

AGENDA

MEETING OF THE
UTAH STATE BOARD OF REGENTS

July 2, 2002

**Utah State Board of Regents
Office of the Commissioner
of Higher Education
Board of Regents Building, The Gateway
60 South 400 West
Salt Lake City, Utah 84101-1284**

AGENDA
SPECIAL MEETING OF THE STATE BOARD OF REGENTS
REGENTS BOARD ROOM, THE GATEWAY
July 2, 2002
8:00 a.m.

1. Report of the June 26 Legislative Special Session Tab A
2. Governor Leavitt's FY2003 Budget Principles Tab B
3. Reports from Institutional Presidents regarding 2001-2002 budget cuts, 2002-2003 budget cuts, and impacts of possible additional budget cuts Tab C
4. Report from UEN regarding 2001-2002 budget cuts, 2002-2003 budget cuts, and impacts of possible additional budget cuts Tab D
5. Possible Regent actions to help deal with fiscal challenges Tab E
 - A. Endorse the hiring freeze implemented by the Presidents
 - B. Direct Institutional Presidents to continue cutting lower priority programs in order to free up resources for higher priority programs and services
 - C. Place a moratorium on the approval of new programs
 - D. Review entrance requirements to make the best use of the current capacity and encourage better preparedness on the part of students
6. Tuition and Tuition Waivers Issues Tab F
 - A. Summer Session resident tuition for non-resident students
 - B. Tuition waivers for non-resident students who live within a 100-mile radius of Utah borders
 - C. Reconsider revisions to Policy R510, *Tuition and Fees*, regarding excess credit hours and course repetition
7. Other

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In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify ADA Coordinator, at 60 South 400 West, Salt Lake City, UT 84101-1284, or at 801-321-7124. TDD # 801-321-7130.

June 28, 2002

MEMORANDUM

TO: State Board of Regents

FROM: Cecelia H. Foxley

SUBJECT: Report on the Legislative Special Session, June 26, 2002

On June 19, 2002 the Governor called the Legislature into Special Session, beginning on June 26, 2002, to consider making further amendments to the 2002-2003 Budget. The Legislature met as Appropriation Subcommittees from 9:00 a.m. until Noon, and then Party Caucuses were held throughout the afternoon. The Session recessed until July 8, 2002 with action expected to be concluded by July 9.

Prior to commencement of the Special Session, members of the Board's Executive Committee and the Commissioner met with members of Legislative Leadership to share Higher Education's concerns regarding the potential of additional budget cuts ranging from 4.75% (or \$28.8 million including UCAT) to 9% (or \$55.1 million including UCAT). Attachment 1 contains the document entitled "Higher Education at Risk" which was distributed at the meeting. The meeting was helpful in gaining greater mutual understanding of the issues faced by Higher Education and legislators in meeting the current budget shortfall estimated at \$173 million. Suggestions were made to Higher Education regarding summer tuition for non-resident students, border waivers, and the possibility of delaying or postponing capital facility projects previously approved. Chair Karras agreed to bring these issues to the full Board for discussion and consideration. Following the meeting a Press Release was issued summarizing Higher Education's concerns. Copies of the Press Release were mailed to every member of the Legislature.

The Higher Education Appropriations Subcommittee received three alternative plans from the Legislative Fiscal Analyst. One scenario was a cut of 4.75% for all state funded entities including Public Education, the second was a cut of 9% for all entities except Public Education, and a new proposal by Republican Leadership that would result in a cut of 1.63% for Higher Education (including UCAT), 1.49% for Public Education, and cuts averaging 6% for other entities including a cut of 5.7% for the Utah Education Network. Democratic Leadership has not endorsed any of the three alternatives. A copy of USHE's estimates of how cuts of 4.75% and 9% would be implemented is on the last page of Attachment 1. A copy of the relevant pages of the spreadsheet of the Republican Leadership Plan showing the effects on Higher Education, UCAT, UEN, and other state agencies, is Attachment 2.

The Higher Education Appropriations Subcommittee heard testimony from each Institutional President (except for UCAT, which was heard by the Commerce and Revenue Appropriations Subcommittee), Chair Karras, Commissioner Foxley, and Bill Edwards representing the Utah Council of Studentbody Presidents. Institutional Presidents reported on how cuts for 2001 and 2002 have been implemented to date, and discussed the steps that would be necessary to implement further cuts. Copies of "Higher Education At Risk" (Attachment 1) were distributed to the Subcommittee.

The Majority Party caucuses were closed to the public, however, it has been reported to us that in both the House and Senate the Majority Leadership plan was accepted, and that both caucuses voted to go forward with all capital facility projects previously approved although funding sources were switched in some cases from cash to bonding.

Tab C, Attachment 3 is a proposed allocation of cuts by institution under the Majority Leadership alternative (1.63% cut). Since no revenue would be realized in 2002-2003 from changes to either Summer tuition or border waivers, the entire \$9.9 million including UCAT (but not including UEN) is shown as a budget cut.

The Legislature plans to reconvene on July 8 & 9 (see Attachment 3 for proposed schedule).

Cecelia H. Foxley, Commissioner

CHF/DB:jc
Attachments

Higher Education At Risk

Because the Legislature has valued Higher Education and recognizes its importance to our citizens and our economy, we have excellent educational opportunities in Utah. We recognize the Legislature is facing very difficult decisions in order to balance the budget. We want to share our perspective on how these decisions could affect Higher Education not only this year but into the future.

Short-term versus Long-term Impacts

- The 2002-2003 revenue shortfall is a serious matter not only because of its impact on current operating budgets of the institutions, but also what this fiscal picture foreshadows for the future.
- Higher Education has experienced unprecedented growth in recent years with the number of students increasing twice as fast as state funding in constant dollars. Growth, when funded, is funded on a one-year lag. We see no sign of growth slowing.
- At the same time colleges and universities are providing education for this continuing influx of new students, they have experienced serious budget cuts and are facing the possibility of additional cuts.
- There is a limit to which the System of Higher Education can absorb budget cuts *and* increased enrollment without seriously diminishing the quality of education provided by institutions and their competitiveness.
- The actions taken now will have an impact on the system for years to come. It takes years to build excellence which can be undone in a single year and not easily rebuilt. *We urge the Legislature to seek solutions that will minimize further cuts as much as possible.*

