associate Commissioner for Planning and Facilities
Joyce Cottrell CPS, Secretary to the Board of Regents
Patricia S. Crane, Assistant Commissioner for Government/Media Relations
Richard Davis, Assistant Commissioner for Student Loan Finance
Harden R. Eyring, Executive Assistant
Jerry H. Fullmer, Director of Information Technology
Barbara Gittins, Assistant Commissioner for Budget and Finance
Max S. Lowe, Assistant Commissioner for Applied Technology Education
Beth Ann Petrakis, Applied Technology Education Specialist
Whitney J. Pugh, Budget Analyst
Phyllis C. Safman, Assistant Commissioner for Academic Affairs

Institutional Officials
University of Utah
Arthur K. Smith, President
Jerilyn McIntyre, Vice President for Academic Affairs
Sybil R. Todd, Vice President for Student Affairs
Thomas G. Nycum, Vice President for Administrative Services
W. Ralph Hardy, Budget Director
Arnold B. Combe, Assistant Vice President for Administrative Services
Raymond A. Haeckel, Executive Director, Government & Community Relations

Utah State University
George H. Emert, President
G. Jay Gogue, Provost
Val R. Christensen, Vice President for Student Services
Fred R. Hunsaker, Vice President for Administrative Affairs
C. Blythe Ahlstrom, Assistant Provost
Lee H. Burke, Assistant to the President
Richard W. Jacobs, Budget Director
Wendall Morse, Director of Campus Planning

Weber State University
Paul H. Thompson, President
Robert Smith, Provost
Allen Simkins, Vice President for Administrative Services
Marie L. Kotter, Vice President for Student Services
F. Ann Millner, Vice President for University Relations
Craig Hall, Associate Vice President for Facility Services

Southern Utah University
Gerald R. Sherratt, President
Terry D. Alger, Academic Vice President
Sterling R. Church, Vice President for Student Services
Michael D. Richards, Vice President for University Affairs
Gregory Stauffer, Vice President for Financial Affairs

Snow College
Gerald J. Day, President
Larry Christensen, Chief Financial Officer
Rick Wheeler, Vice President for Student Affairs
Richard L. White, Vice President for Academic Affairs

Dixie College
Robert C. Huddleston, President
Stanley J. Plewe, Vice President for Administration and Information Technology
Max Rose, Academic Vice President
William Fowler, Dean of Students
Joseph Peterson, Dean, Division of Arts, Letters and Sciences
Richard Van Ausdal, Dean, Division of Business and Technology

College of Eastern Utah
Michael A. Petersen, President
Brent Haddock, Academic Vice President
Raelene Allred, Vice President of Finance
Karen K. Bliss, Dean of Institutional Advancement
Gail Glover, San Juan Center

Utah Valley State College
Kerry A. Romesburg, President
Lucille Stoddard, Vice President for Academic Affairs
Douglas E. Warner, Executive Director of Budgets, Personnel & Internal Auditing
Linda Makin, Budget Director
Terry Ann Harward, Student Body President
Following an Executive Session luncheon with the Dixie College Board of Trustees, and meetings of the Program and Planning and Finance and Facilities Committees, Chair Kenneth G. Anderton called the meeting of the Committee of the Whole to order at 3:02 p.m.

Commissioner Cecelia H. Foxley announced the appointment of President Michael A. Petersen as Associate Commissioner for Academic Affairs. President Petersen has been working part-time with the Commissioner and will continue to do so through Commencement, at which time he will assume the position of Associate Commissioner full-time. The Commissioner expressed her pleasure at bringing someone into the office with President Petersen's background and experience. Regent Douglas S. Foxley moved that the Board heartily endorse President Petersen's appointment. Following a second by Regent Aileen H. Clyde, the motion carried unanimously. Commissioner Foxley said Dr. Jeff Livingston will remain part-time as Associate Commissioner of Technology; in his other role he is the Governor's Executive Assistant for Higher Education Technology. In that position he will be working on the Virtual University.

Commissioner Foxley announced that Chair Anderton had appointed a Presidential Search Committee for CEU. Regent Evelyn B. Lee was asked to chair the committee; she heartily accepted that assignment. A list of the search committee members was distributed to the Board in their folders.

