

MINUTES OF MEETING
UTAH STATE BOARD OF REGENTS
UTAH VALLEY STATE COLLEGE, OREM, UTAH
October 31, 2003

Regents Present

Nolan E. Karras, Chair
E. George Mantes, Vice Chair
Linnea S. Barney
Daryl C. Barrett
Bonnie Jean Beesley
Kim R. Burningham
William Edwards
David J. Grant
L. Brent Hoggan
James S. Jardine
Charles E. Johnson
David J. Jordan
Jed H. Pitcher
Sara V. Sinclair
Marlon O. Snow

Regents Excused

Michael R. Jensen
Maria Sweeten

Office of the Commissioner

Cecelia H. Foxley, Commissioner
Richard E. Kendell, Commissioner-designee
David Buhler, Associate Commissioner for Public Affairs
Don A. Carpenter, Executive Assistant
Joyce Cottrell, Executive Secretary
Kimberly Henrie, Budget Analyst
Brad Mortensen, Assistant Commissioner for Finance and Facilities
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 REPRESENTATIVES

University of Utah

J. Bernard Machen, President
A. Lorris Betz, Senior Vice President for Health Sciences/Dean, School of Medicine
Paul Brinkman, Associate Vice President for Budget and Planning
Nancy Lyon, Assistant Vice President for Governmental Affairs
Laura Snow, Special Assistant to the President and Secretary of the University

Utah State University

Kermit L. Hall, President
Stan L. Albrecht, Executive Vice President and Provost

Juan N. Franco, Vice President for Student Services
Fred R. Hunsaker, Vice President for Administrative Services
Richard W. Jacobs, Budget Director
Clinton G. Moffitt, Controller
Sydney Peterson, Assistant Provost
Kevin C. Womack, Associate Vice President for Administrative Services

Weber State University
F. Ann Millner, President
Kathleen Lukken, Provost
Norman C. Tarbox, Jr., Vice President of Administrative Services

Southern Utah University
Steven D. Bennion, President
Abe Harraf, Provost

Snow College
Michael T. Benson, President

Dixie State College
Robert C. Huddleston, President
Phil Alletto, Vice President for Student Services
Stanley J. Plewe, Vice President of College Services
Jake Denning, Student Body President

College of Eastern Utah
Ryan L. Thomas, President

Utah Valley State College
William A. Sederburg, President
Brad Cook, Vice President of Administrative Affairs
Cameron Martin, Assistant to the President
Val Peterson, Vice President of Administration and External Affairs
Swen Swenson, Student Body President

Salt Lake Community College
Judd D. Morgan, Interim President
Donald L. Porter, Vice President of Business Services
Trent Kemp, Student Body President

Utah College of Applied Technology
Gregory G. Fitch, President
Linda Fife, Vice President for Academic and Student Services

Representatives of the Press

Christi Babbitt, *Provo Daily Herald*
Adam Benson, *Daily Utah Chronicle*
Shinika A. Sykes, *Salt Lake Tribune*
Stephen Speckman, *Deseret Morning News*

Others

Race Davies, Governor's Office of Planning and Budget
Carl Empey, Zions Bank Public Finance
Boyd Garrriott, Office of the Legislative Fiscal Analyst
Debbie Headden, Office of the Legislative Fiscal Analyst
Kent Michie, Zions Bank Public Finance

Chair Nolan Karras called the meeting of the Committee of the Whole to order at 9:30 a.m. He welcomed everyone and thanked President Sederburg for his warm hospitality and for the installation activities the previous day. Chair Karras said the Regents had met for breakfast with the UVSC Board of Trustees, who are very pleased with President Sederburg and the good work he is doing. He excused Regents Jensen and Sweeten.

Major National Issues in Higher Education – Presentation by
American Council on Education Vice President Terry Hartle

Commissioner Foxley noted that President Hall serves on the American Council on Education (ACE) Board of Directors in his role as the President of a land-grant university. He has been very much involved with what is going on nationally with the Higher Education Reauthorization Act. At his suggestion, the Regents invited ACE President David Ward and Vice President Terry Hartle to speak at this meeting (see Tab A). President Ward needed to stay in Washington because things are happening quickly on the Higher Education Reauthorization Act, but Vice President Hartle was able to be here. Commissioner Foxley asked President Hall to introduce Dr. Hartle.

President Hall said it was his pleasure to introduce Dr. Hartle because he was from Cleveland, Ohio, near where President Hall grew up. Dr. Hartle is Senior Vice President and Director of Government and Public Affairs at the American Council on Education. As such, he is one of the most influential individuals in our nation's capitol. He has been at ACE for ten years.

