

**MINUTES OF MEETING
UTAH STATE BOARD OF REGENTS
SALT LAKE CITY AND BY TELECONFERENCE
July 2, 2002**

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MINUTES
SPECIAL MEETING OF THE UTAH STATE BOARD OF REGENTS
SALT LAKE CITY, UTAH AND BY TELECONFERENCE
July 2, 2002

Regents Present/Participating

Charles E. Johnson, Chair
Pamela J. Atkinson, Vice Chair
Linnea S. Barney
Daryl C. Barrett
Kim R. Burningham
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
Marlon O. Snow
Maria Sweeten

Regents Excused

David J. Grant
David J. Jordan

Office of the Commissioner

Cecelia H. Foxley, Commissioner
David Buhler, Associate Commissioner for Public Affairs
Don A. Carpenter, Associate Commissioner
Joyce Cottrell, Executive Secretary
Harden R. Eyring, Executive Assistant
Linda Fife, Director of Academic Programs
Chalmers Gail Norris, Associate Commissioner for Student Financial Aid
Phyllis C. Safman, Assistant Commissioner for Academic Affairs
Mark H. Spencer, Associate Commissioner for Finance and Facilities
Deanna D. Winn, Associate Commissioner for Academic Affairs
Gary S. Wixom, Assistant Commissioner for Applied Technology Education and Special Projects

INSTITUTIONAL PRESIDENTS

J. Bernard Machen, University of Utah
Kermit L. Hall, Utah State University
Paul H. Thompson, Weber State University
Steven D. Bennion, Southern Utah University
Michael T. Benson, Snow College
Robert C. Huddleston, Dixie State College
Ryan L. Thomas, College of Eastern Utah

Kerry D. Romesburg, Utah Valley State College
H. Lynn Cundiff, Salt Lake Community College
Gregory G. Fitch, Utah College of Applied Technology

Representatives of the Media

Lisa Roskelley, *Ogden Standard Examiner*
Kirsten Stewart, *Salt Lake Tribune*
Twila Van Leer, *Deseret News*

Others

Paul T. Brinkman, Associate Vice President for Budget and Planning, University of Utah
Celestial Starr Bybee, Utah State University Student Body President/Utah Students Association
Tony Dowse, Salt Lake Community College/Utah Students Association
David Eisler, Provost, Weber State University
Boyd Garriott, Office of the Legislative Fiscal Analyst
Nancy Lyon, Assistant Vice President for Governmental Affairs, University of Utah
David W. Pershing, Senior Vice President for Academic Affairs, University of Utah
Michael A. Petersen, Utah Education Network
Val Peterson, Associate Vice President for College Relations, Utah Valley State College
Norm Tarbox, Vice President for Administrative Affairs, Weber State University

Administration of Oath of Office to Khay Douangdara. Chair Nolan Karras called the meeting to order at 8:00 a.m. He introduced Khay Douangdara, the new Student Regent. Khay graduated from Utah Valley State College and is enrolled in the University of Utah School of Medicine. Chair Karras administered the oath of office to Regent Douangdara.

Recognitions. Chair Karras announced that Regent Hoggan had been named Lawyer of the Year by the Utah State Bar Association the previous weekend. Commissioner Foxley announced that two USHE Presidents had been appointed to national association positions. President Machen has been named Chairman of the Board of the national Campus Compact. President Hall was appointed as the National Association of State Universities and Land-Grant Colleges (NASULGC) representative to the American Council on Education Board of Directors.

Chair Karras gave a brief overview of the meeting agenda. The Legislature has indicated that the budget cuts will not be as severe as were originally anticipated. Revenues for this year have estimated a two percent job growth. If this does not materialize, higher education may face additional budget challenges this year. In addition, mandated costs must be built into next year's budget, which will absorb much of the revenue. Chair Karras cautioned the Regents and Presidents that we are not at a destination; we are still on a journey. We need to be prepared for potential budget problems for the next two or three years.

Report of the June 26 Legislative Special Session. Commissioner Foxley referred to Attachment 2 to Tab A, "Higher Education At Risk." This information was distributed to the media in a press release to indicate

how hard it is for higher education to absorb the proposed reductions. The Legislative Special Session is expected to reconvene on July 8-9 in Room 223 of the State Capitol. The USHE Presidents have been involved in contacting legislators and explaining the impact of these cuts on higher education in Utah. Public education and higher education are crucial to the economy, and the Governor has indicated that they must be protected. Commissioner Foxley said that is our goal as well. The anticipated budget reduction is now 1.6 percent, or \$9.3 million. Although this is less than originally anticipated, this is still another serious hit on top of the other cuts higher education has already sustained. The Commissioner explained the various attachments to Tab A and said the System's position has been that summer tuition and border waivers cannot be cut until next year. We have also told the legislators that the Presidents need the authority to decide how their institutional budgets will be cut.

Governor Leavitt's FY2003 Budget Principles. Chair Karras said Governor Leavitt had made enough appearances on radio and television that everyone should be familiar with his budget principles (Tab B). He asked the Regents to picture themselves as parents whose child, a college student, needs a substantial amount of money. The parents' priorities will be different than the college student's priorities. That is the situation we face now with the legislature. Chair Karras said the Regents appreciate the difficult position in which this places the Presidents. Regent Jardine asked, if the Regents do not make recommendations on the proposed budget reductions, will the Legislature make their own recommendations? Chair Karras said that was indeed the case. The message being heard at the Capitol is that the Regents would rather have non-resident students attend our colleges than our own children.

