

MINUTES
SPECIAL MEETING OF THE UTAH STATE BOARD OF REGENTS
VIA CONFERENCE CALL
April 2, 2002

Regents Participating

Charles E. Johnson, Chair
Pamela J. Atkinson, Vice Chair
Jerry C. Atkin
Linnea S. Barney
Daryl C. Barrett
L. Brent Hoggan
James S. Jardine
Michael R. Jensen
Nolan E. Karras
E. George Mantes
John B. Norman, Jr.
Jed H. Pitcher
Sara V. Sinclair

Regents Excused

Kim R. Burningham
David J. Grant
David J. Jordan
Marlin O. Snow
Maria Sweeten

Office of the Commissioner

Cecelia H. Foxley, Commissioner
David Buhler, Associate Commissioner for Public Relations
Joyce Cottrell, Executive Secretary
Harden R. Eyring, Executive Secretary
Jerry Fullmer,
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
Kermit L. Hall, President, Utah State University
Stan Albrecht, Provost, Utah State University
Paul H. Thompson, President, Weber State University
Steven D. Bennion, President, Southern Utah University
Carl R. Templin, Interim Provost, Southern Utah University
Michael T. Benson, President, Snow College
Ryan L. Thomas, President, College of Eastern Utah

Robert C. Huddleston, President, Dixie State College
Kerry D. Romesburg, President, Utah Valley State College
H. Lynn Cundiff, President, Salt Lake Community College

Representatives of the Media

Vicky Morton, *Ogden Standard Examiner*
Jacob Parkinson, *Utah Daily Chronicle*
Amy Stewart, *Provo Daily Herald*
Kirsten Stewart, *Salt Lake Tribune*
Twila Van Leer, *Deseret News*

Others

Steve Palmer, Utah Council of Student Body Presidents

Chair Johnson welcomed everyone to the meeting at 3:00 p.m. Secretary Cottrell called the roll and advised Chair Johnson that a quorum was present.

Executive Committee's Verbal Report on the Lease of Additional Space in Gateway Office Building

Chair Johnson reported that at 8:30 that morning, the Executive Committee had met via conference call to discuss and approve the lease on the second floor of our new building in The Gateway. The space occupies more than half the floor and will be used by UHEAA, who will be responsible for the financial aspects. The space contains 13,000 square feet of useable space and 15,000 square feet of rentable space at a base rent of \$15.81 per square foot for a five-year lease. Including O&M, the year 1 cost per rentable square foot will be \$22.31. There is an option to purchase the space or to renew the lease agreement. Parking spaces are also available at \$47 per stall per month. Commissioner Foxley pointed out that this was under market value.

Regent Hoggan moved that the Board ratify the actions of the Executive Committee in approving this lease agreement. The motion was seconded by Regent Pitcher and carried unanimously.

USHE Tuition Issues for 2002-2003

Chair Johnson expressed the Board's concern. For the first time the Legislature included in their plan of financing some tuition revenues not previously approved by the Board. For the most part, second-tier tuition will exceed the 3½ percent increase already approved for first-tier tuition. This was not contemplated when the plan was adopted, but the reason is evident. This year there were significant shortfalls in the state budget. We all hope that this is not a regular procedure. In the past, graduate tuition (approved by the Regents by policy) could be raised, with the funds remaining at the school and graduate program. Legislative action has made that not the case this year. Graduate tuition will be raised but the money will be distributed through the System, even though only certain schools are capable of raising graduate tuition. All of these are unusual

circumstances. This does not include the Legislative change to non-resident tuition, which will be dealt with in the April 19 meeting in Price.

Updated information was faxed or e-mailed to all Regents and Presidents, listing second-tier tuition proposals for all schools. Chair Johnson asked the Presidents to indicate the revisions which were made to the original document. Commissioner Foxley noted the typo in the first tuition column of the Second-Tier Proposals handout. The correct year should be 2001-2002, rather than 2000-2001.

University of Utah. President Machen said he is proposing a 6.1 percent increase for second-tier tuition for undergraduates. This will fund approximately one-third of the growth, leaving approximately two-thirds unfunded. The funds will go into student instructional services. Class sections will be added in high-demand courses. The funds will also go toward maintaining student services and library acquisitions. Graduate tuition is the source mandated by the Legislature to generate part of the money taken from the University budget. Regent Pitcher asked how much remained to be covered by additional revenues. President Machen responded that the University has \$6 to \$8 million in unfunded growth, and with the total cuts, the University absorbed a shortfall of over \$20 million. Chair Johnson said this would have required a 30 percent aggregate tuition increase. Regent Pitcher asked that these numbers be reported for each institution.