Consequences of Decreases in State Funding

- During the past 5 years, state tax funds appropriated for Higher Education have declined by 12% in constant dollars per student, or \$650 per student. Institutions have absorbed the growth by implementing efficiencies and partly offset the cost through higher tuition.
- For fiscal years 2001-2002 and 2002-2003 state tax funding for Higher Education (including UCAT) has been reduced by approximately \$37 million. Unfunded student enrollment growth would bring the total decrease to about \$53 million.
- Cuts of this magnitude result in fewer course offerings, which delays students completing their education and training and entering the workforce. Such delays will cost more in the long-run for both the student and the State.
- If the additional budget cuts presently being considered were to be implemented and no tuition surcharges were assessed, it is estimated that the following would likely occur:
 - An additional 4.75% cut of \$27 million would require the elimination of approximately 429 faculty and staff positions, causing 620 fewer classes to be offered, impacting about 3,150 FTE students, with an estimated loss in tuition revenue of \$7 million.
 - A 9% cut of \$51.6 million would affect about 950 positions, 1,425 classes, 7,080 FTE students, and lost tuition revenue of \$15.5 million.
 - For UCAT, a 4.75% cut of \$1.8 million would eliminate 29 positions and cause 1,435 few students to be served. At the 9% reduction level totaling \$3.5 million, 48 positions

- would be eliminated and 2,814 fewer students would be served.
- It must be noted that cutting positions does not always result in immediate savings due to contractual issues requiring advance notification.
 - Serious actions, such as capping enrollments and declaring financial exigency—an extreme measure detrimental to the system—would need to be considered if such cuts become necessary.

Student Tuition

- In an effort to involve everyone in sacrificing during these times of scarce state resources, the Regents have asked the students to pay a higher share of the cost of their education.
- Since 1999 tuition has increased almost 3 times the rate of inflation (23% versus 8% inflation 1999-2002).
- State-funded financial aid which is based on “need” has decreased even while tuition has increased.
- Tuition can not be increased sufficiently to solve the current and future budget challenges facing Higher Education.

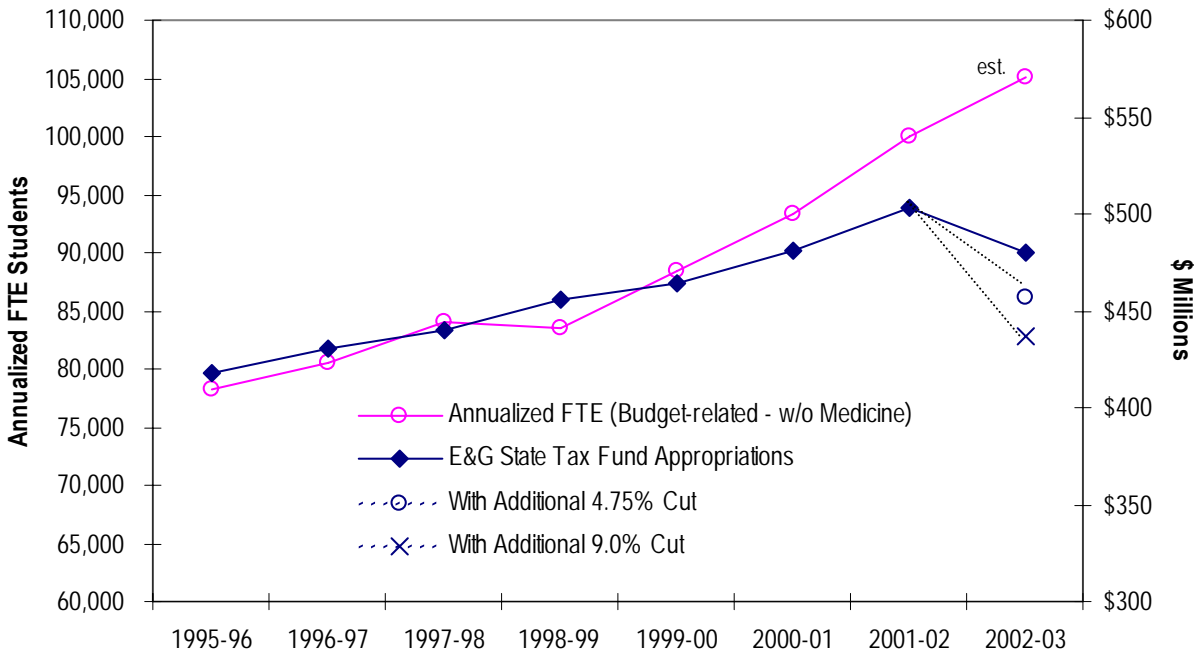
Economic Engine

- Higher Education is the “economic engine” that produces a highly trained and well educated workforce, attracting good paying jobs from entry level skilled positions to advanced professional positions.
- Research conducted at the universities leads to the development of new technologies and the creation of new businesses. For every \$1 of state tax funds allocated, another \$6 is raised and spent—a remarkable return on the state’s investment.
- According to studies by the National Governors Association, those states that continue to invest in Higher Education during recessionary years have the strongest economic recovery when the economy begins to improve. Why jeopardize our state’s competitive future?

In order to ensure that the Utah System of Higher Education does its part during this time of fiscal uncertainty, the Board of Regents has scheduled a special meeting for Tuesday July 2 to consider the following:

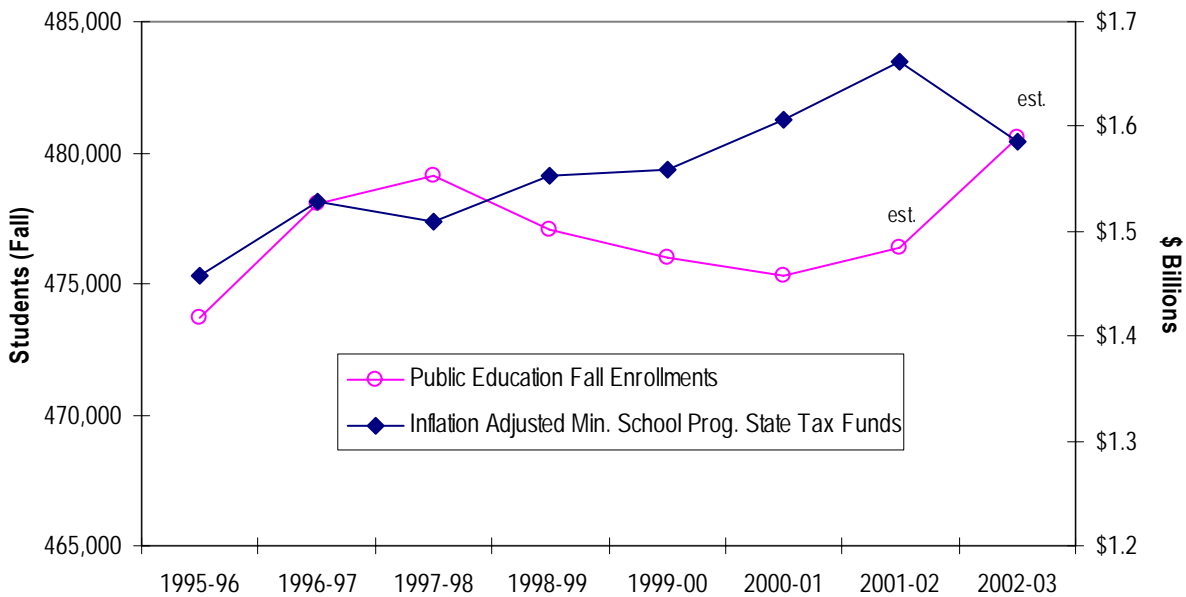
1. Directing institutional Presidents to continue cutting lower priority programs in order to free up resources for higher priority programs and services.
2. Endorsing the hiring freeze implemented by the Presidents.
3. Placing a moratorium on the approval of new programs.
4. Reviewing entrance requirements to make the best use of the current capacity and encourage better preparedness on the part of students.
5. Postponing capital projects previously approved.