Dr. Hartle noted that the 2004 campaign was just a year away and already it is proving to be a very close contest. The hottest issues on the Washington agenda are: (1) Iraq and foreign policy. Dr. Hartle noted that one-third of the country of Afghanistan is ungovernable and unable to administer relief aid. (2) Another important national issue is the economy, which is showing the strongest growth in the gross national product in 19 years. However, three million jobs have disappeared since President Bush took office. Those jobs will be an issue in the next election. (3) The third issue is prescription drugs. The costs and complexity of creating a Medicare program are estimated to be more than \$40 billion over the next ten years. This is the subject of intense study and discussion in Washington. (4) The federal government budget deficit is \$500 billion for this

fiscal year alone, which began October 1, 2003. It is the largest deficit in the history of our country. Three years ago there was a surplus of \$240 billion. There is no money for new initiatives, and the budget determines the policy choices that will be considered. Rather than thinking of policies to improve the nation, Congress is forced to consider what the country can afford.

The Higher Education Reauthorization Act (HERA) is considered every four or five years. It is absolutely critical to American education. Federal student aid support is crucial, as well as the tax benefits associated with saving for a college education and the investment in research and development on college and university campuses. This totals over \$100 billion a year.

Dr. Hartle said the Department of Education had begun preparing the HERA for the House and Senate a year ago. ACE's task is coordinating the efforts in Washington, and they submitted recommendations to Congress early this year. The administration, House and Senate are all key players in a reauthorization. This particular administration is focused on No Child Left Behind., is taking 98 percent of the attention of the leadership of the Department of Education. Two Senate hearings are involved – one on the cost of higher education and another on “ideological diversity” on campus.

The HERA involves three issues: access (socio-economic factors), accountability (perceived lack of information to make an informed decision, and lack of an open and transparent process to ensure parents of the quality of our institutions), and affordability (higher education costs too much, low-income students are being priced out of college, and middle- to upper-class families have to struggle to pay the cost of an education). The public also perceives that colleges are inefficient and poorly run.

The House intends to present six bills to implement the Higher Education Reauthorization Act. Three bills have been prepared through the House; they were bipartisan and non-confrontational. The other three will not be as easy and are neither bipartisan nor non-confrontational. One of the bills is affordability which will attempt to control prices. Another concerns Title IV student aid. Under the accountability bill, the federal government would calculate a price index (CPI) and schools would have to report if their costs exceed the CPI. After two years of non-compliance, the institution would be watched and would be audited by the Inspector General, and the accrediting agency would be notified. After another year, federal student aid would be eliminated. Dr. Hartle said Utah's tuition rates were low enough that our institutions would probably be exempted from the bill. This bill generally applies to schools which do not set their own tuition. Dr. Hartle pointed out that the tuition-setting body must complete the reports. The big concern is that the federal government will take a larger role in dictating policy. There are also provisions in the affordability bill regarding transfer of credit. The bill lays out standards and requires much more reporting to the federal government.

The second issue is ideological diversity. The House has approved an advisory board on international education, which is viewed as a censorship committee. House members are working hard to ensure that this is not the case. They want to ensure that there is not a bias against international students, particularly students from Israel.

The third change is that Senate Democrats considered trying to reduce legacy preferences and early admission to higher education because they work against minority and low-income students. They still want

to regulate colleges and universities. There has also been discussion of giving students new rights on campuses, including the right to sue colleges if information is listed which violates the Privacy Act.

Dr. Hartle said the HERA is not simply about student aid, but about the relationship between the federal government and colleges and universities. The federal government does not supply direct support; they provide student aid, which is not a partisan issue.

Chair Karras thanked Dr. Hartle for his remarks. Commissioner Foxley asked Dr. Hartle if he thought there was a better chance for some of these issues to stay in the Act than others. Dr. Hartle said accountability is likely to remain. Institutions would probably end up reporting more information to the federal government about affordability than they do now. The ACE does not want sanctions or penalties imposed. Also, transfer of credit is not well understood. Driving this are nationally accredited schools (trade schools) that have seen their students refused credit transfer because they come from a nationally accredited school rather than a regionally accredited school. Nationally accredited schools see this as a prejudice issue and are pursuing this issue. Regarding ideological diversity, Dr. Hartle said he was not sure how the federal government would regulate it but it could be quite worrisome. We want to avoid a censorship committee. There is no need to regulate early admission and legacy issues. Only about eight percent of college students apply for early admission, so this issue does not affect many people.

