

MINUTES
SPECIAL MEETING OF THE UTAH STATE BOARD OF REGENTS
VIA CONFERENCE CALL
November 1, 2001

Regents Participating

Charles E. Johnson, Chair
Pamela J. Atkinson, Vice Chair
Jerry C. Atkin
Daryl C. Barrett
David J. Grant
L. Brent Hoggan
James S. Jardine
Michael R. Jensen
David J. Jordan
Nolan E. Karras
E. George Mantes
Jed H. Pitcher
Sara V. Sinclair
Marlon O. Snow
Maria Sweeten

Regents Excused

Linnea S. Barney
Kim R. Burningham
John B. Norman, Jr.

Office of the Commissioner

Cecelia H. Foxley, Commissioner
David Buhler, Associate Commissioner for Public Relations
Joyce Cottrell, Executive Secretary
Gregory G. Fitch, Associate Commissioner and President, Utah College of Applied Technology
Brad Mortensen, Director of Business and Finance
Chalmers Gail Norris, Associate Commissioner for Student Financial Aid
Norm Tarbox, Associate Commissioner for Finance and Facilities

Institutional Representatives

J. Bernard Machen, President, University of Utah
Stan Albrecht, Executive Vice President and Provost
Fred R. Hunsaker, Vice President for Administrative Affairs
Paul H. Thompson, President, Weber State University
Steven D. Bennion, President, Southern Utah University
Robert C. Huddleston, President, Dixie State College of Utah
Ryan L. Thomas, President, College of Eastern Utah
Kerry D. Romesburg, President, Utah Valley State College
H. Lynn Cundiff, President, Salt Lake Community College

Representatives of the Media

Mark Gray, *Ogden Standard Examiner*

The roll was called at 9:00 a.m. and a quorum was established. Chair Johnson called the meeting to order and asked Commissioner Foxley to review the proposed budget request.

2002-2003 Proposed Budget Request

Commissioner Foxley said the Regents had reviewed the budget request at the Board meeting in Cedar City on October 19. She referred to the material which had been faxed to the Regents the previous day and said there had been a change in the health and dental benefits request. The Commissioner thought it would be wise to look at the Public Employees Health Program (PEHP) increases and pare down our request to that level. That adjusted the total to approximately \$4.5 million. Everything else in the budget request remained as it appeared in the material reviewed in Cedar City.

The same prioritization was followed, with student funding remaining the top priority, including funding for new enrollments as well as for existing students. This is the highest request for growth ever experienced in the Utah System of Higher Education, and we expect that with the downturn in the economy, the numbers may increase even more. The Olympics may impact some of the institutions for Winter Semester 2002, but probably on a temporary basis only. As our state's economy slows, it is crucial that student funding remain our top priority.

Commissioner Foxley said this was a very conservative budget request. It included restoration of the 2½ percent hold-back, which has effectively become a cut. The Presidents cut that money in the way which was best for their individual institutions. Other state agencies and programs have been told to prepare for a second round of cuts. We are still in discussions with the Governor's Office regarding the preparation of future budgets. The Governor is holding firm at trying to keep public education, higher education and public safety harmless from additional cuts, and he maintains his desire to tap into the rainy day fund. As has been reported in the media, Legislative Leadership is concerned and has been reminding everyone of the Legislature's role in determining state budgets.

Other ongoing increases are "bare bones," expenses which all institutions have to cover, such as O&M and mandated costs. The requested amount will not cover the full cost of the expenses, but it would give the institutions a little help in those areas. We must have the \$400,000 in matching funds for student financial aid or we will lose significant amounts of federal funding (approximately \$700,000).

Health and dental insurance premiums have also been pared down. For the Salary Equity Initiative, the small amount of \$1 million will help close the gap by only 8%. The budget includes \$2 million for the Governor's Engineering and Computer Science Initiative. The institutions have committed to the Governor and Legislature and now need the second phase of funding to keep those programs going in order to meet market needs. This includes \$500,000 for the financial aid portion tied to those programs as well. We are asking the Legislature to make that funding ongoing rather than a one-time allocation.

President Fitch will be meeting with the UCAT Board of Trustees on November 7. They will review the budget which he is now preparing. The UCAT budget will be shared with the Regents after it has been approved by the UCAT Trustees. Student and parent interest in the New Century Scholarship Program continues to exceed the available funding. We have had to pay \$30,000 from reserves until we receive funding from the state. This would repay those costs.

Commissioner Foxley stressed that this was an ultra-conservative budget request. Although it has been pared down appreciably, it is sizeable because of our enrollment growth. We must maintain quality. Commissioner Foxley said she thought it was a good budget to be forwarded to the Governor and Legislature. She reminded the Regents that the budget request contained no recommendation on tuition. That will be considered at a later date.

Regent Grant asked the Commissioner to review the statutory language on the UCAT budget. Commissioner Foxley said the legislation called for the UCAT budget recommendation to be submitted by its Board of Trustees directly to the Governor and Legislature. It will be presented to the Regents at the November Board meeting as information only. The Regents and USHE institutions have agreed to work with and be supportive of UCAT. President Fitch is trying to arrive at a common way of counting and funding ATE students. We will be requesting an audit because we need to have commonalities for accountability.

Regent Grant asked about why the ATE equipment line item was shown, when UCAT's budget was not included. Commissioner Foxley said all of the USHE institutions except the University of Utah have sizeable ATE and training programs. Many are offered for credit, and many others are offered on a contractual basis with business and industry. With constant upgrades, especially in technology, there is a separate need for ATE equipment at those institutions.