Reports on 2001-2002 and 2002-2003 Budget Reductions. Commissioner Foxley said she had asked the Presidents to take no more than five minutes for their individual presentations. Materials were found in Tab C on the cuts which have been taken last year and so far this year. Included was also a distribution of the 1.3 percent reduction as it would be spread across the institutions.

University of Utah. President Machen reminded the Regents that last year higher education was poised to begin what everyone thought would be the best year for higher education funding in over a decade. In July the Presidents were asked to hold back three percent after budgets for the next year (including salary increases) had been implemented. Through a series of hold-backs in the last year, the University of Utah took cuts in one-time funding of \$8 million (primarily from the University's "Rainy Day Fund") with the hope and expectation that it would be a one-time phenomenon and that the economy would have turned around by now. The University's goal is to preserve academic programs. To that end, school officials tried to make the cuts across the board. With the new year, administrators were faced with a new challenge – making base cuts. This is no longer a one-time hold-back situation. President Machen said he anticipated \$11 million in base cuts this year, which includes 200 FTE positions of faculty and staff. Ninety percent of this cut was allocated across the academic and support areas with the deans and vice presidents giving input into making those cuts. Continuing Education was hit extra hard. School officials were able to preserve the student advising system, writing program, and a few other student initiatives. A third round of cuts will be faced next year, with \$3.4 million in other base cuts for the University. President Machen said he was focusing on vertical cuts, most of which have been targeted for specific academic and administrative units. Those individuals who are affected are prepared for the cuts. Administrative units will again be hit harder than the academic units to preserve the integrity of the students. Regent Pitcher asked whether existing programs or new programs would be targeted. President Machen said all of the programs being cut were already in existence. Some positions which were vacant were

not filled; however, real positions are also being eliminated, totaling 3500 faculty FTE and 10,000 staff FTE. Regent Pitcher asked if the University would have to pay for severance packages in addition to the lost FTE. President Machen said that it would.

Utah State University. President Hall said if the proposed cuts at USU are not above \$2 million, the University will not have to lay anyone off. If that figure is under \$4 million, the University will not ask for any tuition surcharges. For the last nine months the campus has been engaged in compact planning. As a result, administrators have thought about ways to reallocate the resources of the University. Their over-riding goal has been to preserve the instructional base. The University has lost 33 positions through attrition or a hiring freeze, mostly in facilities. Cuts will continue to fall in facilities and administrative services. The University has also cut programs and entertainment. The Glenn Miller Show has been eliminated, and the College of Family Life has been reorganized. The University will no longer continue to support the Utah Climate Center unless the Legislature is willing to provide some appropriations. The Water Resources Lab has also been hit hard. The associate degree programs may also be eliminated since they do not correspond with the long-term mission of the University. President Hall said he was willing to provide details if the Regents wanted more information. Cooperative Extension is one of the most hardest-hit areas. He supported the request to give the Presidents line-item authority to ensure that within the line items the areas of greatest importance are not unduly affected. In across-the-board cuts, Cooperative Extension will suffer a \$200 million loss.

President Hall urged the Regents to remember that the hiring freeze has to be selective, and the Presidents must be held accountable. For example, in USU's satellite broadcasting system, they lost the individual who operates the satellites. They have collected money from the students to hire additional faculty, and University officials need to be able to expend those tuition dollars to hire as many faculty as possible. Utah State University lost 33 positions this year and will potentially lose 66 positions next year in administration, student services and faculty. A significant component of the dollars put into this budgetary mix is one-time money. USU is assuming the worst so that cuts can be made with ongoing money, as opposed to one-time funding. President Hall said he and President Machen need to be able to retain indirect costs (reimbursed overhead) at the two research universities. Some buildings have been constructed this year with those funds. If the universities lose any part of those funds, they are certain to lose critical research faculty, which will slow down the mission of their respective university. Regent Johnson asked if there was any threat of losing any of that funding. President Hall said the Legislative Fiscal Analyst's Office (LFA) had developed one alternative to use 10 percent of those funds. Commissioner Foxley clarified that at the Higher Education Appropriations Subcommittee meeting, both research institutions were able to show how, once they gained the full use of these funds, research contract dollars went up considerably. The LFA's recommendation did not pass the Subcommittee recommendations.

Weber State University. President Thompson said last year cuts were made with one-time money. This year cuts will be made from the base budget, which is primarily personal services and benefits. Weber officials have not filled 10 faculty and 10 staff positions. This presents serious problems. University administrators are anticipating many more students this fall. Last year enrollment was increased by 5 percent; this year's increase will be significantly higher. WSU is finding it difficult to teach classes when they cannot fill faculty positions. Faculty normally teach approximately eight class sections. He expressed his concern about how students would be taught with fewer faculty members. The schools must respond to the needs of the students. When the economy is down, students cannot get jobs so they go to school. Staff positions are also a challenge because

these individuals serve the students' needs in academic advisement, counseling, and other areas. All of the Presidents appreciate the cut being reduced to only \$9.3 million. However, that still equates to \$1 million at WSU, which will present significant challenges to meet growth with less funding coupled with the expected enrollment growth.