Higher Education Tax Fund Support and Enrollment Growth State Tax Funds Increases Adjusted for Inflation (CPI, 2002-2003=\$1) FY 1995-96 to 2002-2003



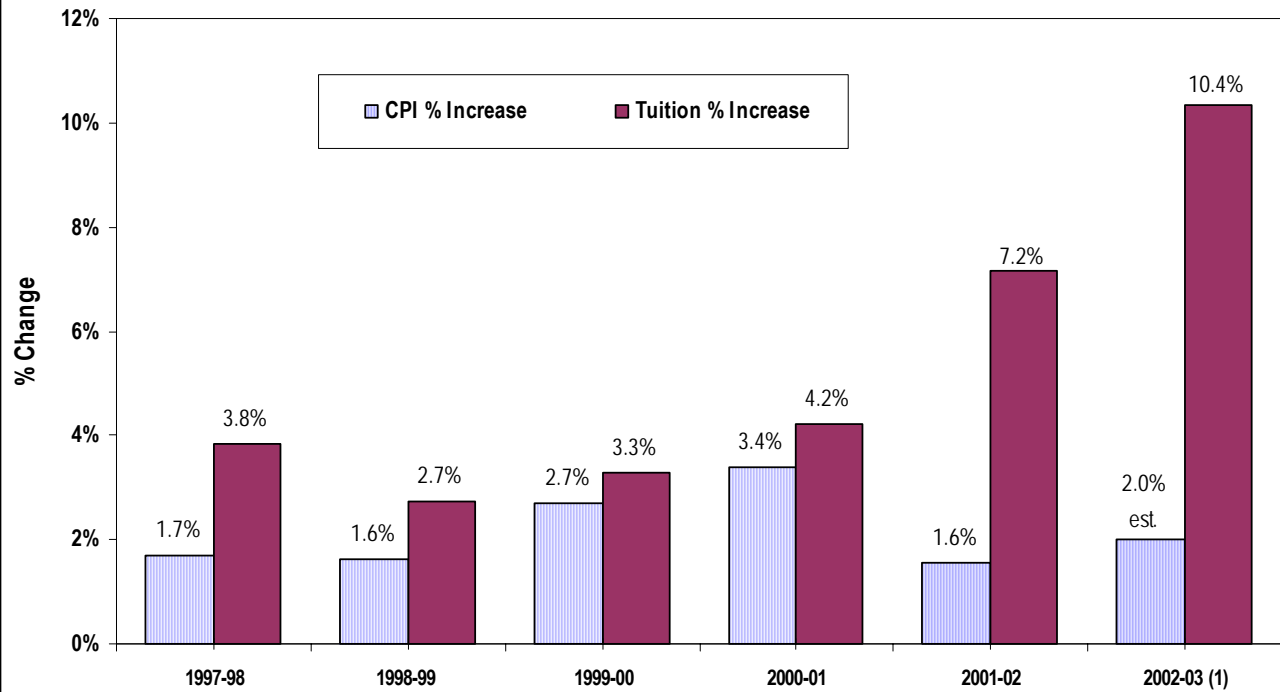
Sources: Utah State Board of Regents, USHE 2002-2003 Data Book

Public Education Tax Fund Support and Enrollment Growth State Tax Funds Increases Adjusted for Inflation (CPI, 2002-2003=\$1) FY 1995-96 to 2002-2003



Sources: Utah State Office of Education, 2000-2001 Annual Report of the State Superintendent of Public Instruction; Governor's Office of Planning and Budget, Budget Summary, FY 1996 through FY 2002 (multiple years).

CPI % Increases vs. Tuition % Increases 1997-98 to 2002-2003



(1) To make up for an additional 4.75% cut in FY 2002-03, tuition would need to increase another 11.2%. To make up for another 9% cut, tuition would need to increase another 21.3%.

July 2, 2001

MEMORANDUM

TO: State Board of Regents

FROM: Cecelia H. Foxley

SUBJECT: Governor Leavitt's FY2003 Budget Principles

As Chair Nolan Karras, former Chair Charlie Johnson, and I met with the Governor last week, he reiterated his position of holding both public education and higher education as harmless as possible from additional budget cuts. There have since been several articles written quoting the Governor. In both TV and radio appearances he has made very strong statements regarding the need to keep the quality of education in Utah strong and the opportunity for education and training available to Utah citizens. He continues to link the future of a return to a robust economy in Utah with higher education. Attached is his list of FY2003 Budget Principles which have framed his conversations with legislative leaders and the media.

Cecelia H. Foxley, Commissioner

CHF:jc
Attachment

MEMORANDUM

June 28, 2002

TO: State Board of Regents

FROM: Cecelia H. Foxley

SUBJECT: Reports on 2001-2002 and 2002-2003 Budget Reductions

Issue

This agenda item contains reports documenting how budget reductions in 2001-2002 and 2002-2003 have been implemented and how additional 2002-2003 reductions might affect USHE institutions. During the Board meeting, institutional Presidents will provide additional commentary and details regarding the impact of past and future reductions to their institutions.

Background

Beginning July 2001, Governor Leavitt instructed all state agencies and USHE institutions to hold-back a portion of their appropriated tax funds budgets for 2001-2002 to deal with potential revenue shortfalls. Later, the Legislature enacted during the 2002 General Session one-time cuts for the USHE of 3.4% in 2001-2002 and ongoing base reductions of 5.2% in 2002-2003. After partial funding for growth, health and dental insurance, and other select items were added back, the net reduction for 2002-2003 totaled 2.3%.

Institutional budget officials have provided documentation of each year's budget cuts by line item in terms of the number of FTE positions reduced and reductions to personal services or non-personal services budgets. Many of the FTE position reductions were achieved through retirements and other vacancies that occurred. In some cases, reductions in personal services occurred without a corresponding decrease in FTE positions because of vacancy savings that accrue to an institution through either freezing a position or delaying the date a vacant position is filled. In addition to this detail, the budget reductions have been reported in terms of the functional area of the institution that received the reduction. These functional categories include instruction, research, public service, academic support, student services, institutional support, physical plant operations and maintenance (O&M), scholarships, and other.