Vice Chair Atkinson asked how the students have reacted to the lower request for student financial aid. Commissioner Foxley said the students were unhappy and wonder why the request was pared down. We have explained that everything had been trimmed down. We are trying to be realistic while keeping our commitment to the students. The program now has \$3 million; another million dollars would be very helpful. Commissioner Foxley expressed her appreciation for the students' cooperation in this matter. Vice Chair Atkinson asked the Commissioner if she thought the student leaders would be supportive of this budget request, or if they might lobby the Legislature for additional funding. Commissioner Foxley said the Presidents would be meeting with their student leaders, and she will meet with them as well. She said she had found our student leaders to be responsible, reasonable young people. Chair Johnson recalled that in the October 19 Board meeting the students had stressed that the issue will again arise when the issue of tuition is addressed.

Vice Chair Atkinson said she was hopeful the students would make themselves aware of all the financial aid which is available to them in terms of grants and scholarships. Commissioner Foxley said this information is planned to be part of the AdviseUtah web site.

Regent Grant referred to page 3 of Table 2 and asked about individual projects whose O&M request totaled more than \$100,000. Commissioner Foxley asked the Presidents to respond. President

Thomas said the Moab facility was one in which the College had operated for several years. CEU will be able to acquire it with the lease money presently being used. It will accommodate CEU, USU and UCAT. Commissioner Foxley said the Community Impact Board (CIB) had addressed the facility in their meeting the previous day. Associate Commissioner Tarbox said that the page was a “snapshot.” Some projects have been partially funded in the past, and others will be partially funded in the future. The costs per square foot appear to be reasonable on all of the projects.

Regent Karras said he appreciated the recent workshops, which provided an opportunity for the new Regents to better understand the budget process. He asked Commissioner Foxley if she had spoken with the Governor about any possible budget increases. Dr. Foxley said a small group of Regents had met with the Governor the previous afternoon. Governor Leavitt spoke in general terms about the economic situation, the issue of tapping into the rainy day fund, and whether or not his proposal will be supported by the Legislature. He still expects this to be a “V” economy with a rather quick recovery. He believes this is a good time to tap into the rainy day fund and said we need to continue to look at ways to reallocate internally. He recognized the need to fund higher education because of its impact on Utah’s future economy. Commissioner Foxley said the Governor probably would not be more specific until more accurate revenue projections were available.

Regent Karras said the Regents have the challenge to demonstrate the need (which has been done) but at the same time be realistic about the 10% increase requested in our budget. Chair Johnson referred to the modifying language in the Commissioner’s recommendation. We are putting “markers” in place for access and quality. We have also recognized the economic conditions and the uncertainty of the future and have indicated that we would like to continue to be involved in the process as better data becomes available. He assured the Regents that this would not be the last time they were asked to look at the budget.

Regent Atkin referred to the student increase and asked what percentage on the base it represented. Commissioner Foxley said it was an 8½ percent increase. This is the largest growth request the USHE has ever had. Regent Atkin said the Regents’ challenge was funding an increased need of 8½ percent in a challenging economy.

Regent Karras said it did not seem to be realistic in the current circumstances to include the restoration of the budget hold-back. He asked if that \$14 million should be included in the budget request. Chair Johnson said everything in the request would be reevaluated as available revenue figures surface. Regent Hoggan said he thought the budget request made the Regents look oblivious to reality, which goes to the issue of credibility. Regent Karras said he supported the “marker” idea, but he would like the Board to get involved again when we have the accurate numbers. If revenue projections show the money is available, we would like to get what we are requesting. Chair Johnson said this was the purpose for inserting the modifying language in the recommendation.

Vice Chair Atkinson said individuals in the community and others have said they would be interested in seeing what education cut out of their budgets in keeping with the downturn in the economy. Everyone will come in with some cuts. The Regents are not oblivious to the situation in which we find ourselves, and we need to make it clear to the Governor and to the Legislature that we

have worked hard to take out of our budget request everything we possibly can and that this is a realistic budget. Commissioner Foxley said each of the Presidents was prepared to do that. She read the modifying language in her recommendation:

- (1) The submitted budget includes only those categories which deal with access and important issues to maintain quality.
- (2) Because of economic conditions which create uncertainty in state resources, Regents and USHE officials desire to work with state leaders to further prioritize these categories as state resources become better known.

Commissioner Foxley explained that this language was included because we do not know what the revenues will be, nor whether or not additional cuts will be required. She said this was not a final document, and it has not been considered final in the past.

Regent Pitcher moved, seconded by Regent Atkin, that the proposed budget be approved, with the modifying language included. Vice Chair Atkinson recommended that the recognition of economic conditions be shown in bold and slightly larger print. **Vote was taken on the motion by roll call. It carried unanimously.** Commissioner Foxley said the Regents will submit this budget with the accompanying reservations to the Legislature and to the Governor.

Regent Snow requested that a group be appointed to look at the health and dental package. Chair Johnson recognized that the Board now includes several individuals who work in the health care industry and said he would make appointments for a group to study this issue.

Regent Karras asked that a five-year projection be included for discussion on the November 30 agenda. Commissioner Foxley said representatives from the Governor's Office of Planning and Budget and the Legislative Fiscal Analyst's Office would also be invited to attend and participate in those discussions.

Commissioner Foxley said exciting things were happening on our campuses. Regent Jardine and President Machen will be involved in a special announcement at the University of Utah School of Law at noon on Friday, November 2. Invitations have been sent to the Regents and Presidents. In addition, Presidents Machen and Cundiff will be holding a press conference next week to announce the arrangements they have made to facilitate students transferring from one institution to the other.

The meeting was adjourned at 9:40 a.m.

Date Approved