Southern Utah University. President Bennion reported that in recent years SUU had been named the "best bang for the buck" several times. Students get their money's worth at Southern Utah University. School officials take pride in managing their resources and providing a quality experience for their students. The reduction coming into this year was 5.2 percent of state tax dollars. The 3 percent hold-back took \$1 million. SUU has eliminated 12 positions, some faculty and some staff. They will have 35 fewer sections to offer this fall, which will extend students' time to graduate. President Bennion said SUU administrators had been through a reprioritization effort and had looked at every program and service on the campus. They eliminated or relocated 23 programs. That makes the proposed 1.63 percent cut (\$428,000) for next year even more difficult. President Bennion expressed his appreciation to Legislative Leadership for trying to minimize the harmful impact on higher education. He said it would take a little while to implement personnel decisions. Officials are planning for about one-third more reductions and are prepared to cut deeper than anticipated to meet fiscal needs at the end of the year. Seven staff positions are anticipated as well as a major reduction in the fringe benefit health package in the cardio-care area. Community outreach would also suffer, including services delivered to prisons. President Bennion said he was sensitive to the legislative challenges but he had serious concern about whether or not revenues will meet the projections made by the Legislature. If half of the expected nonresidents enroll at SUU, the University will lose nearly half a million dollars in revenue.

Dixie State College. President Huddleston reported that Dixie's 2002-2003 share of the budget cut was \$1,056,900. This required the elimination of six faculty and ten staff positions and a one percent cut in current expense budgets. The Forensics Program was eliminated. The equipment budget and athletics were cut and faculty eliminated. The community is trying to raise money to reinstate the golf team. Last year adjunct faculty received a raise which they will not get this year. The Interior Design, Air Flight and Auto Mechanic Programs were all eliminated. The College has not received funding for enrollment growth, so they have been accumulating students and trying to pay costs with tuition. As a result, they have been going deeper and deeper into debt. In 1993 Dixie served 2800 students; last year's enrollment was 8100 students. The second cut will cost Dixie \$262,600, but College officials are preparing for a \$600,000 reduction. Six faculty and six staff positions will be eliminated, as will the Writing Center. Cuts will be made in athletics and four academic programs. President Huddleston pointed out that the smaller the school, the more challenging it becomes to meet obligations.

Snow College. President Benson agreed that smaller campuses with smaller budgets feel cuts very quickly. The very future of Snow College hangs in the balance. Snow College has very dedicated, loyal faculty, staff and students. Ephraim and Sanpete County follow Snow College. President Benson met with many faculty and staff members to focus on the mission and goal of the College, which is to become the best transfer institution in the country. Eight positions were eliminated. The baseball and softball programs were eliminated; however, the women's softball program was reinstated for Title IX reasons. All employees whose salary was over \$30,000 took a voluntary salary reduction. Some employees below that level offered to also take a salary reduction. The Computer Information Systems program was eliminated and transferred to Snow South. The College took \$90,000 from deferred maintenance to reach this year's cut. With the proposed cuts for next year,

everything is back on the table, including summer school, the College's football team, and the "Smart Start" program. One possible solution is taking all of the part-time instruction money and applying it to the proposed cut for next year. Faculty are being asked to teach extra classes. President Benson said despite all these obstacles, he was optimistic about the future of Snow College.

College of Eastern Utah. President Thomas said upon arriving at CEU a year ago, he looked for a "Rainy Day Fund" and found that it rains every day at CEU. The College did not have one-time funds available to cut last year, so most cuts were made from ongoing budgets. There are existing budgetary challenges in addition to the 5½ positions cut to meet state requirements. An additional 19 positions will be cut next year, for a total of 28½ positions. College officials recognize the need to impose the next round of cuts vertically. They are looking at academic programming and will try to bridge a portion of this year by not filling some open academic positions which will ultimately have to be filled. They will also reconsider programs, both academic and non-academic. Because of CEU's small size, there will probably be an equal number of faculty and staff positions cut. A number of positions being eliminated are associated with programs which are not fiscally viable. Every cut also cuts income. President Thomas said he recognized the need to cut beyond the mandated level in order to achieve the necessary reductions. He pointed out that cutting programs also cuts income by 150-200 percent of the mandated amount in order to reach the required level of cut. In the face of increased demand for higher education, this presents a major challenge. CEU faced nearly double its enrollment growth last year and is anticipating the same challenge this year. President Thomas said he did not know how it would be possible to accommodate additional students with fewer sections available and with the corresponding reduction in tuition income.

Utah Valley State College. President Romesburg said UVSC faced the same situation as the other institutions. Their initial reduction was done largely with one-time money. Eleven positions were eliminated. The balance of \$1.4 million was done through holding positions vacant and using the College's "Rainy Day Fund." This year 44½ positions have been eliminated. College officials have tried to hold academic areas as harmless as possible; however, faculty positions had to be eliminated in a variety of areas. President Romesburg said he was grateful that the cut for next year will only be 1.63 percent for the System. UVSC and the other institutions are facing two issues – this year and the future. Cuts for the current year will be \$655,000 at UVSC. They are freezing all positions and reducing current expenses across the board. The real problem is reductions which will carry forward into next year and thereafter. Programs will have to be eliminated, and the reduction will have to be made in a much more permanent sense. Four to six entire academic departments will be eliminated. UVSC is beginning the process of hearings on campus to determine what programs will be cut. The timing of the announcement of program eliminations is critical. Legislative Leadership is asking for that information by August 21. Presidents have been told that if they do not give the Legislature those specific details that the Legislature will tell the institutions where to make the cuts. President Romesburg stressed the need for the Presidents to have that flexibility and asked that the Legislature be sensitive that people's lives are being affected. Employees need to be given at least six to eight months to try to find work elsewhere. He begged the Legislators to trust the Presidents to pick the most effective programs to be cut and to give them the flexibility to make decisions for their own institutions. Another reduction is looming, and that is up to \$1 million non-resident tuition. The Legislature has now defined "resident" and "non-resident" differently and took state dollars out of institutional budgets, anticipating revenue from outside tuition which may not materialize.