Regent Maher asked what the CPI was last year, compared with the tuition increase. Dr. Hartle said the CPI was 2.5 percent, and a tuition increase of 5 percent or more would have exceeded the CPI. The proposal would divide all institutions of higher education into three categories – less than two-year schools, two-year schools, and four-year schools, as well as private, non-profit, and public schools. Right now that would eliminate the 25 percent of schools with the lowest tuition rates, which includes Utah. An “allowance” would take care of another 47 percent of the schools. This data will be run again when the 2003-2004 numbers can be factored in.

Regent Jardine pointed out that, historically, research universities are one of America’s great assets. It seems that this presupposition is changing because Congress is dissatisfied. Dr. Hartle said Congress will acknowledge that this country has the best higher education system in the world. However, they think the federal government can improve the way the colleges operate. Regent Jardine noted that institutional presidents have a lot of sway with elected officials in Washington. Dr. Hartle said the ACE is encouraging individual campus presidents to make calls to their Congressional delegation about what is going on in their particular state. Utah does not have representation on the committee which will consider the affordability bill. The sponsoring Congressman (McKeon, California) has an enormous legislative district which does not contain any four-year colleges.

Regent Barrett asked what would be the approach to make institutions better and stronger, rather than just implementing “damage control.” Dr. Hartle said access was a key issue. Institutions should take steps to educate low-income and first-generation college students. The maximum Pell grant has only increased by \$50 in the last three years. Loan limitations have not increased since 1992. We need to encourage the federal government to ensure access to help low-income families afford higher education.

Chair Karras asked Dr. Hartle what the Regents and Presidents should do. Dr. Hartle said they should address some of these major questions with those who examine the issues. Send letters to the chair of the committee and to Congressman McKeon to express your concerns. Chair Karras asked Associate Commissioner Buhler to work on this assignment.

Chair Karras thanked Dr. Hartle for his remarks and for coming to Utah to share his perspective with the Regents and Presidents. Dr. Hartle said because it was so difficult to convey the particular impact of issues going on in Washington, it is enormously helpful to meet in the states to discuss the issues affecting higher education. Commissioner Foxley also thanked Dr. Hartle and said he had made the issues easier to understand. She said the Regents and Presidents would become more involved in writing to members of Congress and would coordinate their efforts with the American Council on Education.

Welcome to Commissioner Kendell

Chair Karras welcomed Dr. Richard Kendell to his first official Board meeting. The Regents are grateful that he accepted the position of Commissioner and are looking forward to working with him. Chair Karras said Dr. Kendell would assume the role of Commissioner on November 17.

Proposed 2004-2005 Budget Request

Commissioner Foxley called attention to Replacement Tab B in the Regents' folders and reminded them of the statutory language requiring the Board of Regents to submit a budget recommendation to the Governor and Legislature. That recommendation should reflect the need for higher education funding in this state, equitable distribution of funding among institutions, and consideration of the state's financial ability to pay for such services. There is a backlog of need. The economy is beginning to recover, but it is not recovering as quickly as we had hoped. In discussions with Presidents after the last Board meeting, it was decided that the best budget approach would be to focus on the highest priorities agreed to by all institutions.

Attachment 2 to Tab B showed the following budget priorities: (1) compensation, including a 2.5 percent salary increase, (2) new student support, and (3) facilities support. Ongoing needs were also shown, with a summary of the budget request on the second page. In the compensation area, after no salary increases for three years, a 2.5 percent increase looks very small. Also included are increases of 12 percent for health and dental benefits. The total compensation package would be \$17.5 million in tax funds. Compensation is the top priority on all of the campuses.

The request for new student support is for only one-fourth of the unfunded enrollment growth. This year we are still unfunded by \$10.9 million. We need O&M for new facilities, and fuel and power increases which would total \$13.8 million. The total for our priorities would be over \$42 million. Other ongoing needs are also high priority items for the System and for our institutions. For example, when tuition is increased, financial aid becomes a key issue. Also, standard mandated costs must be covered, even if we do not receive any money.

Commissioner Foxley explained that the supplemental requests would be to take care of the current year shortfall in fuel and power and New Century scholarships. Commissioner Foxley asked Assistant

Commissioner Brad Mortensen to explain the difference between the ongoing and supplemental fuel and power requests.