Attachment 1 documents the reductions of 224 FTE positions and \$21.2 million in 2001-2002 by institution and functional area. Attachment 2 documents the reductions of 436 FTE positions and \$29.2 million in 2002-2003 in a similar format. Many of the reductions from 2001-2002 "roll" into the reductions for 2002-2003.

State Board of Regents
May 30, 2002
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Though not included in Attachments 1 and 2, the Utah College of Applied Technology and Utah Education Network also incurred cuts in 2001-2002 and 2002-2003. UCAT cuts for 2001-2002 totaled \$1.7 million or 4.2%, and \$2.5 million or 6% in 2002-2003. The net UCAT reduction in 2002-2003 after add-backs was \$2.1 million or 5.1%. UEN incurred cuts of \$538,900 or 3.5% in 2001-2002 and \$649,500 or 4.2% in 2002-2003. The net UEN reduction in 2002-2003 after add-backs was \$566,700 or 3.6%.

As of June 26, Legislative Republican Leadership presented a budget proposal to deal with additional revenue shortfalls of \$173 million in 2002-2003 (see Tab A, Attachment 1). Under this proposal, USHE institutions, including UCAT, would receive additional tax fund budget reductions of 1.63%, and UEN would be reduced by 5.7%. Attachment 3 shows the dollar distribution for each institution under this proposal, given an equitable percentage distribution across USHE institutions and Board of Regents Statewide Programs. These distribution amounts are preliminary. Final distributions and amounts will not be known until the conclusion of the Special Session.

Recommendation

It is the recommendation of the Commissioner that the Regents express appreciation to the Presidents and their institutions for their continued efforts in making difficult budgetary decisions during this time of fiscal uncertainty. It is further recommended that the Regents acknowledge the efforts of the Governor and Legislature, thus far, in dealing with the current revenue shortfall in a way that recognizes the importance of Higher Education to the future of the State of Utah. The entire Utah System of Higher Education pledges to continue to work with the Governor and Legislature in meeting our respective obligations to the citizens of Utah.

Cecelia H. Foxley, Commissioner

CHF/MHS/BLM
Attachments

MEMORANDUM

June 28, 2002

TO: State Board of Regents
FROM: Cecelia H. Foxley
SUBJECT: Reports from UEN regarding 2001-2002 and 2002-2003 Budget Reductions

Issue

Steve Hess will be present at the Board of Regents meeting on July 2 to make a brief presentation regarding the implementation of past budget cuts and potential affects of future budget cuts on the Utah Education Network.

Background

During 2001-2002, UEN incurred cuts of \$538,900 or 3.5%. In 2002-2003, UEN's budget reductions totaled \$649,500 or 4.2%. The net UEN reduction in 2002-2003 after add-backs was \$566,700 or 3.6%. The current proposal by Legislative Republican Leadership (see Tab A, Attachment 1) would cause UEN to receive additional 2002-2003 reductions of 5.7%. This percentage of reduction is 3.5-times greater than the reductions proposed for the rest of Higher Education. Given the integral role of UEN in providing programs and services for both Higher and Public Education, the proposed 5.7% additional reduction for 2002-2003 seems inappropriately large.

Recommendation

It is the recommendation of the Commissioner that the Regents support the Utah Education Network and work with the Governor and Legislature to ensure that UEN programs are reduced in the same proportion as other education programs.

Cecelia H. Foxley, Commissioner

CHF/MHS/BLM

Utah System of Higher Education
Description and Citations for Statutory Tuition Waivers

Waiver	Utah Code Annotated	SBR Policy	Summary Description
1. Resident Undergraduate Merit or Impecunious Waivers (10%)	UCA 53B-8-101(1) <i>Started 1921, Ch. 117</i>	R513-3.1.	- "The president of each institution may waive all or part of the tuition in behalf of meritorious or impecunious resident students to an amount not exceeding 10% of the total amount of tuition which, in the absence of the waivers, would have been collected from all Utah resident students at the institution."
2a. Meritorious Nonresident Waivers (Resident Portion)	UCA 53B-8-101(2)(a)-(c) <i>Started 1967, Ch. 122</i>	R513-3.2.	- "Each academic year the president may waive all or part of the resident portion of the tuition in behalf of the [listed] additional number of meritorious nonresident students ... who are not current recipients of the waiver." - Number of waivers allowed by school: UU 190, USU 165, WSU 135, SUU 68, Snow 18, DSC 30, CEU 18, UVSC 114, SLCC 43 - The president may continue to waive the resident portion of the tuition after the first year. - The president may waive the non-resident portion of the tuition after the completion of one year of full-time study.
2b. Meritorious Nonresident Waivers (Non-Resident Portion)	UCA 53B-8-101(2)(d) <i>Started 1994, Ch. 276</i>	R513-3.3.	- The president may waive the nonresident portion of the tuition of meritorious nonresident student during the student's first year of full-time study based on the percentage of nonresident students at the institution multiplied by the number of resident portion waivers authorized in 53B-8-101(2)(a).
3. Critical Occupations	UCA 53B-8-101(3) <i>Started 1967, Ch. 122</i>	R513-3.4.	- The president may request from the Board authority to grant additional full or partial tuition waivers to encourage students to enroll for instruction in specifically identified occupations critical to the state for which trained personnel are in short supply.
4. Senior Citizen Waivers	UCA 53B-9 <i>Started 1987, Ch. 167</i>	R513-6.	- Utah residents age 62 and over may enroll on a space available audit basis in classes without regular tuition charges. - A minimum administrative fee for registration, record keeping, and reporting of at least \$10 should be charged. - To receive credit a senior citizen must pay regular tuition.
5. Meritorious Nonresident Graduate Student	UCA 53B-8-101(4) <i>Started 1937, Ch. 76</i>	R513-3.6.	- The president may waive all or part of the difference between resident and nonresident tuition in the case of meritorious nonresident graduate students.
6. Nonresident Summer School	UCA 53B-8-101(4) <i>Started 1937, Ch. 76</i>	R513-3.5.	- The president may waive all or part of the difference between resident and nonresident tuition in the case of nonresident summer school students.
7. Western Undergraduate Exchange	UCA 53B-8-103 <i>Started 1987, Ch. 167</i>	R513-7.	- System institutions are authorized to participate in the WICHE Western Undergraduate Exchange (WUE) Program which enables students in 12 participating states to enroll in selected programs in other participating states at 150% of regular resident tuition. - WUE students are only accepted in underenrolled programs, as determined by each institution. - The period of time enrolled as a WUE student may not count for toward residency status. - Current agreed upon allocation in SBR policy of WUE slots by school: UU 125, USU 250, WSU 150, SUU 140, Snow 80, DSC 80, CEU 80, UVSC 54, SLCC 37
8. Reciprocal Agreements	UCA 53B-8-103 <i>Started 1982, Ch. 34</i>	R513-4.	- The board may enter into agreements with other states to provide for a full or partial reciprocal waiver of the nonresident tuition differential charged to undergraduate students.