Regent Jardine asked about prospective enrollment growth. President Romesburg responded that based on applications and initial enrollment data, enrollment at UVSC will increase next year by up to 24 percent. The students all understand that they may not get in and that some programs will not be available. UVSC enrollment may exceed 27,000 next fall. The College will turn away 200 or 300 students. They are eliminating faculty positions and cannot continue to grow. As a System we will turn away several thousand students.

Regent Jardine asked President Romesburg, based on his tenure in the System, to articulate what things are causing some legislators to be reluctant to give deference to the Presidents' flexibility. President Romesburg said the legislators want to see the information so they can see if the Presidents will do what they say they will do. Last year the Legislature decided on the non-resident status, which had a \$180,000 impact on Dixie State College. President Huddleston pointed out that there were only two non-resident students in upper-division programs at Dixie. The legislators do not understand the details when they make these decisions.

Regent Snow pointed out that once programs have been eliminated, the likelihood of them coming back is slim. President Romesburg said he had learned from experience that when programs are eliminated, the programs will not automatically reappear when the economy turns around. That is at least an eight- to ten-year process. Faculty and equipment have been eliminated, which will change the nature of UVSC. College officials are looking at where to save the most money and impact the fewest people. Eliminating four to six programs will change the mission of the institution.

Salt Lake Community College. President Cundiff said SLCC grew by 1892 FTE last year, and the increase in head count was even higher. The College could easily grow by that amount this year. SLCC will probably turn away two to three hundred students this fall. Last year between 600 and 800 students were turned away due to capacity. Early last year College administrators started putting funds aside to meet last year's reductions. When the economic situation became more serious, institutional reserves were used as well as one-time funds which became available through an early retirement incentive program. This spring 51 people took the early retirement incentive; 44 of them will not be replaced. Those are not hiring freezes; they are eliminations. When an institution loses talent at that level, it becomes a different kind of institution very quickly. Everyone is required to do double duty inside the institution. The Business Office is short six people. As a result, in processing student fees and tuition, the lines get longer and slower. All administrators teach, including the President. In addition, during this past year SLCC took on three new buildings without legislative support. There are real start-up costs associated with new buildings, including \$5 million for equipment and furniture. Reserves become reduced just by building that additional capacity. SLCC's "Rainy Day Fund" is much lower than it was last year. In the coming year, SLCC anticipates an \$880,000 reduction.

President Cundiff said the College's budget cut can go to \$2 million without laying off people or reducing programs. Over that amount, two or three programs will have to be eliminated. The first direction of College administrators is to protect faculty and core programs. In addition, they will significantly upgrade the number of distance education courses being offered. He pointed out, however, that this is an expensive process. Eighty sections of an online course equal one building in distance education. President Cundiff noted that 87 percent of the College budget is personnel-related. The community colleges which are closely tied to the business community have valid reasons to support new programs. It does not make sense for a community

college to be two or three years behind in program development; they need to be responsive to new programs required by business and industry. Already for this fall, SLCC has held \$500,000 for new equipment. They will not replace any technology equipment this year. Traditionally, \$300,000 is spent each year on building repair and maintenance. The College has held those dollars for next year. When existing equipment cannot be replaced, there is a huge build-up at every institution. When buildings cannot be repaired or remodeled over this period of time, a tremendous backlog of maintenance accumulates to the point where it will take all of the state's resources to make up this void.

Regent Atkin referred to the proposed new program moratorium and asked if some new programs could be offset by others being eliminated. President Cundiff said he would give up a program to have a new viable program. Other programs are paid for and equipment bought by business and industry. Certainly this is a political issue.

Utah College of Applied Technology. President Fitch likened this discussion to a funeral dirge. He said he had served as a president and chancellor at other states which had also undergone significant budget cuts. He agreed that Presidents should be given the opportunity to administer their own budgets. UCAT did not officially start until September 1 of last year. The UCAT budget cut before it was even operational and before the budget reductions had been announced. Applied technology K-12 programs were moved under higher education. There was also a lack of funding because the Legislature created 10 colleges and did not fund them. For FY2002, President Fitch said he looked at all 10 ATCs and allowed them to make their own determination of their cuts where they were provided an allocation. Commerce and Revenue gave UCAT Presidents the flexibility within their own institutions but in four key areas – custom fit, development, equipment and UCAT administration. UCAT colleges were allowed to make their own recommendations on the 1.6 percent reduction. UCAT member colleges' primary responsibility is training and working with business and industry in economic development. Officials looked at restructuring the ten campuses, which could have eliminated one or two of them.