Assistant Commissioner Mortensen said the supplemental request would allow the institutions to pay their bills this year without taking money from other needed areas. Regent Jardine said it is helpful to trace budgets and to see how we are over- or under-funded from year to year. This lets the Legislature know where they have underfunded higher education. He asked if this included gasoline to run institutional automobiles. Mr. Mortensen said gasoline costs were not included in the request. Regent Jardine remarked that there are industry analysts to show how to manage fuel and power costs. Assistant Commissioner Mortensen responded that the University of Utah received an award a couple of years ago for the way they had managed their energy efficiencies. Also, facilities administrators meet regularly to share ideas.

Dr. Randall Chase, President of the Utah Council of Faculty Senate Leaders, said the faculty agree unanimously and approved a resolution in support of these budget priorities. Dr. Chase said they appreciate the fact that compensation is the top budget priority. Commissioner Foxley noted that Dr. Chase was the former president of the SLCC Faculty Senate.

Regent Pitcher had questions on the budget. Commissioner Foxley said it is possible that some money may be appropriated for compensation, perhaps less than the amount we are requesting. Tuition must cover a proportionate share of compensation increases. Regent Pitcher asked if the low figures for health and dental reflected System conservation measures of employee cost sharing. Commissioner Foxley said that was the case. Associate Commissioner Spencer said the reason the health insurance increase is 12 percent is that the institutions are increasing the employee portion of the premium cost.

Chair Karras said \$200 million of additional revenue would be needed for the state to break even. Mandatory statewide needs include replacing one-time monies, taking care of enrollment growth in public education, Medicaid costs, etc. The Regents' budget request is in addition to those needs. Only \$70 million was anticipated in new money, which is not very encouraging.

Regent Johnson said it appeared the Regents were abandoning the previous approach of a funding formula. He asked Regent Burningham what increase the SBE would request in their WPU formula. Regent Burningham said the State Board of Education was requesting a 3 percent increase, including health and dental benefits. Regent Johnson pointed out that unfunded growth is cumulative. The Legislature will see that we have accepted the students, so they may conclude that there is no downside of not funding higher education's growth.

Commissioner Foxley replied that the Presidents had agreed to continue to talk about the formula, but formulas only work when there is money, and the formula does not include compensation as a focus. Chair Karras agreed that we need to stay with the funding formula, but we also need to indicate our preferences. Commissioner Foxley said she would have her staff put the budget request into formula format. The Presidents wanted to focus on priorities in straight-forward dialogue. Much of this gets lost in the formula presentation. The Presidents felt this was the best format for this year when there is likely to be very little money.

President Hall said the message from the Presidents on the question of compensation has to be indisputable, clearly forceful and dramatic. If included in a formula, it requires a separate paragraph. Classified employees' salaries are one-third below market salaries. This message is critical. Regent Pitcher said adding health and dental increases could increase compensation by 3½ to 4 percent. Regent Snow pointed out the urgency to get moving on a program or policy for health care for all of the USHE institutions.

Regent Jardine moved that the USHE budget priorities be approved and that Chair Karras and Regent Johnson be given the responsibility of capturing the message but maintaining a funding formula. Chair Karras asked that Regent Pitcher be included, as chair of the Finance, Facilities and Accountability Committee. Regent Jardine agreed with this amendment to his motion, which was seconded by Regent Beesley.

Regent Johnson recommended that the higher education recommendation for compensation be equal to public education's request. Regent Burningham said he would check to make sure health and dental insurance costs were included in the requested 3 percent increase. Regent Jardine remarked that public education had done better at receiving funding than higher education through the years. He clarified that his motion did not include flexibility to change numbers.

President Huddleston said when a funding formula was discussed with the Council of Presidents, it was agreed that a formula had not worked well for higher education. The Presidents had no problem with the formula and had agreed on these three top priorities. Regent Beesley said it would be helpful in the long run to include the message of what the institutions really need to continue to educate our students at the current high quality level, but that we are only receiving a smaller appropriation because of the political realities.

President Millner urged separation of salaries and benefits. Salary increases will be dependent on revenues and state resources. However, insurance premiums will increase, independent of state revenues. Chair Karras agreed that we need to do a better job of letting the general public and the Legislature know the consequences of not funding higher education. Regent Beesley recommended that the funding formula show the cost of being fully funded and the consequences of not being fully funded.

Vote was taken on the motion to approve the budget priorities and to have Chair Karras, Regent Johnson and Regent Pitcher develop the budget request in formula format. The motion carried.

