

MINUTES OF MEETING
UTAH STATE BOARD OF REGENTS
UTAH STATE UNIVERSITY
September 2001

Thursday, September 13, 2001

Regents Present

Charles E. Johnson, Chair
Pamela J. Atkinson, Vice Chair
Jerry C. Atkin
Linnea S. Barney
Daryl C. Barrett
David J. Grant
L. Brent Hoggan
James S. Jardine
Michael R. Jensen (Thursday only)
David J. Jordan
Nolan E. Karras
John B. Norman, Jr.
Sara V. Sinclair
Marlon O. Snow
Maria Sweeten

Regents Excused

Kim R. Burningham
E. George Mantes
Jed H. Pitcher

Commissioner's Office

Cecelia H. Foxley, Commissioner
David Buhler, Associate Commissioner for Public Relations
Don A. Carpenter, Associate Commissioner for Proprietary Schools
Gregory G. Fitch, Utah College of Applied Technology President and Associate Commissioner
Norm Tarbox, Associate Commissioner for Finance and Facilities
Chalmers Gail Norris, Associate Commissioner for Student Financial Aid
Joyce Cottrell, Executive Secretary
Linda Fife, Director of Academic Programs
Jerry H. Fullmer, Director of Information Systems
Edith Mitko, Director of Academic Programs
Phyllis C. Safman, Assistant Commissioner for Academic Affairs
Gary S. Wixom, Assistant Commissioner for Applied Technology Education & Special Projects

INSTITUTIONAL REPRESENTATIVES

University of Utah

A. Lorris Betz, Senior Vice President for Health Sciences

David W. Pershing, Senior Vice President for Academic Affairs
Michael T. Benson, Special Assistant to the President
Nancy S. Lyon, Assistant Vice President for Governmental Affairs
Paul T. Brinkman, Associate Vice President for Budget and Planning

Utah State University

Kermit L. Hall, President
Fred R. Hunsaker, Vice President for Administrative Affairs
Jack N. Payne, Vice President for Cooperative Education and Continuing Education
Patricia S. Terrell, Vice President for Student Services
Chris M. Balling, Assistant Dean, Conference Services
Lee H. Burke, Assistant to the President
Richard W. Jacobs, Budget Director

Weber State University

Paul H. Thompson, President
David C. Eisler, Provost
Ann Millner, Vice President of University Relations
Steven E. Nabor, Director of Accounting Services
Brooke H. Chase, Network Coordinator
Allen F. Simkins, Vice President of Administrative Services

Southern Utah University

Steven D. Bennion, President
Sterling R. Church, Vice President for Student Activities
Dorian Page, Associate Vice President, Administrative & Financial Services
Carl Templin, Interim Provost

Snow College

Rick Wheeler, Interim President
Gary Arnoldson, Controller

Dixie State College

Robert C. Huddleston, President
Max H. Rose, Executive Vice President of Academics
Scott Talbot, Executive Director, Business Affairs

College of Eastern Utah

Ryan L. Thomas, President
Raelene Allred, Vice President of Finance and Administrative Services
Gail Glover, Dean of Administrative Services, San Juan Campus
Mike King, Dean of Arts and Sciences

Utah Valley State College

Kerry D. Romesburg, President
Brad Cook, Vice President for College Relations
James L. Michaelis, Director of Purchasing
Douglas E. Warner, Executive Director, Budgets and Human Resources
Bradley A. Winn, Vice President for Student Services and Campus Planning
J. Karl Worthington, Associate Vice President for Academic Affairs

Salt Lake Community College

H. Lynn Cundiff, President
Marjorie Carson, Vice President of Academic Services
Judd D. Morgan, Vice President of Student Services
Richard M. Rhodes, Vice President of Business Services

Representatives of the Media

JaNae Francis, *Ogden Standard Examiner*
Jacob Parkinson, *Daily Utah Chronicle*
Kirsten Stewart, *Salt Lake Tribune*
Twila Van Leer, *Deseret News*

Others Present

Race Davies, Governor's Office of Planning and Budget
Boyd Garriott, Office of the Legislative Fiscal Analyst
Bo Hall, Salt Lake-Tooele Applied Technology College
David C. Jones, Office of the Attorney General
Richard N. Jones, Uintah Basin Applied Technology College
Steve Kieffer, BBCI
John Massey, Legislative Fiscal Analyst
Richard L. Maughan, Bridgerland Applied Technology College
Jeannine Orr, Jensen Haslem PC
Vernon C. Rowley, Governor's Deputy for Education
Kevin Walthers, Office of the Legislative Fiscal Analyst
Lynne N. Ward, Director, Governor's Office of Planning and Budget

Chair Johnson called the meeting to order at 9:00 a.m. He welcomed everyone and excused Regents Kim Burningham, George Mantes, and Jed Pitcher, who were detained in various cities due to the ban on airline travel caused by the terrorist attacks in Washington, DC and New York City.

Chair Johnson briefly reviewed the contents of the Regents' folders. He pointed out the tentative meeting schedule for next year and asked the Regents to let Joyce know of any conflicts as soon as possible so the schedule can be firmed up.

Commissioner Foxley recognized President Kerry Romesburg for receiving the first honorary doctorate degree awarded by the Mongolian University of Science and Technology.

Institutional Report – Weber State University Highlights

President Thompson showed a brief video featuring Weber State University's students. The focus of the presentation was on changing minds and changing lives. He noted that 50 percent of Weber's students are first-generation college students. A survey two years ago showed that 98 percent of the students said they had the access to the faculty they wanted. Of the students graduating from WSU each year, 35 percent receive an associate degree and 64 percent receive a bachelor's degree. Only 1 percent of the graduates receive master's degrees.

A new hybrid of class features 60 percent of instruction in the classroom and 40 percent online. This is an evening course. Over \$60 million has been raised as a result of the institution's capital campaign. The total giving last year was \$18 million. President Thompson acknowledged the staff who are actively working with the capital campaign. Endowments have been created for individual schools. He said the University is very grateful for state support, but endowments help the institutions realize goals which would otherwise have been unattainable. In addition, private funding has made new campus facilities possible.