Legislative Summary

The Commissioner said the past legislative session was very challenging for higher education. The Legislators were faced with budget adjustments when other commitments, such as tax cuts and transportation funding, were made. The system was challenged to obtain the highest amount of resources available for the many needs of the institutions. A hand-out in the Regents' folders compared budget requests and appropriated budgets for recent years (1988-89 to 1996-97).
Higher education's operating budget share of state tax funds has dropped from between 17% and 18% in the late 1980s and early 1990s to about 15.1% at the present time. This is happening in other states, in some cases even more severely. It is getting increasingly difficult to get support for higher education from the public and the state legislators. The Commissioner asked, "Are we fulfilling our societal role? If not, what can we do to garner greater support?"

Board members were also given copies of letters to the legislative leadership from the Governor regarding his veto of the capital facilities budget requests and HB-194, College Savings Incentive Program. Governor Leavitt does not favor phased funding; his preference is to completely fund a project from its beginning and design through its completion. He also feels such requests should go through the complete approval process (Board of Regents, Building Board, and Legislature). There is already a backlog of projects to be built. The Commissioner said she thought this was an effort on the part of the Governor to say, 'This process is not working as well as it should and let's see what we can do to fix it.'

Regent Zabriskie asked if the Governor was in favor of the same amount of funding in the Special Legislative Session on April 17. The Commissioner responded that the Governor favored full funding of Gardner Hall; he would leave funding of the Browning Center up to the Legislature, and he favored full funding for the remaining projects. She said, "The Governor used his veto authority to call attention to a process which has gone awry."

Representative Doug Peterson, former student Regent, sponsored HB-194. Commissioner Foxley said the Governor vetoed this bill because he felt the language was unclear and merited further study. HB-194 may or may not be ready to be presented again at the special session. The fiscal impact and the revenue generation must be clearly understood.

Commissioner Foxley said the Regents and Presidents will be looking at various options for budget preparation and presentation at the Friday workshop. A list of the bills of interest to higher education were shown behind Tab Q. The impact of lack of funding for Urgent Student Support makes our budget preparation more difficult. Legislative intent language specified that Uniform School Funds or income tax revenue placed in the higher education budget may not be spent until other funds have been spent and the voters have had a chance to express their views in a referendum this fall. They will be asked if they think income tax funds should be used for higher education as well as public education. Marlon Snow, who chairs the State Board of Education, and State Superintendent Scott Bean are supportive of expanding the earmarking to include higher education. Commissioner Foxley asked the Regents' help in promoting our efforts to get increased funding for higher education. She invited questions or comments from the Regents and Presidents.

Associate Commissioner Don Carpenter pointed out the Governor also vetoed $29 million for capital improvements. A hearing is scheduled Friday, March 22, on this issue. The UVSC perimeter road is at the top of this list of improvements.

Chair Anderton expressed his appreciation to Commissioner Foxley and her staff for the great amount of time they spent at the Legislature on behalf of higher education. He also thanked the representatives of the institutions for their efforts as well. He said he had agonized over this session in terms of what had gone wrong and what could be done in the future. "We must assume
responsibility for our relationship with the Legislature and for our communication with the Legislature. We need to take a long, hard look at how we can approach it more effectively in the future," he said. "The United States has the finest educational system in the world," he continued. "Utah probably gets more value for its dollar than any state in the Union. Why then are we not better appreciated? The world is changing quickly, and we may not be changing rapidly enough to keep up." He expressed his hope that everyone could analyze the status and do something meaningful and effective about it.

Committee Reports

Program and Planning Committee. Committee Chair Clifford S. LeFevre reviewed the items which had been discussed by this committee.

University of Utah   Request to Offer a Minor in Cognitive Science. This program for under-graduate students was discussed in detail at the last meeting. Regent LeFevre moved approval, seconded by Regent Clyde. The motion was approved unanimously.

1994-95 Annual Program Reviews, Part 3:  University of Utah, Utah State University, Snow College, and the College of Eastern Utah. Regent LeFevre moved acceptance of the Commissioner's recommendations, as modified:

It is the recommendation of the Commissioner that the Regents accept the review report for the Department of Modern Dance at the University of Utah, approve the program as acceptable, and request a progress report in two years that addresses enrollment issues and steps taken for sharing common production resources and costs within the College of Fine Arts.