Proposed 2004-2005 Tuition Increases

Chair Karras pointed out that the budget included a four percent tuition increase, with one-half percent designated for student financial aid. Second-tier tuition increases will be discussed at another meeting, possibly in January. Commissioner Foxley referred to the second page of her cover memo to Replacement Tab C. She pointed out that one-half percent of the first-tier increase would stay at the institution which raised the tuition for need-based financial aid. The Commissioner asked the students who were present to speak to this issue, beginning with Regent Edwards.

Regent Edwards commented that tuition costs in Utah are very low when compared with national figures. This is true mostly of the research and four-year institutions. Tuition at Utah's community colleges and state colleges is not really that low. He asked for a lower first-tier tuition with more flexibility given to the Presidents for second-tier tuition increases. The students realize that resources are scarce, but they are alarmed by the trend in tuition increases and would favor no increase in tuition. Commissioner Foxley said if tuition were not increased, we would not have the money to fund the compensation increase. Regent Edwards said to fund a one percent salary increase would demand a three percent increase in student tuition if no state funds were available. He said the students cannot continue to fund so much of the cost of their education. Commissioner Foxley thanked Regent Edwards for his remarks.

Swen Swenson, outgoing president of the Utah Council of Student Body Presidents, said students are not against salary increases for the faculty. He thanked Commissioners Foxley and Kendell for visiting with the student leaders about tuition the previous evening. He read a brief statement pointing out the need for student employment to pay for their education. Students also incur loans and credit card debt which take years to pay. Mr. Swenson suggested a weekly meeting to discuss student-centered issues.

Regent Grant moved that the tuition be increased equal to the base increase the USHE receives from the Legislature. Regent Atkin seconded the motion. Commissioner Foxley said the Regents were required to put forth a tuition recommendation to the Governor and the Legislature. The Legislature will look at tuition revenue as they work out the budget.

Regent Maher asked Commissioner Foxley what would be the worst-case scenario if salary increases were not funded. Commissioner Foxley said the Governor's Office and the Legislature view tuition revenue as part of the budgeting process. She asked Fiscal Analyst Boyd Garriott to comment. Mr. Garriott said the Legislature understands the complexity of the situation. In the Budgetary Procedures Act, the Utah System of Higher Education must present a plan for financing their budget request, including any increases in tuition. The Legislature needs to know how much money is available as funds are appropriated. They have looked at second-tier tuition and expressed concern about receiving this information so late in the budget process. Mr. Garriott pointed out that at the present time the Regents are allowed to set tuition. If this does not happen, the Legislature may choose to set tuition. **Regent Grant withdrew his motion, and Regent Atkin withdrew his second. Regent Grant moved a zero percent tuition increase. The motion was seconded but failed to carry.**

President Fitch said he was testifying at the Capitol when tuition was discussed in a Council of Presidents meeting, but he appreciated the idea of setting a lower first-tier tuition and increasing the second tier. If the students are willing to pay higher second-tier tuition, the Presidents could commit part of that money to salaries. He said he would be willing to take that recommendation back to the UCAT Board.

Regent Jordan asked what would be the impact on the budget by lowering the first-tier tuition. Assistant Commissioner Mortensen said a 3½ percent increase in tuition would be needed to cover the institutions' share of the compensation package. If tuition is lower than 3½ percent, compensation would be lowered. **Regent Atkin moved that first-tier tuition be increased by 4 percent. The motion was seconded by Regent Pitcher and carried with three opposing votes.**

Regent Burningham said the SBE recommendation would be approximately 3 percent for salaries (4.3 percent total compensation, less retirement). He noted that health benefits vary between school districts. **In order to be comparable with the SBE recommendation, Regent Johnson moved to reconsider the earlier motion on the budget. The motion was seconded.** Assistant Commissioner Mortensen explained that for every one percent of compensation increase, about a one percent tuition increase is needed to fund tuition's proportionate share. A one percent tuition increase would equal \$2.5 million. He clarified that one-third of the compensation increase now comes from tuition.