Chair Johnson thanked President Thompson for his informative presentation.

Student Presentation

Commissioner Foxley said the student leaders were involved with candlelight vigils on their campuses this evening. They will make their presentation at the October meeting of the Board in Cedar City.

Utah Postsecondary Proprietary School Registration Progress Report

Commissioner Foxley introduced Don Carpenter, Associate Commissioner for Proprietary Schools. With a computer school closing two years ago, leaving many students with outstanding debts and uncompleted instruction, the Regents approved a bonding requirement and stronger authority, and legislation was enacted to make this possible.

Dr. Carpenter referred to Tab A and reported that there are 88 schools and branches currently registered under the Utah Postsecondary Proprietary School Act. Forty-nine schools are bonded, six schools have submitted letters of credit or certificates of deposit, and 33 schools with programs that are less than one month in length or that charges less than \$500 in tuition are exempt from bonding according to rules adopted by the Regents. Many schools are also exempted from registration under Utah law. (Lists of registered and exempted schools can be found on the Regents' web site at www.utahsbr.edu and hitting the Proprietary Schools link.)

Several of the Regents raised questions about the adequacy of bonds to cover prepaid tuition in the event of school closures. Dr. Carpenter said that in many cases, the bonding level would cover prepaid tuition, or at least provide funds that could be used to contract for teach-outs, but that in other cases of high-tuition programs, the bond levels would not be adequate. Some states are raising that level to higher bond amounts. If a large high-tuition school were to close at the present time, a \$75,000 bond would not cover it. He said more stringent advertising restrictions may also be necessary. Regent Atkin asked if some schools would require a higher than \$75,000 bonding requirement with the current rule of 10 percent of annual gross tuition. Associate Commissioner Carpenter said that was the case. For the larger institutions, a 10 percent of gross tuition bond requirement could be as much as a \$300,000 - \$400,000 bond. He emphasized that no one wants to unnecessarily tie the hands of schools, but we do want to protect the students.

Vice Chair Atkinson mentioned the new applied technology colleges and asked if data were available on measurable outcomes of the quality of the proprietary school programs being delivered, job placement and success of their graduates. Dr. Carpenter said the IT schools have competency-based examinations for certifications that are accepted well in industry. They are competency-based with third-party examinations. Experience in the field, along with the certifications, helps with job placement.

Dr. Carpenter also said that proprietary schools succeed because they have found a market niche. Job placement is their bread and butter. If graduates don't get jobs, these schools and programs disappear. Instructors do not have tenure. Chair Johnson said it's the free enterprise system at work.

Chair Johnson asked if agencies from other states had the same bonding requirements. Associate Carpenter said there was a lot of variety among the states, but that some were now raising bond requirements for high-tuition programs. Regent Sweeten recalled that at one time the Regents had talked about a tiered bonding requirement for new schools. Dr. Carpenter said the bond for new schools is based on anticipated enrollments rather than revenue. After the first year it is based on tuition revenue.

Chair Johnson requested a later report to the Board on any recommendations for revised bond requirements and any new rules for advertising.

2002-2003 Capital Development Hearings

Commissioner Foxley referred to Tab B and made introductory remarks. She explained that the first attachment to the Commissioner's cover memo was an unranked listing of state-funded capital development and land acquisition projects. There will be one change to this listing: The University of Utah's Marriott Library was recently added due to severe structural problems. The University's Health Sciences Building is also very important and needs to be included on the list. The Commissioner explained that the top four projects on the list had previously been funded but were held back at the Governor's request. It is intended that these four projects combined be the top priority for funding. She asked the Presidents to briefly explain their top capital projects.

University of Utah. Vice President Betz explained that the Health Sciences Education Building would be for educational purposes and for educational administration. It is primarily a classroom building for the medicine, pharmacy, nursing and health schools. All of these programs are highly needed in the workforce. The University is unable to increase the size of health profession classes without more space. The building also has important life safety issues. It is not seismically safe, with serious infrastructure problems. The University and DFCM are looking at a series of buildings so the Medicine Building can be torn down. The project would encompass 150,000 gross square feet at a cost of \$37.5 million. It would require 100 percent O&M funding. A number of other projects are being done on the health sciences campus.

Vice President Pershing said the Health Sciences Education Building was a very important priority for the University. The second project was the renovation of the Marriott Library, which was designed and built in the 1960s. The new library will have work study rooms and audio libraries. There has been some concern about what would happen to the building in the event of a strong earthquake. The University has raised approximately half of the private funds and is optimistic about the remainder. They are presently in the pre-programming phase of the study. Officials have recently discovered that the building construction was not seismically safe. In addition, the electrical system is in very bad repair and will have to be completely replaced. School administrators originally thought this renovation could be done with private funds. However, this will not be possible. The University will be requesting approximately \$38 million from the state before the project can proceed. If the library were destroyed in a moderate earthquake, it would cripple the students so that they would not be able to study and complete their education.

In response to a question, Vice President Pershing said the cost of redoing the exterior of the building in 1996 was \$34 million. Regent Barrett asked why these structural concerns were not identified then. Dr. Pershing said he did not know, but that the current study clearly describes the structural problems. In 1996 the University was forbidden by the state from using any of the \$30 million on the old building.

Vice Chair Atkinson asked if there were other buildings on campus with these same structural problems. Vice President Pershing said some buildings were not really structurally sound, but University officials did not think there were any more buildings in quite this bad a condition. Dr. Betz said a couple of buildings on the upper campus are dangerous and studies are being undertaken. Life safety issues involve not only faculty, staff and students, but patients as well.

Associate Commissioner Tarbox said over the past three or four years, DFCM has been engaged in a facility condition assessment of every building in the system. They are looking at electrical and mechanical systems, ADA access, etc. However, they do not look closely at seismic issues. They know when the buildings were constructed, the seismic standards of the day, and the seismic zone in which the buildings are located, but little more without a comprehensive assessment.