Utah State University. President Hall, calling in from out of state, made brief introductory comments and then asked Provost Albrecht to give the details. Provost Albrecht reported that the student hearing attracted approximately 150 students. Most questions dealt with the residency issue, and relatively few with the second-tier tuition proposal. USU is proposing a more complicated tuition structure. Resident, continuing graduate students would face a 6 percent increase. Non-resident undergraduate international students would see a 6 percent second-tier tuition increase. Incoming freshmen resident undergraduates would be assessed a 9 percent increase, making a total 12½ percent increase with the first-tier added (9½ percent for other groups). In order to meet the legislative mandate, tuition in graduate programs would be increased 20 percent. In addition, the University proposed a \$2 per credit hour surcharge in two colleges with increased costs and substantial demand. This would generate \$190,000 for the Colleges of Business and Engineering. Second-tier tuition increases will raise approximately \$1.9 million. First-year tuition increases will be used for a variety of purposes. University officials have promised student leadership they will work together, to reduce bottleneck classes, and expand supplemental instructional programs, library enhancements, and SIS, and to raise additional funds for athletic equipment. New funds from the surcharge will go to those colleges to address operating costs. Nearly all of the second-tier funds will go to hiring approximately 22 new faculty. Chair Johnson asked about the differential for new freshmen. Provost Albrecht explained that the differential would apply only to new freshman students and not to transfer students.

Vice Chair Atkinson asked what additional expenses were needed in the Colleges of Business and Engineering. Provost Albrecht said engineering courses are more expensive than humanities courses, for example. Much of the need is for additional equipment costs, laboratory costs, etc. In the College of Business, expense is not necessarily higher, but student demand is a major factor. There is a high demand for business courses. With the budget cuts, one of the business departments is spending 96 percent of its budget on personnel costs. Clearly, additional operating funds are needed. In response to Regent Pitcher's question,

Provost Albrecht said USU was underfunded by \$6.7 million (base) for the two permanent cuts. Their increased fees will generate approximately \$1.9 million. President Hall said the total shortfall is approximately \$11 million.

Weber State University. President Thompson said he is proposing a 5½ percent second-tier tuition increase for all students. The money will be used primarily for technology (including student labs and infrastructure, computer hardware and software, and staff support) and covering the deficits in shuttle bus service (roughly one-half percent). He said 25 students attended the hearing. Only a couple voiced strong objections. Most of the students understood the need for increased funding. WSU's budget cut is \$2.9 million, plus \$1.6 for unfunded enrollment growth. The tuition increase will generate \$1.3 million.

Southern Utah University. President Bennion said 50 people (40 students) attended their hearing. They asked good questions, and after hearing the budget situation no one expressed concern about the proposed increases. SUU officials are recommending a 9 percent increase for all students (5½ percent second-tier tuition). The second-tier increase would generate \$467,500, to be used to fully restore the University's MBA program which was cut by the Legislature. Also, three faculty positions in key areas would be filled by hiring additional adjunct faculty, two staff positions would be filled, and \$100,000 would go to student wages. The 9 percent increase would generate \$765,000. SUU's shortfall, with unfunded enrollment growth, is \$2.5 million.

Snow College. President Benson said approximately 25 people (15 students) attended their hearing. They are proposing a 6 percent second-tier increase. The intent is to increase general education course offerings and provide additional student services. The College has had to absorb \$600,000, including unfunded enrollment growth. President Benson said the amount sounded small, but for a school of Snow's size, it was a sizeable number. The increase is for resident students; non-resident tuition was increased previously.

Dixie State College. President Huddleston said 9 students attended Dixie's hearing. Questions were raised about residency. He proposed an increase of 5 percent for lower-division students and 6 percent for upper-division students. Their budget cut is over \$1 million. Funding generated will be used for adjunct faculty in growth areas. The Regents expressed their congratulations to President Huddleston on Dixie's basketball team and on his recognition by the St. George Area Chamber of Commerce as "Executive of the Year."