UCAT is required by law to ensure partnerships with other USHE institutions and with public education. A reduction of 1.6 percent is better than previously anticipated, but it is still a cut. UCAT not only takes its share of the burden, but for each additional cut partnered with another institution, it takes a cut along with the other institution in a particular area. With public education, there is an additional cut because UCAT is a bridge with the high schools. There is talk of elimination of support for high school programs. UCAT cannot absorb the programs eliminated by colleges or public education. UCAT's issues are different than the other institutions. The Regents are responsible for dealing with UCAT programs. Quick response to business and industry needs is paramount to UCAT. Three programs are ready to bring to the Board; these are academic programs related to accreditation and are training programs already within the member colleges. They will require no additional cost or faculty. President Fitch said UCAT was not asking to be an exception. He also noted for the record that UCAT had eliminated all athletic programs.

Office of the Commissioner. Commissioner Foxley said with a staff of 25-30, budget cuts become significant. Individuals have been asked to retire, transfers have been made, and individuals have been asked to work less than full-time in order to keep the functions of the Commissioner's Office going, which is to assist the institutions and the Board of Regents in fulfilling their respective roles, as well as reporting functions to the Board and the Legislature. She read the Commissioner's recommendation for Tab C:

"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."

Vice Chair Atkinson moved that the Board accept the Commissioner's recommendation. The motion was seconded by Regent Atkin and carried unanimously. Regent Sinclair said the Regents support the Presidents' and Commissioner's plea that there be trust and respect in our dealings with the Legislature.

Utah Education Network. Dr. Michael A. Petersen, Executive Director of the Utah Education Network, distributed a handout which had been submitted to the Legislature the previous week. He urged the Regents' endorsement of the Commissioner's recommendation, which was "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." The UEN mission is to provide the network and activity for all of higher education and public education in the state of Utah, which includes Internet connectivity and network connections. There are at least 90 mission-critical applications which depend upon the UEN network. UEN also provides systems which allow for technology-delivered education for public education and higher education students to receive their course work. Operating under the license of the State Board of Regents, KULC Channel 9 provides critical instructional support services. The Pioneer Online Library is also a function of the Utah Education Network. Each month 60,000 patrons rely on the Pioneer Online Library. In addition, uen.org provides web resources for public teachers in Utah.

Dr. Petersen pointed out that UEN is in a very unique budget situation. It relies much more heavily on non-personnel activities. One-fourth of the budget pays for telecommunications line charges which make the network possible. Many budget costs are fixed. Only one-fourth of the UEN budget is personnel-related. They have eliminated over 10 percent of personnel positions (10 of 90) in the past year. An independent analysis concluded that on the technical services side, UEN was between three and seven positions short before the cuts were implemented. One of the biggest challenges is that they have never had an ongoing education replacement budget. As a consequence, despite the critical need for the networks, UEN is now in a schedule where at the end of the year at the rate they can afford routers, it will take 10-20 years to replace them. UEN should be adhering to a three- to five-year replacement schedule. Radios in the microwave link are already 20 years old. Dr. Petersen clarified that the 5.7 percent cut is somewhat mitigated by the fact that \$325,000 is actually income to the state, not a loss of revenue to UEN. In reality, this makes UEN's cut slightly more than half a million dollars, over double the cut of the USHE institutions.

Regent Atkin asked if UEN could live with the level of cuts anticipated. Dr. Petersen said it would be far better for UEN to receive a 1.63 percent cut. They could make that adjustment. The majority party recommendation is about double that reduction. **Vice Chair Atkinson moved that the Regents support the Utah Education Network and work with the Legislature and the Governor to ensure that UEN programs**

are reduced in the proportion as other higher education programs. The motion was seconded by Regent Sweeten and carried unanimously. Dr. Petersen expressed his appreciation to the Regents for their support.

Possible Regent Actions to Help Deal with Fiscal Challenges

Endorse the hiring freeze implemented by the Presidents. Regent Karras referred to Tab E and said the Regents' intent was to freeze all positions but to give the Presidents the authority to replace critical positions. He called this an "intelligent freeze." **Regent Sinclair moved that the USHE Presidents continue their "intelligent freeze" but be given the authority to replace critical positions. Regent Atkin seconded the motion.** President Hall pointed out the importance of distinguishing between sources of funding; research dollars and tuition dollars should not be affected by a moratorium on hiring. He recommended that the moratorium be for positions supported by tax dollars only. The tuition increase at USU is being used to hire faculty. These are funds that the students are providing (second-tier tuition). Regent Sweeten asked Chair Karras if he was comfortable with the Legislature understanding that language.

Chair Karras said he had appealed to the Legislature and also the Regents to give the Presidents the authority to make the cuts within their own organizations. Vice Chair Atkinson said the Regents need to understand why the Legislature is insisting on knowing the specificity of the cuts. In Health and Human Services, for example, administrators have clearly delineated programs being cut and the impact of those cuts. Legislators can see specific ramifications. On the other hand, they see our responses as vague. We need to better articulate the ramifications of cutting these programs and positions. She urged the Regents and Presidents to let legislators know of the "domino effect" of these budget reductions.