Chair Johnson thanked Vice Presidents Pershing and Betz for their presentations.

Utah State University. President Hall presented a PowerPoint presentation on the Merrill Library. This project has been a priority for eight years. As a land grant institution and a research extensive institution, a library is highly needed. However, it is a fire hazard in the view of DFCM and the State Fire Marshall. In addition to requiring a safe place for important records, the building floors will not support the density of the stacks. It lacks disability access. The original part of the building was constructed in the 1930s, half a mile from an active earthquake fault. The portion of the building constructed in the 1960s was more rigid and could seriously damage the original building. The most recent part of the building does not meet seismic standards. Vice Chair Atkinson asked what was the extent of the damage. President Hall said the State Fire Marshall allows the building to be used because the University is taking steps to try to correct the problems.

Weber State University. President Thompson said WSU's first priority was funding for its Davis Campus. Intermountain Health Care is building a new hospital on Harrison Boulevard. They plan to vacate the existing building in March 2002. The institution has been in discussions with IHC and McKay Dee Hospital about purchasing the property. They are in the process of getting appraisals. The University will need some help with part of the \$7.7 million. This is the only land for expansion which is available to the campus. The neighbors are very concerned about student parking, as are the students. The University is involved in a master planning process, and this issue would be included. The Hospital Board of Trustees was agreeable to letting the institution buy the property. Chair Johnson asked how the students were expected to cross Harrison Boulevard. President Thompson replied that a shuttle bus will take them to the campus. This is presently being done at the Dee Events Center. A long-term study would be done on whether to build a tunnel or a passenger walkway.

Commissioner Foxley asked about the potential use of the existing structures and the parking structure. President Thompson said the parking structure is in good shape and would be used for parking. Some part of the building might be useable but it cannot be used for a hospital. Weber's assumption is that the building would be demolished. IHC has worked hard to keep their facility in shape. However, it is a 24/7 facility and it is not sufficient for current technology.

Southern Utah University. President Bennion said SUU's top priority was their Teacher Education Building. Graduates of the University's teacher education program have doubled in the last decade. SUU has the second highest teacher education program in the system, and 25 percent of SUU's students are involved in teacher education/preparation. The program is currently housed in Old Main, which is 103 years old. There are also life safety issues. SUU has the money to remedy the seismic problem, but there are other life safety issues as well. The University purchased 16 acres of property in 1998 from Iron County School District. They have raised \$3.5 million privately. DFCM did two studies of what would be involved to renovate the middle school and bring it up to code. Their definitive conclusion was that it would cost over 70 percent of the cost of a new facility to remodel and bring it completely up to code. Therefore, the building was razed this year.

Utah has an increased demand for teachers because of the large size of its families. Other states have been giving our graduates signing bonuses when they are hired. There is also a quality issue. Utah is having trouble in attracting the brightest and best teachers because of its lower salaries and lack of respect for the teaching profession. Lack of appropriate facilities is also a factor at SUU. President Bennion summarized his four needs: (1) the need for classrooms and laboratories, (2) the need for offices for faculty, staff and administration, (3) the need for a training school in cooperation with the Iron County School District, and (4) the need for a Center for Best Practices in Education. This was the top project on last year's priority list which was not funded by the Legislature. President Bennion said he fully supported the Q&P formula; however, it does not measure everything. Some factors are not included, such as private funding raised for the project, remodeling options considered, etc. There is an accreditation issue as well.

Utah Valley State College. President Romesburg said the UVSC Wasatch Campus was his institution's top priority. It has received a 93 percent approval rating from the community. This is a "hot spot" in the state which needs to be addressed over time. No dorms or student housing will be needed, nor will planning money for this type of facility. The adjacent land owners are willing to put in housing as the need arises. UVSC is cooperating with Wasatch School District to provide programs in the construction trades. It may end up being a three-way partnership, with UCAT as well as UVSC and Wasatch School District.

Dixie State College. President Huddleston said Dixie's top priority remains the Graff-Eccles Building. This building has been on the Regents' priorities list since 1993. There are serious life safety issues. The building was designed for 500 students and now houses 7000 students. In addition, 1800 students still use part of the building. At the present time, 11,333

square feet are closed since the building was condemned. The College is using the old Harmons' grocery store which is also in bad repair. A \$3 million donation has been pledged, about which the donor is becoming anxious. In 1991 the State Fire Marshall cited life safety problems. The building was condemned in 1998 by DFCM. There is no elevator in the building. President Huddleston pointed out that Dixie High school had just completed a new arts building. Dixie has been in the last place of state contributions since 1985. Five hundred students are enrolled at the Hurricane Center. The construction of a second building has begun, using private donations.

Dixie also needs a Health Sciences Building. IHC and Dixie Regional Medical Center are constructing a new hospital, a \$130 million facility. The College's facility would provide training for medical personnel.

Commissioner Foxley pointed out that the four projects to be restored (including the Graff-Eccles Building) were not prioritized. All are of equal priority.

Snow College. Interim President Wheeler noted an architect has been appointed for the Performing Arts Center. The campus has just conducted a week-long planning charette. The building is on a five-month design track, with completed drawings expected in February. Snow's challenge is that buildings need to be razed because of life safety issues.

Gary Arnoldson spoke of a classroom building which will affect many generations of students. It will be a 100 percent educational facility. The Social Sciences Building will be razed, necessitating this new education building. College officials would like to bring programs to the west campus, which is five blocks from the main campus. They would also like to bring two programs back to the main campus (CIS and Business Education). Some programs have died because they were moved to the west campus. The College is offering a shuttle between campuses. President Wheeler said five seismically unsafe buildings will be razed.

College of Eastern Utah. President Thomas said the College had acquired a facility from the school district which had to be demolished. The State Fire Marshall would also like to close other seismically unsafe buildings on campus. The buildings are very old and the cost of renovation is excessively high. Vice Chair Atkinson said she was still concerned about the Regents' liability in case of fire or other natural disaster. She asked what the Regents could do to protect the lives of the people they are charged to help. Although the Regents are not legally liable, they are very concerned.