College of Eastern Utah. President Thomas said he is proposing a second-tier increase of 4½ percent, which will generate \$152,600. The money will be used for unfunded costs in the College's distance education program. CEU's total net impact from legislative budget cuts is \$560,000, plus \$300,000 in unfunded enrollment growth, making a total shortfall of \$860,000. Vice Chair Atkinson asked about adjunct faculty compensation. President Thomas said College officials were working on that issue; it is presently unresolved.

Utah Valley State College. President Romesburg proposed a 16 percent second-tier increase for lower-division resident students, and a 9 percent increase for upper-division residents to match WSU's rate. Since 1995 upper division students have been paying the same fee as Weber State University. Tuition for non-resident lower-division students will be increased 15½ percent, and tuition for upper-division non-residents will increase by 5.4 percent. Non-residents have been paying more than the 3.5 multiplier for the past few years. This action would bring their tuition back to the 3.5 multiplier. These increases would generate \$3.7 million.

The College would hire 21.5 faculty for part of the unfunded growth, and 2.5 staff. Remaining money would be used for library acquisitions and technology support, and raising adjunct faculty salaries. Some money would also be used to hire 4.5 staff in those areas where there is a high ratio of students to staff, and to hire more faculty where there is too heavy a reliance on adjunct faculty. Approximately 35-40 students attended the hearing, which Regent Mantes also attended. Students were in agreement with where the money would be spent. They asked College officials to allow them a longer period to close the gap with WSU. Otherwise, a tuition increase of between 13 and 17 percent would be required again next year. President Romesburg asked to extend the time by one or two years, based on what happens with Weber's tuition. UVSC's shortfall, including unfunded enrollment growth, is \$8 million.

Salt Lake Community College. President Cundiff said approximately 20 people attended the hearing on the Redwood Campus, which was interactively televised to other campuses where additional students participated. Comments were made about social issues, but not much comment was made on tuition. SLCC is requesting a 5½ percent second-tier increase, with one-half percent going back to the students for financial aid. Fourteen new faculty (11 of whom are currently teaching on a one-year contract in English and Math) would be hired. SLCC's deficit is \$7-8 million. Regent Norman asked if this meant that one percent of the total increase (first- and second-tier) would be committed to financial aid. This was confirmed by President Cundiff. Regent Norman thanked him on behalf of all USHE students.

UCAT Progress Report. President Fitch said with open-entry, open-exit, competency-based instruction, tuition is applied according to hours for adult learners. The State Board of Education set that rate at 90 cents last year. UCAT is requesting a 5-cent increase per membership hour. This will vary, depending on enrollment and programs. Funds would be used for development and growth. UCAT is faced with a \$2.5 million cut. UCAT also faced a 32½ percent cut in its administrative budget, requiring adjustments later as institutions get relief in other areas. Some of the ATCs which partner with senior institutions charge the same tuition. Some are dependent on requirements of the program or employer providing licensure and applications. Four institutions have held hearings; regional boards have approved the increase to 95 cents per membership hour. Other schools are already above this rate because of a flexible sliding scale they have been using. UCAT's request was for a 5-cent increase, making 95 cents a benchmark base. President Fitch said UCAT sustained a 15 percent budget cut – \$2.5 to \$3 million in one-time monies, making the total cut over \$5 million. Regent Norman asked if the 3½ percent tuition increase applied to UCAT students. President Fitch said it did not; only the 5-cent increase was requested.

Chair Johnson asked Steve Palmer and John Norman to comment on the process. He then asked that any Regents who attended institutional hearings respond as well. Mr. Palmer said he was extremely impressed with the process. Most of the students feel that the Presidents have worked hard. They understand that tuition needs to be increased. Regent Norman said the students at the University of Utah Law School are not happy about the increases, but they realize that there needs to be a tuition increase. Out-of-state students are more concerned. Chair Johnson said that issue would be addressed at the April 19 Board meeting.

Regent Mantes said he had gone to UVSC anticipating a "bloodletting." Instead, the hearing was mostly a "non-event." He commended President Romesburg for doing a great job of presenting the issues. The students accepted the increases and the reasons for them. The only sore point is tuition for international and

non-resident students. Vice Chair Atkinson said she had spoken with several students, both from high school and college, and asked the Presidents if there could be a way to generate increased publicity about where financial aid is available. She asked the Presidents to increase the information being made available. The Presidents all agreed to make this information more widely available. President Romesburg said the Director of Financial Aid attended UVSC's hearing and made the same appeal. He said no student should decide not to attend college because of cost. College officials can help them through grants and loans. Help is available if the students know where to go. Regent Sinclair said in speaking with students and community residents, they are not against a tuition increase. They know it is a reality which needs to happen. They understand that Utah tuition rates are lower than in surrounding states.