The reports and recommendations for the other programs were also approved and will be reviewed again in the next regular review cycle. Following Regent Atkinson's second, the motion was approved unanimously.

Utah State University   Request to Offer a Minor in Family Financial Management Services. Committee Chair LeFevre said this proposal had been discussed thoroughly in committee; he moved that it become an action item. Regent Zabriskie seconded, and the motion was approved. Regent LeFevre then moved approval of the program. Following a second by Regent Atkinson, the motion carried unanimously.

Committee/Staff Discussion on Future Committee Agendas. Regent LeFevre reported that this item had been discussed in committee, and several recommendations had been made. Where program reviews have been requested, it was agreed by the committee that those reviews should be conducted, even though the Board has already voted to place a moratorium on program reviews. Several recommendations were made to ensure more discussion of critical items.

SBE-SBR Joint Liaison Committee Meeting Minutes. Assistant Commissioner Max Lowe explained the committee's Training Needs Assessment Task Force recommendations and said the committee had voted to support the Governor's new Department of Work Force Development, providing public education and higher education have voting members on the policy board. The committee also went on record as opposing a proposal to merge Utah State University and Bridgerland Applied Technology Center; however, they recommended a
sharing of facilities and continuance of cooperation in this endeavor. Regent LeFevre moved the Commissioner's recommendation that the Regents receive the minutes of the JLC meeting, and it was seconded by Regent Foxley and approved unanimously. Regent LeFevre reminded the Regents that by receiving these minutes, they approved the motions made at that meeting.

Consent Calendar. Regent LeFevre moved, seconded by Regent Atkinson, that the Regents approve the University of Utah's request to change the name of their Department of Recreation and Leisure to the Department of Parks, Recreation and Tourism, as explained in Tab F. The motion carried unanimously.

Chair Anderton thanked Regent LeFevre for his committee's work.

Finance and Facilities Committee.

Southern Utah University Property Sale. Committee Chair Goddard moved the addition of an item to the committee agenda, seconded by Regent Cumming. The item added was Southern Utah University's sale of two pieces of property which had been donated to them. An offer has been made to purchase the lots at $11,500 each; they were appraised at $8500 and $8700, respectively. The committee voted approval of the sale of these lots with the caveat that SUU make full disclosure of the soil conditions which exist. Regent Goddard moved approval of the sale of these lots, seconded by Regent Hoggan. The motion carried unanimously.

Approving Resolution for University of Utah Biology Research Building Revenue Bonds. The University of Utah requested approval of a $21,050,000 bond for a 100,000 square foot research lab, office and meeting space, which was approved to be constructed with non-state funds. The Request for Proposal was sent to several underwriters. Regent Goddard reviewed the parameters of the bond, which were shown on Attachment A of Agenda Item G, with the modification that the fixed rate should not exceed 7.0% per annum. He said since the committee met, the University had received word of a AA- rating. He recommended that before buying insurance the University look into the savings affected by 55 basis points, which would save the University approximately $120,000 if they do not need the insurance. The financial advisor on the bond was First Security Bank. The bond will be funded by reimbursed overhead. Regent Goddard moved approval of the University's request, with the caveat that the savings be researched. Regent Huntsman seconded the motion. Voting in favor of the motion were:

Kenneth G. Anderton
Pamela J. Atkinson
Aileen H. Clyde
Ian M. Cumming
Douglas S. Foxley
John B. Goddard
David J. Grant
L. Brent Hoggan
Karen H. Huntsman
Evelyn B. Lee
Clifford S. LeFevre
Jay B. Taggart
Stacee Yardley
Dale O Zabriskie