Regent Atkin asked about bonding. Associate Commissioner Tarbox said it would take a little time to arrive at an accurate figure of what was needed. Regent Atkin asked about committing some of the projects to a bond. Commissioner Foxley said the Legislature had been very conservative about bonding. The State Building Board will need to be partners in presenting these needs to the Legislature. She pointed out that the price is right and the state's economy needs to bond for higher educational facilities. President Bennion noted that one of the co-chairs

of the Legislative Capital Facilities Appropriations Subcommittee had made an impassioned plea to the Legislature for this money a few months ago.

Salt Lake Community College. President Cundiff said he was pleased to be a citizen of America and of Utah. He noted many lay-offs in recent months but the people with good information technology (IT) skills had not been laid off. Last year it was noted that the need for people entering the teaching profession was approaching a crisis. The country is also in a medical crisis. Salt Lake Community College wants to move forward on the Jordan Campus with a new medical facility. SLCC turned away five to six hundred students last fall. There is currently an 18-24 month wait to get into the program. Approximately three to four hundred students have completed their general education requirements and another 800 are completing them. All of the medical programs will be moved to this facility. SLCC has reached an agreements with Jordan High School to open a new student center next year. It will be a \$17 million building with \$612,000 requested annually for O&M. Regent Hoggan asked if it was true that the health care bottleneck is in finding teachers. President Cundiff said the institutions are having problems finding qualified faculty. Regent Sinclair said it was a very political issue.

Utah College of Applied Technology. President Fitch said UCAT (Uintah Basin ATC) was trying to establish a branch campus in Vernal, in partnership with USU. It will be a multi-use consortium facility. The Building Board has this on their agenda for their October meeting. Bridgerland ATC is looking at 11 acres adjacent to the building they presently use. The county commissioners are leasing the space to UCAT (Bridgerland ATC) at the present time and are attempting to sell it to UCAT.

Dr. Fitch thanked Assistant Commissioner Gary Wixom and Associate Commissioner Norm Tarbox for their help in accumulating the materials for this meeting. He said he had visited with Governor Leavitt and Legislative Leadership the previous day, and with Rob Brems in the State Office of Education. He felt energy and excitement from everyone with whom he visited. He has received professional courtesy at every level, including the Council of Presidents. He thanked everyone for their support.

2002-2003 Non-State Funded Capital Development Projects

Associate Commissioner Tarbox referred to Tab C and said each year the institutions initiate a list of their capital needs, which is passed through the Regents and on to the Legislature. These facilities are constructed with non-state funds. The Board adopted a policy a few years ago for requesting state support for O&M on privately-constructed buildings. The Commissioner's cover letter broke down the projects into those requiring Regent, Building Board and Legislative approval, and those requiring only Regent approval. All projects meet the criteria established by the Regents for this purpose. Each project was described briefly in the material.

Chair Johnson asked about the large amount of O&M requested for CEU's Moab Center. President Thomas said the state was getting a great bargain on the facility. Regent Jordan asked where funding would come from for O&M when a request is not made. Sometimes projects can be funded with a reallocation of institutional funds.

Regent Hoggan moved approval of the non-state funded capital development projects. The motion was seconded and carried unanimously.

Joint Meeting with State Building Board

Chair Johnson welcomed members of the State Building Board and DFCM staff. The meeting began with introductions around the table. Chair Johnson noted the expansion of the State Board of Regents with the addition of two new non-voting members of the State Board of Education and the new President of the Utah College of Applied Technology (UCAT).

Q&P Process. Associate Commissioner Tarbox explained the Qualification and Prioritization (Q&P) process to both Boards. The newer campuses with dramatic growth and the older campuses with old, deteriorating buildings have different needs. The process of ranking projects uses an analytical formula based on a definition of need contained in the Board policy. Every year it is a six- to eight-month process. The institutions and Presidents initially define projects. Data are gathered on the needs of the individual projects and the type of space requested. The process also requires quantifying the entire building inventory. This material is audited every couple of years. Another factor is the need of space to meet anticipated demands five years in the future. The Q&P formula statistically measures how well individual projects meet the need of the appropriate campuses. Dr. Tarbox referred to the graph (Tab D) showing how points are awarded based on the various criteria. He explained the process of prioritizing the capital projects and said the Regents rely heavily on DFCM in determining liability or life safety risks of the buildings. He noted the Board of Regents was not required to adopt the list based on the Q&P ranking, only to receive and consider it.

Commissioner Foxley commented on a recent change to the Q&P regarding infrastructure. This came at the suggestion of the Building Board and DFCM. Previously there was no way to put infrastructure projects into the Q&P formula. She asked, are there other issues which need to be addressed through the Q&P which are not now addressed? She indicated that understanding and refining, where necessary, the Q&P process is one of the purposes of the joint meeting each year.

Regent Jordan asked Associate Commissioner Tarbox to explain how points are assigned in the life safety category. Dr. Tarbox said the severity of the five areas studied is analyzed by dollar value. A building with pervasive, life safety problems in all areas has the potential for 25 points. If a project also involves new space, life safety points are discounted by that proportion.

Regent Jordan asked if there was an opportunity in the process for the Presidents to look at the ranking and determine if they think the ranking is fair. Associate Commissioner Tarbox noted that qualitative issues are difficult to take into account. The campuses have a chance to make their own presentations to discuss those issues. The combination gives the Regents a good opportunity to hear a rounded version.

Chair Jenkins commended Dr. Tarbox for the excellent job in compiling the Q&P ranking. The Building Board's concern is that sometimes the maintenance needs are not taken enough into consideration. He asked if there was a way to utilize the dollars expended in maintenance so that a building does not have to be replaced so quickly. It was pointed out that not all of the buildings served the same function. Dr. Tarbox noted that capital improvement allocations had increased. He welcomed new advancements in this area. He said it had been five years since we have had a thorough space utilization study in the USHE. It has been his intention to do this study as quickly as possible. He said he would welcome the Building Board and DFCM's involvement in this process. Chair Johnson said the previous discussion had been very sobering because of the life safety issues combined with a growing student population.