Regent Johnson moved to reconsider the 2½ percent salary increase to be comparable with public education's recommendation (3 percent). He asked what the ramifications of such an increase would be on tuition. Assistant Commissioner Mortensen said for every one percent of salary increase, tuition must be increased by \$2.2 million. Raising salaries to 3 percent would require that tuition be increased by another one-half percent. Chair Karras clarified: By increasing salaries to 3 percent, tuition would have to be increased by 4½ percent, with one-half percent going to need-based financial aid. Regent Grant asked if part of the compensation package could be funded by second-tier tuition. President Machen said the Presidents had voted and had all agreed that the first-tier tuition should cover a minimum 2½ percent increase in salary. **Regent Johnson withdrew his motion to reconsider.**

Stating that he would rather make a very strong statement on the critical need for a 3 percent salary increase, Regent Maher moved that the Board recommend a 3 percent salary increase, with a 4.5 percent tuition increase, or the number that supports a 3 percent increase in salaries. The motion was seconded by Regent Atkin. Regent Jardine spoke against the motion and indicated his willingness to let Regent Johnson finesse the proposal to get the desired result.

Regent Beesley asked what percentage of students in the state qualify for and receive financial aid. How many students would be affected by these increases in tuition and financial aid? Chair Karras asked Associate Commissioner Norris to prepare a report for the December Board meeting.

Regent Johnson moved that vote be delayed until the afternoon meeting so the committees could meet on schedule. The motion was seconded by Regent Pitcher and carried.

Following meetings of the Board committees, Chair Karras reconvened the Committee of the Whole at 1:05 p.m.

Reports of Board Committees

Academic, Applied Technology, and Student Success Committee

Bachelor of Science in Nursing (BSN) Degrees (Tab D). Chair Jardine said the Program Review Committee (PRC) had been considering proposals for fast-track approval of nursing programs at Southern Utah University and Dixie State College. The committee received reports from outside consultants and discussed bringing forth a recommendation at this meeting; however, most of the data had not been distributed as widely as possible so a recommendation was deferred until the December meeting.

Moratorium on New Programs and Programs in Planning Stages (Tab E). Chair Jardine said the Chief Academic Officers (CAOs) felt that the moratorium was counterproductive in areas where institutions had new programs which would improve the quality of the institutions and where they could reallocate funds internally with specific reasons for that reallocation. The PRC had discussed this issue and expressed concern about the timing (with the upcoming Legislative Session) and the difficult economic climate. Feedback from the Legislative Fiscal Analyst's Office and the Governor's Office indicated that the Legislature had received the message of the moratorium and were cognizant of the rigorous review process. In light of this and the fact that the Presidents wished not to have their hands tied, the committee charged the CAOs, the PRC and Commissioner's staff to develop an amendment to policy R401 to eliminate the "moratorium" language, maintain exceptions, and add one or two new criteria to capture the ability of an institution to present an important program, with specific reallocation plans, while maintaining the same rigorous review process. The institution would need to present demonstrated proof that the new program would substantially improve the quality of a program, fill student needs, etc. Regent Sinclair said she had been on some of the campuses recently and was aware of the pressure to advance new programs at the institutions.

Consent Calendar, Academic, Applied Technology, and Student Success Committee (Tab F). **On motion by Chair Jardine and second by Regent Johnson, the Board approved UCAT's request for a Personal Computer (PC) Technician Certificate under the Fast Track Approval Process.**

Dixie State College – Elementary Education Degree Program Report (Tab G). Chair Jardine recalled that Dixie had received approval for their Elementary Education Degree Program in 2001, and that this was an interim report. College officials responded to questions in committee. No significant issues arose in committee. Chair Jardine offered to respond to questions, but none were presented.

Working Paper on the Competent Learner: Transitioning from High School to College (Tab H). Chair Jardine said the report had evolved from discussions about the desire of public education to work with higher education on transitioning students from high school to college. The committee received a report from Regent Barney about the status of the SBE's Performance Plus Program. Regent Burningham said the State Board of Education had identified three places where they would like to move ahead immediately: (1) below the level of 8th grade in reading and mathematics, (2) middle schools, and (3) improving the transition from high school to college. Regent Burningham said the SBE would like to be in a position where, if public education and higher education agree a student is ready for college by identifying high school requirements, the USHE institutions would accept that student. Certification could mean automatic admission to a USHE institution if it meets the requirements of the institutions. President Machen pointed out that some institutions have open enrollment and others may not have space for everyone. Chair Jardine assured him that the concerns of the two research universities would be considered.

Proposed 2004-2005 Tuition Increases (continued)

Regent Johnson recapped that the Board had already approved a 2½ percent salary increase and a 4 percent tuition increase. Because of the certainty with students and the uncertainty of the state legislature, we have moved from paying 25 percent of faculty and staff compensation to paying 33 percent. If the Board is going to raise the amount of compensation request, they must raise the tuition request as well. The State

Board of Education is requesting a 3 percent salary increase. We need to share the message that we value higher education as much as we value public education. This would raise tuition by 4½ percent. Since every President will consider at a second-tier tuition increase anyway, students will ultimately have this large an increase in their tuition. He reminded the Regents that there was a motion on the floor to amend both of the previous increases, to raise the requested salary increase to 3 percent and the requested tuition increase to 4½ percent.