Regent Barrett asked if the Regents could explain to the Legislature that the Presidents will collaborate in making the cuts. The Regents and the Legislature need the overview of the total cuts, especially when they will have a negative impact on the state. Chair Karras said this comes down to defining the Regents' role in this issue as opposed to the Presidents' role. The Regents need to set policies which make sense. They need to look at institutional latitude. They need a reporting and an understanding of what the Presidents are putting on the table. The Commissioner's Office should coordinate and ensure that necessary programs are being offered by at least one institution and then keep the Regents informed.

President Hall said every President is deeply concerned with maintaining the instructional base of his own institution and ensuring that they can stay as far away as possible from reducing sections, crowding classrooms, and increasing student/faculty ratios. If we cannot do this, he said, it will be an indication of our failure in education. Many employees are paying for their health insurance without salary increases. Many institutions have eliminated all or most of their janitorial staff. Other employees are assuming those responsibilities in addition to their other responsibilities.

Vice Chair Atkinson said the reason we cannot have others making these decisions for higher education is because of the lack of understanding of what higher education is all about. We need to preserve the Presidents' authority to make these decisions while at the same time spelling out for the legislators the pain and ramifications of the decisions being made. Regent Jardine said the Regents believe the Presidents should continue to have the authority to administer line items in their institutional budgets. At the same time, they

encourage the Presidents to develop a list (as specific as possible) in response to Vice Chair Atkinson's concern. He asked if the Regents needed to collect the data detailing what each institution is doing. Chair Karras said the Commissioner's staff need to collect the information from all of the institutions to ascertain what is going on, then report that information to the Regents. The Presidents, however, should be able to pick the programs being cut. Regent Jardine said with the USHE institutions turning away a larger number of students than ever before, the Regents need to let the legislators know that 5000 students who apply for classes this fall are not going to be admitted.

Commissioner Foxley said timing was a critical issue. We cannot be premature. The Regents need to report back to the Higher Education Appropriations Subcommittee by August 21. The Commissioner said her staff would be collecting the information from each of the institutions. Each of the Presidents looks at viable programs but also those in high demand which are tied to the economy of the state. The Office of the Commissioner will provide information of the overview at the appropriate time but not prematurely.

President Romesburg said the System has historically said that we have open enrollment and we will provide access to all Utahns who want to take advantage of the opportunity for higher education. In truth, this fall we will be an open application System but not an open enrollment System.

Vote was taken on the motion that the USHE Presidents continue their "intelligent freeze" but be given the authority to replace critical positions. It carried unanimously.

Place a moratorium on the approval of new programs. Chair Karras said the message which comes from a freeze is an important message to send. Expanding the System makes no sense. **Regent Jardine moved that the Regents adopt a general moratorium on the approval of new programs, with exceptions to be granted only by unanimous vote of the Academic and ATE Committee.**

Commissioner Foxley said the System needs to have a hard and fast moratorium. If the projected two percent job growth does not occur in this state and we take another substantial cut in the fall, the Legislature needs to hear that there is a moratorium for now. The institutions may say they can handle new programs with reallocation. UCAT needs approval of three new associate degrees for accreditation purposes. Right now the Legislature needs to know we are in a crisis situation. Hopefully, the moratorium would only need to last for a few months. Regent Atkin asked if it would be a moratorium on the net increase.

Regent Barrett asked what effect this would have on custom fit programs for UCAT. Commissioner Foxley said custom fit funding has flexibility because it is designed to assist business and industry, and it would not be negatively affected. It addresses in-service training for employers who are already located in Utah. Business contracts may be with a USHE institution or UCAT or money may be used by the state to attract new businesses. Custom fit programs are very short term and do not come to the Board for approval.

President Thomas expressed his concern that it would be problematic to send a message that we will not move strategically in an environment which demands a strategic effort. He was concerned that a moratorium may not represent the best strategic approach for most of the institutions. Most institutions are undergoing an internal review process which results in program shifts. He recommended that the Regents be judicious about new programs being approved. Regent Jardine asked if a general moratorium with exceptions

would be a viable mechanism to achieve that goal. President Thomas said that would give the Presidents some latitude. President Hall said the timing was more important than the moratorium itself. Institutions are rethinking their strategy individually and collectively. With a set time limit, the Presidents would be allowed some expectation for planning.

Regent Jardine moved that the Regents adopt the policy of a general moratorium on new programs with few limited exceptions where a strong argument could be made of necessity, to be granted by a unanimous vote of the Academic and Applied Technology Education Committee. Regent Atkin seconded the motion.

Commissioner Foxley said each institution could make a very strong case for programs coming forward. It is important to send the message of a review in the fall or at a future date. The Regents can establish a set of criteria, and each institution will find a way to meet the criteria and legitimately bring forth its program. President Cundiff pointed out that new programs approved at this time could not be instituted until next fall anyway. The institutions would need to know by the spring whether or not they would have the ability to advertise new programs for implementation the following fall.

Regent Barrett asked about other negative impacts on UCAT. President Fitch said custom fit and certificate programs are funded differently. The law is specific that UCAT is required to develop the Associate of Applied Technology Degree. Students are already enrolled and faculty are already in place. Chair Karras asked if going to the Academic and ATE Committee would be a problem. President Fitch said he needs to respond to the Legislature. He would be happy to present the need to the committee. Chair Karras said the Regents want to send a message to the institutions that they should not be thinking of new programs under this funding situation; at the same time, the Regents want to support the Presidents.