20-Year Space Utilization Projects. Associate Commissioner Tarbox said last year this body has asked the Commissioner's staff and DFCM to look at space needs in the long term, particularly a 20-year analysis. That report was made to the Board of Regents and the Building Board last fall. Dr. Tarbox referred to the graph entitled "USHE 20-Year Space Needs, Q&P Space Only." A comparative assumption was made that the 20 percent growth can be accommodated through technology. The first step was estimating how much space would be needed in 20 years. The second step was determining how much present space would still be useable in 20 years and how much additional space would be required. Dr. Tarbox then referred to page 2 of the Commissioner's cover letter showing a chart, which estimated current space, and how much would need to be replaced in 20 years. It was estimated that \$1.3 billion would be needed.

Regent Karras said we need to be realistic about the need for additional buildings in the future. Perhaps more people should drive farther or take classes online.

Chair Jenkins looked at four buildings and estimated the cost of building them with today's dollars would take over \$70 million. Using a modular concept could bring that figure down into the low \$50 million range. Additionally, we could increase amount of space available by about 10 percent. That would probably save another \$2-3 million because of the way those buildings are being done and money saved in the process. He estimated that the state would save about 50 percent by going to a modular concept.

Chair Johnson said even with all of these savings, we will be spending \$60-80 million a year in higher education buildings. Commissioner Foxley said in the last year there has been a 50 percent increase in technology-delivered courses and programs. Even with that, it only

represents about 5 percent of our overall delivery. Most of the online students are also taking classes on campuses.

Chair Johnson commended Associate Commissioner Tarbox, DFCM Director Rich Byfield, and Lynne Ward on the accuracy and efficiency of the data. Mr. Byfield said by using the component model there is a potential for more money to be saved without diminishing the quality of function.

Utah College of Applied Technology. Chair Jenkins explained that as part of legislation enacted in special session last June, the Legislature came up with a list of criteria which must be met in order to receive funding for UCAT facilities. The State Building Board has said that they will not immediately consider any buildings for UCAT except the Uintah Basin Applied Technology College. There needs to be a process through which UCAT goes before they can request any funds for buildings. The Building Board wants the Regents to come up with evidence that the criteria have been met. The Uintah Basin facility must also meet those criteria. This could be done in conjunction with the Building Board. Commissioner Foxley pointed out that existing facilities need to be used first, which was also outlined in legislation. She said that in all regions of the state, these questions need to be asked: Have we fully utilized all of the facilities we can jointly share? If so, where is the biggest need? New facilities will likely be joint-use facilities.

President Fitch said he had met the previous day with legislators. He agreed that the straight line of authority of UCAT (to the legislature) is unusual. UCAT cannot operate in isolation. It must coordinate with higher education and public education. He agreed that before UCAT asks for any capital facilities, it must be using the facilities already in existence, and do it together with the other schools.

Chair Jenkins said the Wasatch Front South ATC has been asking the Building Board for money to construct facilities or buy land. The same thing is happening with CEU and USU in the Moab area. There must be a partnership. Chair Johnson said the Regents prioritize only the USHE projects. Chair Jenkins said the Building Board wants to know that the two entities are working together for the most efficient use of existing space. He said the Building Board was "putting on hold" any funding for UCAT facilities until they understand and use the process.

Establishment of Branch Campuses. This question was previously asked of the Regents by the State Building Board and was addressed in the USHE master planning process. Vice Chair Atkinson said this had come out of the Task Force on Missions, Roles and System Configuration. One of the issues was providing access to higher education for all Utah residents. Some of these goals have already been accomplished. The Regents have determined the communities which should be provided permanent access sites to higher education. These sites include a Davis County campus for Weber State University. She referred to "Handout C" in the agenda materials, which explained the issues which were considering in identifying these

permanent educational sites. Chair Jenkins said it was an excellent process which meets most of the criteria.

Chair Jenkins said he was also concerned about other issues: (1) What will the Board of Regents allow on a satellite campus - intercollegiate athletics? Student union facilities? (2) How will the Regents handle the utilities (HVAC)? At what point do you put in a central heating and air conditioning unit? He requested written criteria for the Building Board to have and to follow. Chair Johnson said the evolution of campuses was discussed during the master planning process. Moab was an example. Someday there may be a separate community college there. The Board recognizes that things will change and evolve in the next 20 years.

Chair Jenkins brought up the Shakespeare Village at SUU. A committee has been assigned to oversee this project. Work is moving along and an architect has been selected. He expressed his concern about the liability of the project and urged the Regents to have a strong comfort level that this would be a viable and economic asset to the State of Utah. President Bennion said the committee was created at SUU's initiative with wide representation. The biggest challenge is raising the needed money. Regent Jordan recommended that someone outside the USHE take a hard look at contingency scenarios.

Regent Atkin noted that the backlog of capital projects is growing rather than being whittled down. He asked if it would be possible to take one-half to two-thirds of the building priorities and see how much can be bonded. He suggested having a plan that extends seven to ten years and catches up on the backlog of buildings. Chair Jenkins said capital restoration/preservation needs this year would cost \$20 million. In two more fiscal years, they will come to the Legislature to fund restoration of the State Capitol, which will cost approximately \$300 million. He asked Lynne Ward to comment on the fiscal situation and projected trends. Ms. Ward said the Governor had held back higher education projections. These were turned into cuts so that the state did not end the year on a deficit.

In 2003 only mandatory items are to be requested for state funding. There will be \$29 million for capital facilities in the base budget (cash) for buildings. A debt of \$1 billion has been issued for I-15 and 40 other projects on a ten-year plan. The state bonding capacity has been used for roads. It would be a good idea to look at bonding as an alternative funding source. Regent Atkin suggested now might be a good time to bond with the economy as it is.

Legislative Fiscal Analyst John Massey said last year the state funded a record number of highway improvements. He discussed the possibility of a bond to be used exclusively for handling capital facilities backlogs. Commissioner Foxley said there may be a downturn of the economy after the Olympics. There will be fewer needs for construction jobs. Investing in higher education projects could stimulate the economy.