Utah System of Higher Education
Description and Citations for Statutory Tuition Waivers

Waiver	Utah Code Annotated	SBR Policy	Summary Description
9. Border Waivers	UCA 53B-8-104 <i>Started 1986, Ch. 126</i>	R513-5.	<ul style="list-style-type: none"> - The board may grant a scholarship for partial waiver of the nonresident portion of tuition charged to nonresident undergraduate students. - The amount of the award may not be more than one-half of the nonresident portion of tuition. - Awarded initially only to a nonresident undergraduate student who has not previously been enrolled in USHE institution, who has enrolled for ten or more credit hours, and whose legal domicile is within approximately 100 highway miles of the USHE institution at which the recipient wishes to enroll. - Number of waivers allowed by school: UU 27, USU 140, WSU 21, SUU 74, Snow 0, DSC 119, CEU 18, UVSC 0, SLCC 4
10. Police Officer and Firefighter Survivor Tuition Waiver	UCA 53B-8c <i>Started 1997, Ch. 333</i>	R513-8.	- A USHE institution shall waive tuition for each Utah resident child and surviving spouse of a Utah peace officer or Utah firefighter who has been killed or is killed in the line of duty, given certain requirements, for up to 9 semesters as long as tuition is not covered or paid by any other source of tuition coverage.
11. Wards of the State Tuition Waiver	UCA 53B-8d <i>Started 2001, Ch. 279</i>	R513-9.	- A USHE institution shall waive tuition for wards of the state who meet certain requirements for up to 9 semesters as long as tuition is not covered or paid by any other source, including scholarships and pell grants.
12. Tuition Exemption for Public School Teachers	UCA 53A-6-104 <i>Started 2001, Ch. 292</i>	R513-10.	- A licensed public school educator of good-standing who enrolls in a course of study to satisfy professional licensing requirements is exempt for tuition charges if the educator is not matriculated in a master's or doctorate program, if the course has surplus space, and if the course does not have a principle or substantial purpose to serve educators.

Utah System of Higher Education
Utilization of Statutory Waiver Programs (2000-2001 Actuals)

	UU	USU	WSU	SUU	Snow	DSC ⁽⁶⁾	CEU	UVSC	SLCC	Total
1. Undergraduate Resident Waivers										
Headcount students	1,183	1,650	1,207	705	321	498	188	1,756	866	8,374
Amount Waived	\$2,423,840	\$2,713,641	\$2,015,788	\$769,283	\$237,196	\$431,970	\$223,002	\$1,476,423	\$875,463	\$11,166,606
Estimated Maximum Amount	\$5,015,450	\$2,803,373	\$2,200,353	\$771,240	\$243,302	\$438,144	\$233,242	\$1,863,537	\$2,019,704	\$15,588,345
% of Waiver Authority Utilized	48.3%	96.8%	91.6%	99.7%	97.5%	98.6%	95.6%	79.2%	43.3%	71.6%
2. Undergraduate Non-Resident Waivers										
Headcount students	340	449	133	71	19	241	67	62	25	1,407
Amount Waived	\$1,350,827	\$1,643,229	\$270,173	\$172,907	\$27,135	\$34,884	\$27,312	\$176,750	\$28,833	\$3,732,050
Estimated Maximum Amount	\$4,514,108	\$3,225,328	\$2,216,588	\$1,161,256	\$278,021	\$447,514	\$243,070	\$315,331	\$299,038	\$12,700,255
% of Waiver Authority Utilized	29.9%	50.9%	12.2%	14.9%	9.8%	7.8%	11.2%	56.1%	9.6%	29.4%
3. Critical Occupations										
Headcount students	<i>Not currently being awarded</i>									n/a
Amount Waived	<i>Not currently being awarded</i>									n/a
4. Senior Citizens ⁽¹⁾										
Headcount students	471	0	0	0	0	<i>See note (5)</i>	11	67	238	787
Amount Waived	\$296,824	\$0	\$0	\$0	\$0	\$31,156	\$2,446	\$17,514	\$123,070	\$471,010
Estimated Maximum Amount	<i>No maximum</i>									n/a
5. Graduate Merit Nonresident										
Headcount students	<i>see Note (2)</i>	553	3	0	0	0	0	0	0	556
Amount Waived	<i>see Note (2)</i>	\$2,071,950	\$13,328	\$0	\$0	\$0	\$0	\$0	\$0	\$2,085,278
Estimated Maximum Amount	<i>No maximum</i>									n/a
6. Summer Nonresident ⁽³⁾										
Headcount students	2,302	1,387	592	253	72	144	29	1,037	531	6,347
Amount Waived	<i>See Note (3) below</i>									n/a
Estimated Maximum Amount	<i>No maximum</i>									n/a
7. WICHE WUE ⁽⁴⁾										
Headcount students	107	196	143	166	91	<i>See note (5)</i>	37	54	42	836
Amount Waived	\$657,685	\$626,725	\$478,722	\$497,931	\$363,132	\$278,151	\$94,469	\$107,959	\$79,386	\$3,184,160
Estimated Maximum Amount	\$608,093	\$973,705	\$501,150	\$499,240	\$296,000	\$272,160	\$244,320	\$156,546	\$104,081	\$3,655,295
% of Waiver Authority Utilized	108.2%	64.4%	95.5%	99.7%	122.7%	102.2%	38.7%	69.0%	76.3%	87.1%
8. Reciprocal Agreements ⁽⁵⁾										
Headcount students	0	177	0	0	0	0	0	0	0	177
Amount Waived	\$0	\$711,218	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$711,218
Estimated Maximum Amount	<i>No maximum</i>									

Utah System of Higher Education
Utilization of Statutory Waiver Programs (2000-2001 Actuals)

UU	USU	WSU	SUU	Snow	DSC ⁽⁶⁾	CEU	UVSC	SLCC	Total
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(Continued)