Voting in opposition to the motion were: (None)
Approving Resolution, Student Loan Program, 1996 Bonds. Regent Goddard explained that $162 million will be needed to carry out activities through 1996; approval of a $70,925,000 bond is requested. The bond is in Series O, Series P, and Series Q at a variable rate of interest. The fixed rate of interest is not to exceed 6.25%; the variable rate is not to exceed 5.0%, with a maximum interest rate on variable bonds of 14.0%. The maturity date would be 1 November 2031. The bonds would have an underwriter's discount of .825%, and an original issue discount of .5%. Regent Goddard said the committee thought the parameters were quite generous. Based on these parameters, Regent Goddard moved authorization of the approving resolution, as explained in Tab H, seconded by Regent Hoggan. Voting in favor of the motion were:

- Kenneth G. Anderton
- Pamela J. Atkinson
- Aileen H. Clyde
- Ian M. Cumming
- Douglas S. Foxley
- John B. Goddard
- David J. Grant
- L. Brent Hoggan
- Karen H. Huntsman
- Evelyn B. Lee
- Clifford S. LeFevre
- Jay B. Taggart
- Stacee Yardley
- Dale O Zabriskie

Voting in opposition to the motion were: (None)

Chair Anderton expressed his deep appreciation to Committee Chair Goddard for his expertise in this process.

Dixie College Campus Master Plan. The committee reviewed a brochure submitted by the college and approved the Dixie College master plan. Regent Goddard moved the Board's approval with the proposed entrance modification as explained in Tab I, seconded by Regent Huntsman. The motion carried unanimously.

Utah State University's Acquisition of Emert Residence as an Interim Institutional Residence. Regent Goddard said the committee had approved this purchase and he moved Regent approval, as outlined in the Commissioner's recommendation (Tab J). The motion was seconded by Regent Hoggan and carried unanimously.

Report of the Audit Review Subcommittee. Regent Goddard explained that the committee had reviewed the report, which was an information item and no approval was needed.

Report of the UHEAA Board of Directors. The report and minutes of the UHEAA Board meetings shown behind Tab M were given for information only and required no approval.

Federal Legislative/Budget Developments. Regent Goddard reported no changes and no further discussion on the information behind Tab N.

Institutional Requests for Changes in Tuition and Fee Schedules. Regent Goddard reported that the committee had held a lengthy discussion following detailed explanations by institutional presidents. This will be an action item at the next Board meeting.

Consent Calendar. Associate Commissioner Dale Hatch requested the opportunity to provide for the Governor's vetoes on Attachment B of Tab P. Upon motion by Regent Goddard and second by Regent
Huntsman, the following items were approved unanimously:
OCHE Monthly Investment Report (Attachment A)
1996-97 Initial Work Programs (Attachment B)
UofU and USU Capital Facilities Delegation Report

Chair Anderton thanked Committee Chair Goddard for his report and the work of his committee.

General Consent Calendar.

Upon motion by Regent LeFevre and second by Regent Hoggan, the Board approved the General Consent Calendar, as follows:

Minutes
Approval of the Minutes of the meeting of the Utah State Board of Regents held January 26, 1996, at Salt Lake Community College.

Grant Proposals

a. Utah State University Starting a Virtual Herbarium.
   National Science Foundation; Mary Barkworth, Principal Investigator. $901,796.

b. Utah State University Acquisition of Instrumentation for advanced processing and analysis of environmental and industrial materials. National Science Foundation; Audrey Levine, Principal Investigator. $770,700.

c. Utah State University Hormonal Regulation of Vesicular Ion Transport in Intestine. National Science Foundation; Ilka Nemere, Principal Investigator. $516,477.

d. Snow College School to Work. US Department of Education; Katie Jean Larsen, Principal Investigator. $616,589.

Executive Session(s)
Approval to hold an executive session or sessions in connection with the meeting of the State Board of Regents to be held May 3, 1996, to consider property transactions, personnel performance evaluations, litigation, and such other matters permitted by the Utah Open and Public Meetings Act.

Report of the Chair
Chair Anderton deferred his comments until the following day. The tour of the Dixie College campus was changed to 5:15 p.m. in order to accommodate those who wanted to watch the University of Utah basketball game at 6:00 p.m.

Report of the Commissioner
Commissioner Foxley reported that Joyce Cottrell CPS had received the Member of the Year award from the Sal-Ute Chapter of Professional Secretaries International (PSI). She said dress code for the Friday workshop would be casual.