Regent Atkin said even with a general moratorium, the Regents can remove it when they so choose. During that time if something is strategically important, the Regents would listen to that need. Regent Johnson said the new standing committee which was formed at the last Board meeting should be given an opportunity to work. He recommended the general moratorium and asked that the New Program Review Committee be asked to report to the Board in September or October as to recommended procedures for the future. Regent Jardine suggested leaving the moratorium in place until a future time recognized by the committee, and not removing it to approve one program, then reinstating the moratorium.

Regent Johnson offered a substitute motion, that the Regents place a moratorium on the approval of new programs and that the new standing committee report to the Board in September on procedures to be placed on approval of programs. The motion was seconded by Regent Atkin and carried unanimously. Regent Jardine asked the Presidents or Chief Academic Officers (CAOs) to forward to the Commissioner's Office a description of what they see as possible essential programs to be presented to the Board for approval in the next six to twelve months, with suggestions on how that could happen. Regent Jensen said he appreciated the way the Presidents, Dr. Petersen and Commissioner Foxley had presented the material. He endorsed each of the recommendations listed in Tab E. He agreed that it was necessary for the Regents to send a strong message to the Legislature that they are trying to make this work in the best way possible and that the Regents and Presidents expect trust to extend in both directions. Regent Jensen had to leave the meeting.

Associate Commissioner Winn said the CAOs had identified eight or nine programs which will not go through the committee and would rethink what would be done with the backlog of program requests.

Direct institutional Presidents to continue cutting lower priority programs in order to free up resources for higher priority programs and services. Chair Karras said it was important to maintain the ability to provide services to as many students as possible. Regent Atkin asked about crossing line items. Regent Pitcher asked for a definition of "lower priority programs." Chair Karras acknowledged that it was a judgment issue in the wisdom of the Presidents, Trustees, and institutional faculty. The priority of a program would probably depend on the number of students in a program and the backlog. Regent Hoggan said he was uncomfortable with the word "direct." Regent Jardine referred to the recommendation to "continue cutting lower priority programs" and asked if every institution had already cut lower priority programs.

President Machen said the process of program elimination is complicated, cumbersome and extremely long. He urged the Board to think about appointing a committee to review discontinued programs, to consider whether further Regental policy would be needed to encourage efficiency. He asked Regents to consider whether Regent policy would be appropriate to increase efficiency in the areas of program elimination. President Thompson endorsed this idea. Rigid policies take a lot of time and involve many people. President Hall agreed that this was a process for tenured faculty that would require at least a year. It would be very unlikely to happen because teachers are still needed in the classroom. Such a study would be helpful for all of the Presidents.

Regent Jardine recalled dealing with the issue of program elimination in the 1980s when the University and the System considered adopting a financial exigency policy. He suggested that the Regents adopt a policy short of financial exigency which would override the policies which have previously been approved to ensure a fair and more efficient process of eliminating programs. President Machen said the institutions may need a cap on the upper end. The policies were written during different circumstances. The Regents could facilitate this issue with a maximum amount of time to be considered. Commissioner Foxley clarified that there was indeed a financial exigency declared in the mid-1980s by the Regents and supported by then Governor Bangerter. She said in current Regents' policy there is a minimum time of not less than six months, and many institutions have gone to twelve months. She agreed with a review, taking into consideration the current environment and existing policies, with input from the Presidents.

Vice Chair Atkinson moved that a committee be appointed to review program discontinuation processes and to consider additional Regent policies, if warranted, to increase System efficiencies in these areas. The motion was seconded by Regent Hoggan. Chair Karras asked for time to develop a specific date or timeline and to staff the committee. Regent Jardine suggested that perhaps institutional trustees who are familiar with institutional processes could be involved, along with the CAOs. **The motion carried unanimously.**

Regent Hoggan moved that the recommendation be modified to strike the word "direct" and insert the word "encourage" in its place. It was further suggested that the words "and preserve" be inserted after "in order to free up" and before "resources for higher priority programs and services." Regent Mantes seconded the motion. Chair Karras said in cutting vertically, prioritization is needed. We also need coordination so that programs are maintained which are important to the economic viability of the

state. The Regents believe that the Presidents should be given flexibility in determining the status of their own programs. **Vote was taken on the motion, which carried.**

Review entrance requirements to make the best use of the current capacity and encourage better preparedness on the part of students. Commissioner Foxley pointed out that this was carried over from the last master planning process. It is focused primarily on the research universities. Community colleges are open-door institutions. Regent Barney said she agreed with the philosophy but realistically, public education will not be able to respond due to the current budget constraints being implemented by the public schools. Commissioner Foxley said the recommendation is to enhance the entrance requirements for the universities so that the students are fully prepared to do university work. The universities are already admitting the better prepared students. Vice Chair Atkinson said she had learned in recent discussions with Superintendent Steve Laing and UVSC officials that a number of students coming directly from high schools require remedial math and reading classes. Superintendent Laing said he was aware of the situation and he would be talking with the curriculum committee and the State Board of Education. **Regent Hoggan moved approval of the recommendation. The motion was seconded by Regent Mantes and carried unanimously.**