Kevin Walthers said the state has a \$610 million capacity for bonding. He was less concerned about the source of funding and more about getting projects funded. The Legislature's "pay as you go plan" calls for transferring all debt service into the capital budget. The debt will be paid off over six years - interest for the first five years and the principal in the sixth year. Over \$100 million would be available in two years for capital projects, but this is not a problem which can be fixed right away. It is a long-term problem requiring a long-term solution. The question is of bonding or paying cash. Having a stable cash balance for capital projects allows the state to plan much more effectively.

Chair Johnson said the Regents would submit their capital priorities to the Building Board on October 1.

Chair Jenkins reminded the Regents that the State Building Board was responsible for funding all of the building needs in Utah. Higher education is the biggest client. Other state agencies also have a legitimate need for construction money and prioritization. The Building Board will meet in October. At the top of their priority list will be the buildings which have been held back because of budget constraints. Their priorities will also include the Vernal Museum and Bridgerland ATC. After taking care of those things first, the Building Board will probably try to take care of the Weber facility as their #1 priority. In going through the four-building scenario, they were able to save a significant amount of money by planning four buildings at one time. Because of the quantities of scale and the prototype going into those four buildings, it is prudent to put WSU as the first priority. Other items will be the design of Snow's Performing Arts Center, Dixie's Graff-Eccles Building, and the University of Utah's Engineering Building. The Building Board will review \$200 million worth of state-funded projects and \$30 million of non-state funded projects in October.

Chair Johnson thanked the Building Board and DFCM for this informative, helpful joint meeting.

The Regents were dismissed to committee meetings at 2:00 p.m. The Committee of the Whole reconvened at 3:25 p.m.

Committee of the Whole

President Thompson noted a candlelight vigil would be held at 8:00 p.m. that evening by the bell tower for the victims of Tuesday's terrorist attacks. Commissioner Foxley said the Presidents were keeping their campuses open Friday. President Bush has called Friday, September 14, as a National Day of Mourning and Remembrance and has suggested using the noon hour for prayer and contemplation. Several institutions are holding evening candlelight vigils. The Board's meeting on Friday to hear institutional budget presentations will be over by

noon. There will be a memorial service at the Capital at noon on Friday. All Americans were encouraged to attend vigils or memorial services in their communities.

Reports of Board Committees

Finance and Facilities

University of Utah - 2001-2002 Budget for University Hospital and Clinics and Neuropsychiatric Institute (Tab I). Chair Hoggan noted that last year the net loss from operations of the University Hospital was \$800,000. The Regents were being asked to approve the consolidated operating budget for FY2001 and 2002. The University anticipates a net gain both years. Most of the teaching hospitals in the country are suffering substantial losses. The committee commended the University officials for this turnaround. **Chair Hoggan moved approval of the 2001-2002 budget for the University Hospital and Clinics and the Neuropsychiatric Institute. Regent Jensen seconded the motion.** Regent Jardine said he had spent the past ten years as chair of the University's Hospital Board. The turnaround in their budget deserves commendation; difficult management decisions have been made. He expressed his appreciation to Dr. Betz and those with whom he works. Vice Chair Atkinson commended Rick Fullmer and said this budget was evidence of creative and commendable leadership and management. Costs have increased enormously, and expenses have been cut. She asked President Machen to let everyone who was involved know that this is an excellent budget. She asked that the motion include a commendation. Regent Jardine pointed out that the budget had been produced for a medical school which has a very low percentage of teaching hospital expenses allocated with state dollars. He recommended letting the Legislature know that this cannot be taken for granted. Health sciences should not be punished for being so successful. **Vote was taken on the motion, which included a commendation. The motion carried unanimously.**

Weber State University - Campus Master Plan (Tab J). Noting that there had been no change from last year, **Chair Hoggan moved approval of Weber's campus master plan. The motion was seconded by Regent Barrett and carried unanimously.** Vice President Simkins explained the master plan for Davis County. The first building will include HVAC. A central heating plant would be included in the second building. **Chair Hoggan moved approval of Weber's Davis County master plan. The motion was seconded by Regent Jensen and carried unanimously.**

Utah Valley State College - Campus Master Plan for Wasatch Campus (Tab K). President Romesburg said no central heating plant would be included on this campus. All buildings will be self-contained. It will be a long time before an entire campus is built. **Chair Hoggan moved approval of UVSC's master plan for the Wasatch Campus. The motion was seconded by Vice Chair Atkinson.** Regent Jordan said there was no resolution in his mind about whether the Board had reached consensus about which institution was taking the lead for

the development of higher education in the Tooele and Wasatch/Summit areas. An extended discussion ensued regarding educational offerings in various parts of northern Utah. **Vote was taken on the motion, which carried unanimously.**

Dixie State College - Auxiliary System Revenue Bonds, Series 2001 (Tab L). Chair Hoggan noted that this was a \$1.5 million bond for expansion of the cafeteria and student facilities. The transaction has been approved by the Legislature. Chair Hoggan reviewed the parameters of the proposed bonds, noting the maturity date was not to exceed 20 years and the interest rates were not to exceed 6.5 percent. The bond is to be paid from revenue from the operation of the facility. **Chair Hoggan moved approval of the bonds. The motion was seconded by Regent Atkinson and carried with the following vote:** Chair Johnson said Davis County was under the management of Weber but other institutions who could provide courses there should provide them.