Regent Atkin moved approval of the second-tier tuition increases proposed by all ten of the institutions. The motion was seconded by several Regents. Vice Chair Atkinson asked that the motion include a request that financial aid information be made more widely available to all students. Regent Atkin accepted that modification to his motion.

Chair Johnson said it was to be understood that the Regents were voting very reluctantly because it recognizes that we are putting a much higher burden on the students. He thanked the students for accepting these increases out of necessity. Regent Sinclair requested that a special effort be made this year to make certain that higher education needs, the reasons for them, and their benefits are made very clearly and succinctly to the Legislature. Chair Johnson agreed.

Vote was taken on the motion by roll call. The motion carried unanimously.

Policy implications. Chair Johnson referred to the Commissioner's cover letter and said the first paragraph discussed USU and their graduate tuition and non-resident tuition. To strictly adhere to the 3.5 multiplier would throw off their plans. They are requesting a waiver of that policy for this current year only. Regent Atkin suggested that next year the Regents should consider whether the 3.5 multiplier is realistic. Chair Johnson agreed. Commissioner Foxley clarified that this exception is for USU only at this time. We will look at this issue next year on a national basis also.

Regent Atkin moved to suspend the Regents' policy of a 3.5 multiplier for non-resident students where necessary for this year only. The motion was seconded and carried unanimously.

Regent Pitcher asked if the \$60 million shortfall would be addressed at a future Board meeting. Chair Johnson said approximately 25 percent of that was taken care of through tuition increases. The trend is to make up more through tuition from students and less from state revenues. Regent Atkins pointed out that we have been short every year for the past several years. Commissioner Foxley said the Presidents would have a report for the Legislature by September 1. She will send a copy to the Regents before then.

University of Utah. President Machen said the University's fuel and power budget for next year is projected to be \$2.5 million in deficit. The University's primary request is for a one-time allocation of \$1.8 million which was not reauthorized for next year. Rather than allow this deficit, the University will charge a fuel fee. This will raise \$1 million, which will still leave the University with a \$1.5 million deficit. Vice Chair Atkinson asked about the other institutions. The Presidents said all institutions had deficits but not to this extent. President Machen said this was discussed with the students and they understand the need to have this identified with the hope that this fee can be eliminated in future years.

Southern Utah University. President Bennion said SUU is not proposing a change in its fee structure.

College of Eastern Utah. President Ryan said CEU would have several changes, mostly internal reallocations. Students were involved in fee hearings where College officials identified areas in which funds are being allocated. The \$6 increase is associated with a bond covenant. CEU needed to increase student fees in order to generate additional money for coverage on the bond. CEU's fees include \$6 for a Wellness Center.

Regent Jensen moved approval of the proposed fee changes. The motion was seconded. Vice Chair Atkinson pointed out that a resident student at the University of Utah will now pay \$3324.50 per year in fees and tuition, including second-tier tuition. President Machen verified that figure. **Vote was taken on the motion, which carried unanimously.**

Chair Johnson reminded the Regents of the executive session dinner for CEO reviews on Thursday evening, April 18. Commissioner Foxley said the reviews could be done by phone, as the Presidents are very busy completing this academic year. Regent Jardine asked that a conference phone be set up so he could participate by phone. President Thomas said those arrangements had already been made.

Chair Johnson asked Commissioner Foxley to explain the office move. Commissioner Foxley said she and her staff were in the process of moving to the Gateway building. On Friday and Monday, April 5 and 8, we will not be accessible by computer or phone. We hope to be back up and running on Tuesday, April 9. She expressed her appreciation for the Regents' and institutions' patience with the move. Regent Hoggan asked if the next UHEAA Board meeting would be held in the new facility. Associate Commissioner Norris verified that it would be held at The Gateway.

Chair Johnson thanked everyone for their participation. The meeting adjourned at 4:12 p.m.

Joyce Cottrell CPS
Executive Secretary

Date Approved