Tuition and Tuition Waiver Issues

Commissioner Foxley referred to the attachments to Tab F. Attachment A showed tuition increases approved for this coming year, including second-tier tuition. This information has been reported to the Legislative Executive Appropriations Committee. She referred to Attachments B and C and said the information on statutory tuition waivers had been requested by the Executive Appropriations Committee. She thanked Brad Mortensen for pulling the information together. Commissioner Foxley noted that the institutions are not using the full authority granted to them by the state and by the Board of Regents. In this time of fiscal uncertainty, the Legislature feels that we should be taking care of Utah residents first because our citizens have been paying state taxes and helping to build state revenues. Therefore, the Legislature has focused on certain areas of tuition waivers: (1) Summer Nonresident Tuition. Commissioner Foxley said this policy was originally developed to make our campuses more fully utilized during the summer. (2) Border Waivers. Legislation sponsored by Senator Lyle Hillyard specified that students within a 100-mile radius of the state would get a partial waiver of their tuition. Legislative perception differs on how much of the tuition should be waived. The Senate Republican Caucus voted flexibility but the House Republican Caucus made motions that summer tuition waivers for out-of-state students not be allowed any longer. Legislation may be introduced on July 8 or 9 to strike this section of the statute. Commissioner Foxley said the Regents and Presidents need to let the Legislature know that this year's budget cannot be impacted by doing away with these tuition waivers. It would not be fair to ask the institutions to implement such a change without being able to give advanced notice to the students. Changing the surcharge from 150 percent to 135 percent for excess credit hours and imposing a surcharge for repeat courses will already force some students to pay a greater cost for their education.

Commissioner Foxley said the Regents do not have the authority to eliminate the tuition waivers; that is statutory. President Hall referred to the issue of timing. If the Legislature wants to deal with these two items in special session for implementation in 2003-2004, that would be acceptable to the Presidents. Forcing those additional budget cuts for this year would be forcing a base reduction on the institutions if those dollars are counted against them. President Hall promised to support all of the Utah students who want to attend Utah

State University, but said he could not do it "on a dime." The University will lose income from housing, food, bookstore, dormitories, etc. because the students will not enroll and the University will have to pay the cost. President Bennion said the impact on SUU would be similar to that of USU. SUU is a residential campus. Lead time is a very critical issue.

Regent Atkin asked if eliminating these waivers is a bad idea, what difference would the timing make? President Hall said it deals with the role and mission of the institutions. USU has a very large alumni group in southern Idaho. Idaho citizens work in Utah and expect because they are paying Utah taxes that they should be entitled to a tuition discount. Border waivers are important but not academically critical. President Romesburg pointed out that summer school is already under way. If 1.63 percent is higher education's share of the budget reduction, the institutions will deal with it but they need to decide where the cuts are made. He urged the Regents not to take the funding from money which is not there and which will not materialize. He asked if the Regents decide to make a change to charge non-resident students the non-resident rate during the summer, it should not be effective until Summer 2003.

President Huddleston pointed out that 45 percent of the automobiles sold in southern Utah are sold to Nevada residents. Those individuals utilize the services in Utah. They do not pay the same tuition as Utah residents; it is only a partial tuition waiver. Without this tuition break, students will not get part-time jobs and pay sales tax or income tax, they will not live in our dormitories, etc. He said this would not be a wise economic decision.

Ryan Vogle, UVSC Student Body President, pointed out that at the same time academic advisement is being cut, the students are being required to take fewer courses. Many students return to school and change careers. The students are not opposed to being charged for a third try at taking a class. However, reducing the number of excess credit hours to 135 will hurt students. Commissioner Foxley said she appreciated those comments. She said the changes in Policy R510 were intended to send a signal to students to take their education seriously and to be better prepared for their courses and programs. Mr. Barnes responded that by cutting academic advisement it is harder for students to get the direction they need to graduate more quickly. Many students also change their majors and should not be penalized for that. Regent Douangdara said he had probably exceed 150% of credit hours required for his major. He graduated from UVSC with a bachelor's degree in Behavioral Science. He was required to take additional credits from the University to get into the medical program. He repeated no classes. Commissioner Foxley said that would fall into some of the categories for exemptions to the policy.

Regent Johnson recommended that an introductory phrase or paragraph be added to policy R510 stating that in many cases it is the System which has not allowed the students to pursue their degrees in a timely manner. In other cases, students are responsible for the excess classes. He recommended that exceptions be taken into account. Commissioner Foxley said that wording could be worked into the first paragraph of the policy.

Vice Chair Atkinson said two questions had been raised in the Task Force on Finances: How big is the problem, and how much did it cost? Perhaps there should be a statement rather than a policy until a cost can be determined. President Cundiff asked if the policy on excess credit hours was expected to be implemented this fall. Associate Commissioner Spencer said without language to the contrary, that would be the expectation.

President Cundiff said another issue was deciding when a student takes a course. Is it when s/he gets a grade, after the drop/add date, after enrollment? Commissioner Foxley said the implementation date would be whenever it was prudent and possible. Dropping a course means it is not completed. Completion of a course is reflected by a grade. Regent Snow urged the Regents to be very cautious about placing limitations on residents being left out of programs to the benefit of non-resident students and on students who need to pay for excess courses.

Regent Jardine moved that the revisions to Policy R510 be implemented no later than January 1, 2003, and that if there are issues about what counts as having taken a class, that the institutions be given the discretion as to what is practical. The motion was seconded by Regent Atkin and carried, with Regent Douangdara voting against the motion.

The meeting adjourned at approximately 11:00 a.m.

Joyce Cottrell CPS
Executive Secretary

Date Approved