9. Border Waivers										
Headcount students	0	156	11	75	0	See note (5)	3	0	0	245
Amount Waived	\$0	\$296,489	\$23,909	\$138,556	\$0	\$190,593	\$9,055	\$0	\$0	\$658,602
Estimated Maximum Amount	\$80,077	\$340,794	\$43,848	\$161,764	\$0	\$237,762	\$32,607	\$0	\$6,988	\$903,839
% of Waiver Authority Utilized	0.0%	87.0%	54.5%	85.7%	n/a	80.2%	27.8%	n/a	0.0%	72.9%
10. Police Officer/Firefighter Survivor										
Headcount students	No awards reported									n/a
Amount Waived	No awards reported									n/a
11. Wards of the State										
Headcount students	Not authorized for 2000-2001									n/a
Amount Waived	Not authorized for 2000-2001									n/a
12. Public Education Teachers										
Headcount students	Not authorized for 2000-2001									n/a
Amount Waived	Not authorized for 2000-2001									n/a
Total										
Headcount students	4,403	4,568	2,089	1,270	503	883	335	2,976	1,702	18,729
Amount Waived	\$4,729,176	\$8,063,252	\$2,801,920	\$1,578,677	\$627,463	\$966,754	\$356,284	\$1,778,646	\$1,106,752	\$22,008,924

Notes:

- (1) Not all schools elect to award senior citizen waivers.
- (2) Rather than award graduate nonresident waivers, the University of Utah offers "tuition remission" benefits to teaching assistants receiving a stipend. The amount of teaching assistant tuition remissions for 2000-2001 was \$3,522,957 for nonresidents.
- (3) Summer nonresident waivers are not recorded, all students are simply charged resident tuition.
- (4) The number of WUE slots is not limited by statute. Institutions have agreed upon an allocation of a number of slots, totaling 996, which is listed for information purposes in board policy. Some institutions may have informally agreed with other institutions to utilize unused slots on a temporary basis. This helps explain why some institutions utilize more than 100% of the estimated maximum amount. As a system, the usage is less than the calculated maximum.
- (5) Reciprocal agreement between Utah State University and Idaho State University where the nonresident differential is waived for 150 FTE students.
- (6) Dixie State could not differentiate student headcounts between the different categories of nonresident waivers. Total nonresident headcount receiving a waiver is listed under undergraduate nonresident waivers.

Utah System of Higher Education
Distribution of Statutory Waiver Programs (2000-2001 Actuals)

	UU	USU	WSU	SUU	Snow	DSC	CEU	UVSC	SLCC	Total
1. Undergraduate Resident Waivers										
Amount Waived	\$2,423,840	\$2,713,641	\$2,015,788	\$769,283	\$237,196	\$431,970	\$223,002	\$1,476,423	\$875,463	\$11,166,606
Distribution										
Meritorious	2,195,819	2,316,388	1,729,440	296,671	<i>distribution</i>	296,078	<i>distribution</i>	897,348	568,774	\$8,300,518
Impecunious	0	0	0	0	<i>not reported</i>	0	<i>not reported</i>	13,635	113,934	\$127,569
Athletics	228,021	214,205	218,365	213,566		65,939		111,715	16,636	\$1,068,447
Student Government	0	33,104	67,983	25,389		0		80,093	34,480	\$241,049
Other	0	149,944	0	233,657		69,953		373,632	141,639	\$968,825
2. Undergraduate Non-Resident Waivers										
Amount Waived	\$1,350,827	\$1,643,229	\$270,173	\$172,907	\$27,135	\$34,884	\$27,312	\$176,750	\$28,833	\$3,732,050
Distribution										
Meritorious	566,753	1,108,677	95,402	131,081	<i>distribution</i>	34,884	<i>distribution</i>	0	11,518	\$1,948,315
Impecunious	0	0	0	0	<i>not reported</i>	0	<i>not reported</i>	0	5,248	\$5,248
Athletics	784,074	418,683	168,925	41,826		0		128,449	12,067	\$1,554,024
Student Government	0	20,447	5,846	0		0		48,301	0	\$74,594
Other	0	95,422	0	0		0		0	0	\$95,422
3. Critical Occupations										
Amount Waived	<i>Not currently being awarded</i>									
4. Senior Citizen										
Amount Waived	\$296,824	\$0	\$0	\$0	\$0	\$31,156	\$2,446	\$17,514	\$123,070	\$471,010
Distribution										
Other	296,824	0	0	0	0	31,156	2,446	17,514	123,070	\$471,010
5. Graduate Merit Nonresident										
Amount Waived	<i>see Note (1)</i>	\$2,071,950	\$13,328	\$0	\$0	\$0	\$0	\$0	\$0	\$2,085,278
Distribution										
Meritorious	<i>see Note (1)</i>	2,071,950	13,328	0	0	0	0	0	0	\$2,085,278
6. Summer Nonresident										
Amount Waived	<i>Not tracked</i>									
7. WICHE WUE										
Amount Waived	\$657,685	\$626,725	\$478,722	\$497,931	\$363,132	\$278,151	\$94,469	\$107,959	\$79,386	\$3,184,160
Distribution										
Meritorious	0	626,725	478,722	497,931	<i>distribution</i>	274,583	<i>distribution</i>	0	0	\$1,877,961
Impecunious	0	0	0	0	<i>not reported</i>	0	<i>not reported</i>	0	0	\$0
Athletics	0	0	0	0		3,568		0	0	\$3,568
Student Government	0	0	0	0		0		0	0	\$0
Other	657,685	0	0	0		0		107,959	79,386	\$845,030

Utah System of Higher Education
Distribution of Statutory Waiver Programs (2000-2001 Actuals)

UU	USU	WSU	SUU	Snow	DSC	CEU	UVSC	SLCC	Total
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(Continued)

8. Reciprocal Agreements										
Amount Waived	\$0	\$711,218	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$711,218
Distribution										
Meritorious	0	711,218	0	0	0	0	0	0	0	\$711,218
Impecunious	0	0	0	0	0	0	0	0	0	\$0
Athletics	0	0	0	0	0	0	0	0	0	\$0
Student Government	0	0	0	0	0	0	0	0	0	\$0
Other	0	0	0	0	0	0	0	0	0	\$0
9. Border Waivers										
Amount Waived	\$0	\$296,489	\$23,909	\$138,556	\$0	\$190,593	\$9,055	\$0	\$0	\$658,602
Distribution										
Meritorious	0	296,489	23,909	138,556	0	81,850	<i>distribution</i>	0	0	\$540,804
Impecunious	0	0	0	0	0	0	<i>not reported</i>	0	0	\$0
Athletics	0	0	0	0	0	27,692		0	0	\$27,692
Student Government	0	0	0	0	0	0		0	0	\$0
Other	0	0	0	0	0	81,051		0	0	\$81,051
Total										
Amount Waived	\$4,729,176	\$8,063,252	\$2,801,920	\$1,578,677	\$627,463	\$966,754	\$356,284	\$1,778,646	\$1,106,752	\$22,008,924
Distribution										
Meritorious	2,762,572	7,131,447	2,340,801	1,064,239	<i>distribution</i>	687,395	<i>distribution</i>	897,348	580,292	\$15,464,094
Impecunious	0	0	0	0	<i>not reported</i>	0	<i>not reported</i>	13,635	119,182	\$132,817
Athletics	1,012,095	632,888	387,290	255,392		97,200		240,164	28,703	\$2,653,732
Student Government	0	53,551	73,829	25,389		0		128,394	34,480	\$315,643
Other	954,509	245,366	0	233,657		182,160	2,446	499,105	344,095	\$1,990,328

Notes:

(1) Rather than award graduate nonresident waivers, the University of Utah offers "tuition remission" benefits to teaching assistants receiving a stipend. The amount of teaching assistant tuition remissions for 2000-2001 was \$1,174,319 for residents and \$3,522,957 for nonresidents.