Adjournment
The meeting was adjourned at 4:00 p.m. and the Board of Regents met in executive session.
Following an executive session breakfast with the Regents and Presidents, Chair Anderton called the meeting to order at 9:42 a.m. He welcomed Senator Steele, members of the Governor's staff, the Legislative Fiscal Analyst and his staff, and others present for the ensuing discussion.

**Budget Discussion**

Commissioner Foxley explained that the focus of the workshop would be on various approaches to next year's budget request. This
year's legislative session indicated that past practices may have outlived their usefulness. The majority of the Legislators said they would like our material to be simpler, to be more easily understood. Dennis Jones, President of NCHEMS (National Center for Higher Education Management Systems) was invited to address this issue with the Regents and Presidents. Mr. Jones was a consultant in the recent USHE space utilization study. He has worked with many states, with WICHE and also with the Western Virtual University.

Mr. Jones said he had been asked to address the topic of formula budgeting and to discuss the advantages, disadvantages and approaches to that concept. He explained the two components of an operating budget - the base component, which provides resources which allow institutions to carry out their assigned missions, and the special purpose/initiative component, which provides resources for new initiatives, such as our Technology Initiative, or selected changes.

There are two approaches to determining the base component of an operating budget: incremental and formula. The incremental approach reflects growth in enrollments, inflation, and methods for adjusting line items in the base budget. It adjusts for changes in prices needed to pay for goods and services. In the incremental process there are seldom decreases; even when enrollments decrease, the base is protected. All institutional budgets are the accumulation of budget decisions for at least 30 years. Inflation is specified in this approach.

Formulas are mechanisms to consider these factors, multiply them by co-efficients and then calculate the new budget. They are structured mechanisms. Institutions like incremental budgets because they know the amount with which they have to work. Formulas tend to provide for more equitable funding across institutions. Formulas never deal with the qualitative aspect of education. Factors are historical in nature. Most formulas are enrollment-driven, which motivates institutions to take more students and to compete for students.

The weighted student formula was explained as a way of factoring in differential cost elements without getting involved in cost accounting procedures. It is a simpler mechanism. Several basic principles were discussed, which were illustrated in the handouts Mr. Jones distributed.

Chair Anderton invited Leo Memmott, Legislative Fiscal Analyst, and Senator David Steele to respond.

Senator Steele said he had a very strong interest in education; he previously taught night classes at Utah State University for 14 years. He said he did not have an understanding of higher education's needs until he became chair of the Higher Education Appropriations Subcommittee. There was a high competition for funding this year. With UDOT and other places where large portions of the budget were consumed, the source of revenue for allocation to higher education has been depleted. This puts higher education's accomplishments at risk. Senator Steele said he has come to a better understanding of the cause-and-effect relationship, which may not be clear to all of his legislative colleagues. A significant part of our effort must be to help people understand this relationship. It is also important to help people understand that it is not realistic to assume that our smaller institutions can absorb budget changes the same as larger institutions. He said, "We need to help people understand the attitude of maintaining the competitive edge maintaining a development of ways to allocate resources which promote and sustain the things for which this state stands. Education is very
importance to Utah. Individual legislators have specific concerns, and they will relate their understanding of the system to these concerns." He agreed with the chair's statement made the previous day, that the Board of Regents needs to do a better job of helping the legislators be informed.

Mr. Jones said if projected enrollments do not materialize and the money stays with the institutions, the perspective is that of overfunding. This comes about when dealing with a projected number. We are increasingly seeing in American higher education a disconnect between the priorities of the institutions and the priorities of the public. Legislatures and higher education boards should think seriously about finding some piece of the budget which is tied around a public agenda (investment in the state). In the absence of something to be for, everyone looks for something to be against. He said we need to be more pro-active.