Chair Karras explained why he would be voting against the motion. If the Legislature does not fund a salary increase at 3 percent, we would still be increasing tuition by 4½ percent. Regent Grant asked if this meant that the second-tier tuition on each campus would likely be reduced by one-half percent.

Vote was taken on the motion to amend the requested salary increase to 3 percent and to increase tuition by 4½ percent. The motion carried with Regent Edwards and Chair Karras voting in opposition.

Finance, Facilities and Accountability Committee

Proposed Revision to Policy R548, Institutional Discretionary Funds Administration and Accountability (Tab I). Chair Pitcher referred to Replacement Tab I in the Regents' folders, which contained a minor wording change. The intent of the revision is to clarify that Trustee approval is required on the expenditure of discretionary funds over \$50,000. The policy will continue to require annual reports and audits of all expenditures of discretionary funds. **Chair Pitcher moved approval of the policy revision. The motion was seconded by Regent Atkin and carried.**

University of Utah – UofU Hospitals' and Clinics' Request to Increase Long-term Debt (Tab J). Chair Pitcher said Dr. Betz and Gordon Crabtree had introduced the request to the committee. The University is requesting that its long-term debt be increased to \$10 million in order to furnish and equip the Same-Day Orthopedic Surgical Center. This will free the hospital for other services. The University has entered into a long-term lease with the developer, and the plan is financially viable. **Chair Pitcher moved approval of the University's request. The motion was seconded by Regent Atkin and carried.**

Utah State University – Revenue Bond to Build Residence Halls, Parking, and Food Services (Tab K). Chair Pitcher said the committee heard from a trustee and building consultant. The University currently has \$26 million of outstanding debt. This bond would increase that indebtedness by \$40.7 million. The new facility would have a net increase of 20 new beds to the housing at USU and would provide 600 parking stalls. **Chair Pitcher moved approval of the bond. The motion was seconded by Regent Atkin and carried.** Regent Grant suggested increasing the parking capacity to 800 stalls.

Southern Utah University – Sale of Donated Property (Tab L). Chair Pitcher said the property was approximately 3½ miles from Cedar City and contains 16.87 acres of former agricultural grazing land which is now zoned as industrial/manufacturing. The offer matches the current appraised price of \$202,440. **Chair Pitcher moved approval of the transaction. The motion was seconded by Regent Atkin and carried.**

Utah Valley State College – Campus Master Plan (Tab M). Chair Pitcher said the committee had received an excellent presentation by Vice President Val Peterson. **Chair Pitcher moved approval of UVSC's Campus Master Plan. The motion was seconded by Regent Atkin and carried.**

Consent Calendar, Finance, Facilities and Accountability Committee (Tab N). **On motion of Chair Pitcher and second by Regent Snow, the following items were approved on the committee's Consent Calendar:**

1. Elimination of Policy R562, *Reporting of Summer School Revenue and Expenses*
2. OCHE – Monthly Investment Report
3. UofU and USU – Capital Facilities Delegation Reports
4. Utah State University – Sale of Donated Property
5. Southern Utah University – Acceptance of Donated Property
6. Snow College – Property Exchange with Sevier School District

Administrative Efficiencies – Collaborative Opportunities Among Institutions (Tab O). Chair Pitcher called attention to the schedule attached to Tab O. The committee agreed that this is a very good step forward. They have requested quarterly reports from the groups and anticipate great progress.

State Building Board Capital Development Recommendations (Tab P). Chair Pitcher said this was an information item. Weber State University's project was highly ranked, but the rest of the Regents' priorities were juggled quite a bit. He asked Associate Commissioner Spencer to report back in December with another fine-tuning of the Q&P process.

USHE – Fall 2003-2004 Enrollment Report (Tab Q). Chair Pitcher reported that the FTE count shows an increase of 1160 students or 1.2 percent. The head count is up by 2308 students or 1.7 percent. Several factors contributed to this slight increase.

Utah Valley State College – Baseball Stadium (Tab R). Chair Pitcher said the College had received \$3 million of donated funds to construct a baseball field on the existing site with the rotation of home plate. He said committee members had been interested to learn why the baseball field had to be rotated to accommodate a baseball stadium. The Provo Angels will lease the stadium. The College is still in negotiations on the cost of construction. More details will be provided at the December Board meeting.