YEA: Charles E. Johnson
Pamela J. Atkinson
Jerry C. Atkin
Daryl C. Barrett
David J. Grant
L. Brent Hoggan
James S. Jardine
Michael R. Jensen
David J. Jordan
Nolan E. Karras
John B. Norman, Jr.
Sara V. Sinclair
Marlon O. Snow
Maria Sweeten

NAY: (None)

Salt Lake Community College - Auxiliary System and Student Fee Revenue Bonds, Series 2001 (Tab M). Chair Hoggan explained that this bond was for equipping and financing a remodel of the cafeteria and expansion of the Student Center. The principal is not to exceed \$6.85 million, with interest rates not to exceed 5.5 percent and a maturity date of 2018. The bond will be paid with revenues generated by the operation of the building. This has also been approved by the Legislature. **Chair Hoggan moved approval of the revenue bonds. Regent Sweeten seconded the motion.** Chair Hoggan explained the difference between the parameters of the two bonds. Interest rates are determined by the date on which the bonds are sold. The parameter is a not-to-exceed figure. The SLCC bond was a 15-year bond, and the Dixie bond was a 20-year bond. The Board issues bonds on behalf of each institution separately, which is by legislation. Associate Commissioner Tarbox said this issue has been studied several times in the

last few years. The problem is that the institution would lose a percentage of the revenue stream if the legislation were to change. Chair Hoggan said there is also the question of default. Blake Wade noted that with current legislation, the ability to put the state's backing behind higher education bonds has benefited the smaller institutions. Chair Johnson suggested that this be a discussion item on the Board's October agenda. **Vote was taken on the motion, which carried with the following vote:** Chair Johnson said Davis County was under the management of Weber but other institutions who could provide courses there should provide them.

YEA: Charles E. Johnson
Pamela J. Atkinson
Jerry C. Atkin
Daryl C. Barrett
David J. Grant
L. Brent Hoggan
James S. Jardine
Michael R. Jensen
David J. Jordan
Nolan E. Karras
John B. Norman, Jr.
Sara V. Sinclair
Marlon O. Snow
Maria Sweeten

NAY: (None)

UHEAA - Approving Resolution, SBR Student Loan Revenue Bonds, Series 2001S, Series 2001T, and Series 2001U (Tab N). Chair Hoggan noted that two of these bonds were tax-exempt and one is taxable. The parameters were shown on page 4 of the Commissioner's cover letter. The principal is not to exceed \$125 million, with maximum interest rate on tax-exempt bonds of 14 percent and on taxable bonds of 18 percent, with a fixed rate of 6 percent. Maximum maturity date is May 21, 2041. **Chair Hoggan moved approval of the bonds. Regent Grant seconded the motion.** Regent Jensen asked about past bond issues. Blake Wade explained that because of the volume cap, the Regents have found it most effective to mix taxable and tax-exempt bonds. Taxable bonds and some tax-exempt bonds are sold on an auction rate. That rate is fixed every four to five weeks. Because of the level of student loans in Utah and the need for funding them, this is the best way to stretch the volume cap. Regent Jensen asked how the cap could be increased. Mr. Wade suggested that the Regents write their Congressmen. Next year the state will have \$225 million to allocate. Regent Grant said the Bond Review Board had discussed this the previous month. Associate Commissioner Norris called attention to page 2 of the Commissioner's cover letter, which explained the tax-exempt bonding cap authority. Current state law provides that the Utah Private Activity Bond Authority may allocate as much as one-half of any increase in the cap authority available for Utah for specially-defined economic

development purposes. This was not done this year. However, it is not a commitment for future years. Under Utah law, 33 percent of the total tax-exempt bonds is reserved for student loan revenue bonds. Associate Commissioner Norris said this was not enough, but we respect the need for housing. We would like to keep the present balance. Regent Jordan said at the federal level, money is allocated to the states. He asked how this funding was allocated. Mr. Norris said it was allocated according to population. Mr. Wade said Utah receives the minimum, which is now \$225 million, because of our smaller population. Associate Commissioner Norris pointed out that Utah's allocation is the same as that for Idaho, Wyoming, and Montana, but Utah has several times the higher education enrollments as those states. He said other populations and economic factors cause Utah's need for tax-exempt revenue bond authority to be much larger than the needs of the neighboring states. **Vote was taken on the motion, which carried with the following vote:**

YEA: Charles E. Johnson
Pamela J. Atkinson
Jerry C. Atkin
Daryl C. Barrett
David J. Grant
L. Brent Hoggan
James S. Jardine
Michael R. Jensen
David J. Jordan
Nolan E. Karras
John B. Norman, Jr.
Sara V. Sinclair
Marlon O. Snow
Maria Sweeten

NAY: (None)

USHE - 2000-2001 Enrollments in Technology-based Courses (Tab O). Chair Hoggan referred to Table 4, which summarized the enrollments with a historical perspective. We have increased from 1600 FTE in 1996-1997 to 4500 FTE in 2000-2001. The percentage of the USHE total enrollments in technology-based courses has increased from 1.98 percent to 4.85 percent in the same five years. This item was discussed in both committees. Chair Jardine said the Academic and ATE Committee had received the information that at least one institution had misunderstood the information requested and was going to submit new information which would show larger numbers. This report will be received next month with corrected figures.

Consent Calendar, Finance and Facilities Committee (Tab P) **On motion by Chair Hoggan and second by Regent Sinclair, the following items were unanimously approved:**

1. OCHE Monthly Investment Report
2. UofU and USU Capital Facilities Delegation Reports
3. SLCC Acceptance of Larry H. Miller Campus Buildings 3 and 4

Chair Johnson thanked Chair Hoggan for his excellent report.