Regent Cumming addressed Mr. Memmott and Senator Steele: "During the legislative session, with the largest surplus in state history and an unprecedented demand for higher education, with a Governor who is a former Regent, we did not do very well. Are the following four areas significant? (1) Have Regents and Presidents done a poor job of telling what we are about? We do not talk about the economic factor of education. We do not talk about the fact that the lifetime earnings of a college graduate are much higher than other segments of the population. (2) Have we done a poor job of describing how we do it, especially in describing financial mechanisms and how they work? (3) We don't report results very well or consistently. We do not talk about efficiencies." He called attention to the statement on page 23 of Tab S which said, "Legislators have been calling for reform and accountability fueled by stories of how industries have been restructuring their budgets, rethinking their strategic plans, reorganizing, and re-engineering the corporation to be more efficient and produce higher quality outputs. Corporate leaders, long time supporters of higher education, have called on institutions to reinvent themselves, to rethink their missions (and return to teaching as the primary mission), and to adopt continuous quality improvements (Harman 1995), just as industry has done." Regent Cumming continued with his last point: (4) "We have a cumbersome structure because nine presidents and the commissioner report to 15 part-time Regents, who have no ability to allocate budgets. There is no ability to reward or punish based on efficiencies."

Leo Memmott agreed with Commissioner Foxley's comment yesterday that Utah is not the only place where higher ed is losing its percentage of the state revenue. This year, early in the session, the legislature focused on the enrollment issues, particularly the issue of not meeting enrollment projections. For every request for increased funding for regular state agencies, performance measures were required; that did not apply to higher education. The legislature is very interested in this; they want to know what will happen to the additional money which is appropriated. A "Utah Tomorrow" committee works on refining performance measures for state agencies. Other agencies have as hard a time measuring success as does higher education, but they were required to do it.

Mr. Memmott said we should look at institutional roles as presentations are developed for the legislature. Information that the Legislative Fiscal Analyst's office has requested has been received promptly from the Commissioner's office.

Senator Steele said the Legislative Fiscal Analyst and his staff are dedicated to providing a mechanism for which funding needs are met. The big problem is that the legislature sometimes
funds ongoing programs with one-time resources. He said he did not think giving higher education resources from the Uniform School Fund was a problem. The legislature felt that while we are enjoying economic prosperity, it is at the expense of funding earmarked for public education. That has to change; the legislature needs more flexibility to put more money into different areas.

Senator Steele said the lifelong earnings issue is viable. However, he pointed out eight percent of the jobs now require less than a college education. The legislature jumped on this philosophy and put more emphasis on this kind of job training programs. This presents a conflict, he said. This year there was a weakness in the ability to effectively voice the state's strategic plan for higher education. "As a legislature," Senator Steele said, "this is our reaction to what we have heard as important concerns. This process should be expanded by letting the Regents' voice be heard in that meeting to Executive Appropriations."

Dale Hatch explained that the legislature took action at the beginning of the session for a $100 million tax cut, fiscal priorities and 4% compensation. This left over $50 million to fund programs and new initiatives. Projections of $150 million were made for new ongoing revenues for the General Fund, which funds higher education. This would have been enough money to fund the Governor's recommendations for higher ed. However, the legislature took $75 million of that money off the table for transportation needs, $50 million for capital facilities projects, $3 million for fiscal note bills and 4% compensation. That means they took $167 million off the table. Therefore, there was a $16 shortfall in ongoing revenues, resulting in a budget cut to higher ed and other departments or agencies.

Commissioner Foxley said between now and the next legislative session, the Commissioner and her staff will hear each institution's budget requests, as will Leo Memmott and his staff, Norm Tarbox of the Governor's Office, and the legislative committee. She suggested one possible approach would be to go collectively to each of the institutions and hear the same thing. "Why have the institutions tell their stories so many times? If everyone were to hear the same thing, there would be less opportunity for different emphases, and it would be a time saver for the institutions to give only one presentation." Regent Zabriskie suggested using resource teams with additional Regents who were available. Regent Foxley suggested inviting local legislators.

Regent Paul Rogers moved that the Board be invited to the institutional budget hearings and encouraged the institutions to ask questions and formulate deliberations prior to the budget process. The motion was seconded by Regent Grant. Commissioner Foxley recommended giving thought to the implications before taking action. Mr. Memmott agreed.

Regent Zabriskie offered a substitute motion, that the Board take this under advisement, that the Commissioner's staff come back with a recommendation in consulting with the Executive Appropriations Committee, and that action not be taken in this meeting. Regent Foxley seconded the motion. The substitute motion passed.

The meeting was recessed at 12:00 for lunch and reconvened at 12:50 p.m.