July 1, 2002

MEMORANDUM

TO: State Board of Regents
FROM: Cecelia H. Foxley
SUBJECT: Possible Regent Actions to Help Deal with Fiscal Challenges

Issue

In order to deal with current fiscal challenges and be prepared for an uncertain financial future, at least in the short term, the Regents will consider the steps outlined below.

Background

In meetings with Legislative Leadership and the Governor, and included in the discussion document (see Tab A, Attachment 2, Higher Education at Risk), the following possible Regent actions were discussed:

1. Direct institutional Presidents to continue cutting lower priority programs in order to free up resources for higher priority programs and services
2. Endorse the hiring freeze implemented by the Presidents
3. Place a moratorium on the approval of new programs
4. Review entrance requirements to make the best use of the current capacity and encourage better preparedness on the part of students

An additional item, postponing capital projects previously approved, had also been considered. However, during the June 26 Special Session, both the Senate Republican Caucus and the House Republican Caucus agreed to bond for the capital projects which had received approval during the 2002 Regular Legislative Session. Therefore, it is no longer being included in the proposed actions for Regent consideration.

Recommendation

It is the recommendation of the Commissioner that the Regents approve the four actions listed above in order to deal with budget and economic uncertainties at the present time.

Cecelia H. Foxley, Commissioner

CHF:jc

June 28, 2002

MEMORANDUM

TO: State Board of Regents
FROM: Cecelia H. Foxley
SUBJECT: Tuition and Tuition Waiver Issues

Issue

In discussions in recent weeks among Legislators, Regent Executive Committee members, Institutional Presidents, and Commissioner's staff, it is clear that there are expectations for all involved to do their part in addressing additional budget reductions. This agenda item presents several ways that Regents may respond to legislative concerns regarding nonresident tuition waivers and student course taking practices.

It is proposed that Regents consider eliminating two categories of tuition waivers – Summer Nonresident Tuition Waivers and Border Nonresident Tuition Waivers. Also presented for Regents review is a summary page of FY 2002-2003 tuition levels, including Second Tier Tuition. Finally, it is proposed that Regents consider a revision to Regent Policy R510, *Tuition and Fees*, which would modify existing policy regarding students taking excess credit hours and create new language regarding repeating courses.

Background

As a preface to the above proposals it is helpful for the Regents to review the magnitude of tuition increases already approved for FY 2002-2003. Attachment A summarizes total Regent-approved tuition levels for FY 2002-2003. Attachment B contains information taken from a recent WICHE publication regarding Utah, WICHE, and US tuition increases and is provided here for comparison purposes. Several Legislators have indicated that the \$9.3 million additional budget reduction should not include additional tuition surcharges. The Council of Presidents has discussed this recommendation, and agree that it may be possible to meet the proposed additional budget reduction without tuition surcharges, but that additional tuition surcharges may need to be considered if the USHE budget reductions increase beyond the \$9.3 million.

Attachment C summarizes 2000-2001 utilization of nine categories of tuition waivers by USHE institutions. We are aware that several legislators are particularly critical of the practice of waiving all or part of the nonresident portion of tuition for students attending Summer Semester, and for nonresidents

who live within 100 miles of a USHE institution. We have received a recommendation from Legislative leadership that elimination of these waivers be considered as part of the additional higher education budget reduction for FY 2002-2003.

Another topic of discussion during the June 26 Special Session was whether the Regents should revise current policy to encourage students to move expeditiously through their degree programs, and should enact policy to charge full cost of instruction when a student repeats a course more than once. Current Regent policy requires a tuition surcharge for students taking excess credit hours. The proposed policy revision, summarized in Attachment D, (1) decreases the threshold to 135% of the credits required for the program of study, and (2) creates a tuition surcharge for students who repeat a course more than once.

Policy Implications

There is no way to accurately predict what percent of Summer nonresidents and border nonresidents will continue to attend. For those who do attend, additional tuition will be collected. For those who do not attend, the system loses even the resident tuition which was previously collected. The impact of these changes won't be known until after the beginning of FY 2003-2004, but given the position of the legislature, the budget reduction must be found as of July 1, 2002.

We are hopeful that the primary impact of changing from 150% to 135% and decreasing the number of course repeats will encourage better academic planning by students. We hope to send a message that there are incentives for better course taking practices, and that students who make poor decisions may be preventing another student from finding a seat in a class. We are aware that institutions will need to establish procedures for tracking both occurrences.

Recommendation

It is the recommendation of the Commissioner that Regents consider eliminating Summer and Border Nonresident Waivers and revising Policy R510, Tuition and Fees, ask questions, and if satisfied, approve these changes.