Academic and Applied Technology Education Committee

Weber State University - Minor in European Studies (Tab E). Chair Jardine said the committee had briefly discussed the process of identifying minors. There was also a question about the budget, and no new budget funding is necessary due to a reorganization. This particular minor would not evolve into a major. It is a two-plus-two program being articulated with SLCC with emphasis on advisement. **Chair Jardine moved approval of the proposal. The motion was seconded by Vice Chair Atkinson and carried unanimously.**

Dixie State College - First-Year Progress Report on Four-Year Degrees (Tab F). Chair Jardine noted that this report was mandated by the Regents when Dixie's initial offering of four-year degrees was approved. The committee heard a faculty presentation and learned about the growth in the number of students in the four-year programs. Page 3 of the report showed FTE counts for Fall 2001 of 68.74 FTE, compared with 40.6 FTE last year. This has not had a negative impact on SUU. **Chair Jardine moved that the Board accept Dixie's report. The motion was seconded by Regent Sweeten and carried unanimously.**

Dixie State College - Bachelor of Science Degree in Elementary Education with an English as a Second Language (ESL) Endorsement (Tab G). Chair Jardine explained that several years ago when the Board received Dixie's proposals for bachelor's degrees, a B.S. Degree in Elementary Education had been proposed. The Regents did not approve the degree at that time and directed Dixie officials to work on the maturation of its proposal and to answer several questions. The original proposal did not include the ESL component. This report is a result of that requirement. The College has worked in close collaboration with the Washington County School District. This collaboration is critical to the success of the program. Questions were raised in committee about the actual need for more teachers. Data were provided about the number of elementary teachers being hired in the past. Clear explanations were given that this is a replacement of what was being offered by SUU in its university center. Several faculty had been lost from SUU as a result of this change. The University Center Elementary Education Program is now being taught primarily by Dixie faculty. The committee discussed resources and finances of using university center funding for this program, and the committee was satisfied that this was the niche Dixie had identified, and it has worked very well. The two institutions are cooperating very well to move students into SUU's graduate programs. If an expansion were proposed in the future, College officials would be expected to justify it. Chair Jardine commended SUU and DSC officials for achieving a high level of cooperation. **Chair Jardine moved that this item be moved to action on the October agenda. Regent Sweeten seconded**

the motion. It was noted that Dixie had identified 64 minority students in the high school system and have offered them a 50 percent scholarship. Regent Sweeten commended them for thinking outside the box and being pro-active in serving their local area. Chair Johnson said it was very pleasing to hear the two Presidents and other officials were making this work so well. He offered his personal commendation to both institutions. **Vote was taken on the motion, which carried unanimously.**

Utah Educator Supply and Demand Study (Tab H). Chair Jardine explained that a study had been performed by the Utah State Office of Education regarding teacher shortages. The report did not answer all of our questions. This is a complex subject because we have students who graduate but do not go into the market or who go into the market years later. The committee directed members of the group to take back this report and try to focus on doing further research to provide more helpful data.

Chair Johnson thanked Chair Jardine for his excellent report.

General Consent Calendar

On motion by Regent Hoggan and second by Vice Chair Atkinson, the following items were unanimously approved on the General Consent Calendar:

A. Minutes

1. Approval of the Minutes of the Regular Meeting of the Utah State Board of Regents held August 3, 2001, Snow College in Ephraim, Utah.
2. Approval of the Minutes of the Special Meeting of the Utah State Board of Regents held August 30, 2001, in the Regents Board Room at 3 Triad Center, Salt Lake City, Utah.

B. Grant Proposals - Approval to submit the following proposals:

1. University of Utah - Cancer Imaging Equipment, \$2,754,510; Stephen M. Prescott, Principal Investigator.
2. University of Utah - Huntsman Cancer Foundation Research, \$15,000,009; Stephen M. Prescott, Principal Investigator.
3. Utah State University - Influence of stream-lake interactions on nutrient transport and function of aquatic ecosystems: modeling, 15N experiments and watershed analyses, \$1,210,870; Wayne Wurtsbaugh, Principal Investigator.

4. Utah State University - Advance Reconnaissance Compression Hardware (ARCH) Card Suite for Shared Reconnaissance Pod (SHARP) System, \$5,019,182; Niel Holt, Principal Investigator.
- C. Executive Session(s) — Approval to hold an executive session or sessions prior to or in connection with the meetings of the State Board of Regents to be held October 19, 2001, at Southern Utah University, to consider property transactions, personnel issues, litigation, and such other matters permitted by the Utah Open and Public Meetings Act.

Other

Regent Jordan reported that he and Vice Chair Atkinson had attended their first State Board of Education meeting earlier in the week. They were very graciously received. SBE members went to great lengths to include them and give them opportunity for input. He said it would be a good working relationship and will be helpful to the USHE as time goes on.

Regent Jordan referred to Table 3 of Tab O and said it was striking to see that Weber was delivering courses to nearly 10 percent of its FTE count. The University of Utah, UVSC and SLCC numbers were lower than expected. The University of Phoenix is growing annually in Internet courses by 45 percent. He asked if the USHE were losing opportunities for its market share of Internet courses to institutions outside the system. He suggested discussing this issue in a future meeting.

Formula Funding. Chair Johnson brought the Board up to date on formula funding discussions. The Legislative Higher Education Appropriations Subcommittee had intended to meet for three days to discuss the funding formula. However, they met only two days because of the untimely death of Senator Pete Suazo. Discussions were left inconclusive. He recommended getting a smaller group together to include representatives of the Legislative Fiscal Analyst's office, Governor's office, and Legislature to craft something which will work for this year and the future. The single formula may include dual funding for compensation and enrollment growth.

Institutional Budget Hearings. Commissioner Foxley said there would be no meeting of the Committee of the Whole the following day. The Regents will meet with the Weber State University Board of Trustees for breakfast, then will go into break-out groups for institutional budget hearings. She thanked the Presidents for bringing materials for all the Regents. Budget themes are shown on Attachment 1 to Tab R, as well as information on the budget process. By statute the Regents are asked to put forth the needs of the institutions in consideration of the state's ability to pay.

Adjournment

Chair Johnson thanked President Thompson and his staff for their warm hospitality. He announced that another meeting will be held by telephone conference call prior to the October meeting of the Board of Regents to take action on the ranking of the capital improvement projects. Action will not be requested on the budget until the October meeting of the Board.

The meeting was adjourned at 4:35 p.m.

Friday, September 14

On Friday morning, September 14, the Regents began with a breakfast meeting with the Weber State University Board of Trustees.

The remainder of the morning was spent in three break-out groups in which the institutional Presidents made their budget presentations for 2002-2003.

There was no meeting of the Committee of the Whole. The Regents adjourned directly from their respective discussion groups.

Joyce Cottrell CPS
Executive Secretary

Date Approved