Dr. Hatch distributed a handout dealing with the program used for public education's FY97 funding. He explained that the WPU was
similar to an FTE in that a value was assigned to each WPU. He explained a possible WPU approach as it could be developed for higher education. A change was made last year to meet enrollment targets. A modified WPU concept would be in response to some of the legislative leadership's recommendations and to concerns raised by the legislative reps.

Chair Anderton said, "Historically we went through a flex time whereby funding was limited. That did not work well. Now our credibility in the legislature is questioned because we did not get funded for all of our growth in three years; we absorbed the cost of that within the institutions. Some institutions did not reach projected enrollments, and four institutions have sustained budget cuts as a result of those projections. We want a very predictable formula to fund growth in the year in which it occurs so we do not lose credibility with our wrong guesses."

Dennis Jones asked, "Is the base adequate? How would we fund what is over and above the base? Getting enrollment funded in the year in which it occurs does not have to be through a formula. It could be through management of the budget. It could be an allocation to the Board of Regents which gives a contingency fund for enrollment growth."

At the conclusion of the discussion, Commissioner Foxley thanked Mr. Jones for setting the parameters for a helpful dialogue. She wished him a safe trip home. She then commented, "We have our work cut out for us. We need the collective help and involvement of others in determining how we continue that dialogue."

President Thompson said the Chief Academic Officers had received a report which dealt with assessment of general education. He recommended that everyone look at the report and its implications. Commissioner Foxley reminded the Board that this report was completed by a committee chaired by Reba Keele and Ann Leffler at the request of the Regents.

Following a short break, Chair Anderton thanked Leo Memmott for his participation and asked him to discuss state revenues and their projected growth and implications for higher education.

Mr. Memmott discussed the various issues and plans for the use of state resources that will have lasting impact on higher education in the next several years. He responded to a question regarding the use of Uniform School Fund money by indicating that the intent language did not say that we could not spend the money, but that all other sources of revenue must be spent first.

Following the discussion, Chair Anderton thanked Leo for his presentation and response to questions and concerns. There was a request to have this dialogue with the Legislative Fiscal Analyst's office every year.

Virtual University

Associate Commissioner Livingston said the Western Governors will meet in June in Nebraska. The design team will be taking a demonstration on two major competencies of the virtual university, a prototype demonstration of a catalog and technology for delivery across state borders from a variety of alternatives. One competency will be in basic skills and the other in a vocational area which relates to industry. If this meets with the Governors' expectations and approval, we will move ahead to implement the program. There are already some corporate sponsors in place, such as Viacom/EMG and others. The Western Governors Association (WGA)
staff in Denver is raising the funds from the corporate sponsors.  
Dr. Livingston said he travels to Denver regularly to meet with 
Dennis Jones and people from WICHE and WGA to work on this effort.

Commissioner Foxley said the Governor wants the focus to be 
centered in Utah and tied to the Utah System of Higher Education.  
Jeff is the only academic representative on the design team.  Dr. 
Livingston responded to questions.

Regent Cumming moved that the university be formed, 
accredited, and courses offered by the end of the year.  The 
motion was seconded by Paul Rogers and carried unanimously.

Capital Facilities Funding

Discussion then turned to the special legislative session, and 
the appropriation of capital facilities money.  Commissioner Foxley 
noted that Dave Adams from the Building Board was in the audience; 
she asked him to join the discussion.

Regent Rogers moved approval of completion of the UVSC perimeter road as well as full funding of the other projects which are ahead of this on the list.  Regent Foxley seconded.

After considerable discussion and several attempts at a substitute motion, Regent Rogers moved that the Board go on record in support of the UVSC project so long as it does not displace other items on the list.  The motion was seconded, with the provision it not interfere with the Regents' process of prioritization of items to be funded by the legislature.  Following further discussion, the chair called for the vote by show of hands.  The vote was 5 in favor, 4 opposed, with one abstaining vote.

Hospitality

Chair Anderton thanked President Huddleston for his hospitality and hosting of the meetings during the two days.

The meeting was adjourned at 4:06 p.m.

Joyce Cottrell CPS
Secretary to the Board of Regents