Cecelia H. Foxley, Commissioner

Utah System of Higher Education
2002-2003 Second-tier Tuition Proposals

Tab F

SBR Approved - 4/02/02

	Type of Student	2001-2002 Annual Tuition	2nd-tier increase		Total Increase		2002-2003 Annual Tuition	2nd-tier Revenue	
			\$/year	%	\$/year	%		\$	Use of Revenue
U of U	1. Undergraduates	\$2,502	\$153	6.1%	\$240	9.6%	\$2,742	\$3,450,000	- class sections/advising - maintaining student services - student information systems - library acquisitions - student financial assistance
	2. Graduates (includes graduate tuition for legislative changes)	\$1,998	\$160	8.0%	\$230	11.5%	\$2,228	\$1,400,000	- teaching and research assistants fee waivers - legislative increase in graduate tuition
USU	1. Res. Undergrad - New Fresh.	\$2,123	\$191	9.0%	\$265	12.5%	\$2,388	\$1,900,000	- student recreational equipment - reduce bottleneck courses - expand Supplemental Instruction and Rhetoric Associate Program - library enhancements - student information system - support for new faculty - expand Business and Engineering
	2. Res. Undergrad - Other	\$2,123	\$127	6.0%	\$202	9.5%	\$2,324		
	3. Non-res Undergrad - Int'l	\$7,429	\$446	6.0%	\$706	9.5%	\$8,135		
	4. Surcharge for all undergrad classes in College of Business and College of Engineering		\$2 per credit hour						
	5. Legislative Graduate Increase - not part of 2nd tier	\$1,853			\$436	23.5%	\$2,289		
WSU	1. All Students	\$1,786	\$98	5.5%	\$161	9.0%	\$1,946	\$1,340,600	- technology infrastructure - student computer labs - high demand courses - shuttle bus service
SUU	1. All Students	\$1,732	\$95	5.5%	\$156	9.0%	\$1,888	\$467,500	- fully restore MBA cut - 3 faculty positions - additional adjunct faculty - 2 staff positions - student wages
Snow	1. Resident Students	\$1,144	\$69	6.0%	\$109	9.5%	\$1,253	\$157,900	- increase gen. ed. Courses - additional student services
DSC	1. Lower Division	\$1,252	\$19	1.5%	\$63	5.0%	\$1,320	\$245,000	- replace instructional needs related to budget cuts
	2. Upper Division	\$1,704	\$43	2.5%	\$102	6.0%	\$1,800		
CEU	1. All Students	\$1,201	\$54	4.5%	\$96	8.0%	\$1,296	\$85,800	- distance education
UVSC	1. Lower Division Resident	\$1,542	\$247	16.0%	\$301	19.5%	\$1,842	\$3,700,000	- 21.5 faculty - 2.5 staff - library acquisitions and staff - technology support - adjunct faculty wages - 4.5 staff in advising/student services - 14 full-time faculty to improve adjunct-to-full-time ratio
	2. Lower Division Nonresident	\$5,582	\$670	12.0%	\$865	15.5%	\$6,448		
	3. Upper Division Resident	\$1,786	\$98	5.5%	\$161	9.0%	\$1,946		
	4. Upper Division Nonresident	\$6,465	\$123	1.9%	\$349	5.4%	\$6,812		
SLCC	1. All Students	\$1,436	\$79	5.5%	\$129	9.0%	\$1,564	\$1,096,700	- 14 new faculty - need-based waivers - 2 financial aid specialists - 2 academic advisors - library acquisitions - multi-cultural center
UCAT	1. All Students	\$0.90 per hour	\$0.05	5.6%	\$0.05	5.6%	\$0.95 per hour		- to address program quality and budget shortfalls

Statutory Tuition Waivers in the Utah System of Higher Education

June 18, 2002

Purpose

As required by Legislative intent language, this report details the policies and distribution of tuition waivers in the Utah System of Higher Education (USHE).

Background

Tuition waivers have long played a role in the college and university pricing structure for USHE institutions. The first waiver program was approved February 5, 1919, when the Legislature “provided that persons who have served in the army or navy of the United States during the recent world war shall, upon application, be admitted for instruction in all courses at [the Agricultural College of Utah and the University of Utah] without the payment of any entrance fee” (Laws of Utah, 1919, Chapter 98). Two years later, the Legislature broadened the scope of this program, allowing admittance without entrance fees to “meritorious and impecunious (financially needy) students who are legal residents to a number not exceeding ten per cent of the regular bona fide students registered...” (Laws of Utah, 1921, Chapter 114). This “ten percent” resident waiver has endured, with some revisions, for the last 81 years.

Since that time, the Legislature has enacted a number of other waiver programs. These programs address a variety of student needs, ranging from senior citizens, critical occupations, reciprocity and exchange arrangements with other states, wards of the state, police officer and firefighter survivors, public education teachers, and nonresident graduate, summer, and border students. Each program has been passed by the Legislature and is governed by Regent and institutional policy. The awarding of most waivers is left to the discretion of the president at each institution, although some waivers are entitlements for all who qualify.

With a long-standing tradition as a “low-tuition, low-financial aid” state, the statutory waiver program has been a significant contributor to promoting access and opportunity for higher education in Utah. This is particularly relevant considering that Utah has limited and relatively small merit-based and need-based programs supported with state tax dollars. Students qualify for need-based programs based on the ability to pay of a student or his/her family. Financial need is not a consideration for merit-based awards. Students receiving assistance in this category must meet certain criteria and typically go through a competitive award process. Given the limitations on these programs, tuition waivers have provided a significant, though partial, supplement for USHE students that helps promote access similar to the state-funded merit- and need-based aid programs present in other states.

Usage of Tuition Waivers at USHE Institutions

Based on the completed actual information for 2000-2001, utilization of the statutory tuition waiver programs is summarized in Table 1. The main findings of this information include:

1. The amount waived for 2000-2001 was \$22,008,924, which is 10.1% of the gross tuition collections (\$217,894,622).
2. The number of waiver awards totaled 18,729 in 2000-2001, which represents 15.8% of the Fall 2000 headcount enrollment of students.

3. Statute and policy do not specify limits for all types of waivers. For those waivers with specified limits, the USHE utilized 29% to 87% of the maximum waiver authority, depending on the waiver.

Table 1. Utilization of Statutory Waiver Programs, 2000-2001

Type of Waiver	Headcount Students Receiving Wavier	Amount Waived	Est. Maximum Amount	% of Waiver Authority Used
1. Undergraduate Resident	8,374	\$11,166,606	\$15,588,345	71.6%
2. Undergraduate Non-Resident	1,407	\$3,732,050	\$12,700,255	29.4%
3. Critical Occupations	<i>not awarded</i>	\$0	<i>no maximum</i>	<i>n/a</i>
4. Senior Citizens	787	\$471,010	<i>no maximum</i>	<i>n/a</i>
5. Graduate Merit Nonresident	556	\$2,085,278	<i>no maximum</i>	<i>n/a</i>
6. Summer Nonresident	6,347	<i>see Note (1)</i>	<i>no maximum</i>	<i>n/a</i>
7. WICHE WUE	836	\$3,184,160	\$3,655,295	87.1%
8. Reciprocal Agreements	177	\$711,218	<i>no maximum</i>	<i>n/a</i>
9. Border Waivers	245	\$658,602	\$903,839	72.9%
TOTAL	18,729	\$22,008,924		

Notes:

(1) *Summer nonresident waivers are not recorded; all students are simply charged the resident rate.*

Additional details about USHE waivers are provided in three attachments. Attachment 1 provides a brief description of each type of waiver, including statutory and policy citations and the year that the waiver was first enacted.

Attachment 2 provides a summary of the amounts of tuition waived under each category of waiver by each institution. Also included is a listing by institution of the number of students who received the waiver, an estimated calculation of the total amount that could be waived in this category, and a calculation of the percentage utilization.

Attachment 3 distributes the amount awarded for each type of waiver into five different categories (1) merit-based, (2) impecunious or need-based, (3) athletics, (4) student government, or (5) other. About 73% of the tuition waivers were used for merit-based aid. Athletics accounted for about 13% of the total waivers, student government less than 2%, impecunious about 0.6%, and the remaining amounts were awarded based on other merit-related activities, such as performing arts and student leadership, or statutory requirements, such as senior citizens.