Chair Karras thanked Chair Pitcher for his report.

Utah College of Applied Technology – Second Annual Report

President Fitch referred to the Annual Report which had been sent to the Regents and Presidents and said it was a requirement of the legislation that created UCAT. Originally there were 10 institutions and 138 board members. UCAT is now comprised of nine institutions. The college has been in the state for two years and has seen an increase of 8.6 percent in enrollment.

President Fitch determined that the best way to provide the information required by legislation was to go to the school districts and campuses for a full report. Superintendents' comments were informative and interesting. This will be used as a blueprint to determine the strengths and weaknesses in the individual campuses and UCAT as a whole. Most services are adequate or superior. This year custom fit served 926 employers and 18,500 employees were served.

Dr. Fitch praised the cooperation between the UCAT and the USHE institutions. He gave Mountainland ATC and UVSC as a good example. Two years ago MATC was serving 1000 high school students. This year they are serving 3000. President Fitch expressed his appreciation to President Sederburg for his efforts and cooperation. Southeast Applied Technology College has been approved to do the training on open pit mining. CEU has been an excellent support in this process. Dixie State College/Dixie ATC is another exemplary model of cooperation. DATC and WSU have an outstanding nursing program which serves more and more students.

One weakness UCAT has found is providing services to rural areas. The new president at Uintah Basin ATC is providing an opportunity for change. There is still uncertainty about the relationship in Richfield, but Snow College has done a tremendous job. Richfield presents a challenge. President Fitch thanked President Benson for his spirit of cooperation in making this work.

One of the most critical areas is in the Salt Lake area, in the relationship between Salt Lake-Tooele ATC and Salt Lake Community College. President Fitch said he had been working with President Morgan to effect coordination with SLCC and the SLTATC. He thanked President Morgan for his cooperation and his desire to serve the students. SLCC has done an excellent job in partnering with local school districts in providing applied technology education to the students. UCAT is looking for a "value added" component in Salt Lake City.

One challenge is how the UCAT program was structured. It was created because of political expedience. We need to look at objectives and student service needs in determining the current structure. By legislation, UCAT became a "proxy" high school to create a diploma with the State Board of Education. UCAT also realizes the transfer requirements of degree-granting institutions and the needs of employers for job-related skills. Another challenge is working with a national accrediting agency because of the structure of UCAT. Student financial aid is also an issue with the accreditation requirements.

President Fitch said there is a perception that the Salt Lake area is in disarray in the services provided to high school students and adults. Salt Lake Community College became a comprehensive community college trying to serve the needs, while Salt Lake-Tooele ATC was created originally as the Wasatch Front South Consortium. In response to Regent Pitcher's question, Dr. Fitch said it was difficult to project a timeline because discussions are still ongoing and the problems (duplication of services, funding issues, personality issues, etc.) are over eight years old. He commended President Morgan for his cooperative attitude.

There is still a territorial problem – some school districts no longer work with SLTATC. UCAT Board Chair Norm Bangerter has said, "Whoever can do the job the best should do it." SLCC and SLTATC are looking at shared personnel in key areas of reporting. Regent Grant asked if a merger had been considered. President Fitch said this had been suggested but that option is not on the table at this time.

President Morgan said, "We are smarter than what has been occurring." He and President Fitch have had several meetings to discuss organizational plans in great depth. They have looked at combining resources and at having UCAT fit into SLCC. The two presidents are currently still in discussions and negotiations. SLCC's mission is to be a comprehensive community college, serving a large spectrum of students from the under-privileged to transfer students. SLCC has a wonderful relationship with the school districts and share buildings on some of the campuses. President Morgan said his concern, and President Fitch's concern, is to work together to serve students.

President Fitch said UCAT has a similar mission to SLCC's in dealing with employment. UCAT is also charged by law to provide other services in an open-entry/open-exit, competency-based component. SLCC does the same thing through the Skills Center.

Regent Barney said in the Salt Lake Valley, the traditional problem has been with the Salt Lake School District. Because it is smaller, administrators are not able to provide the ATE programs, and their students are having trouble finding a place to receive this training. They have access to Salt Lake Community College but have difficulty with transportation and class schedules. The Salt Lake District also has the most intervention to do with the populations it serves. We need to meet the needs of the Salt Lake City School District with the current challenges.

Chair Karras thanked President Fitch for his report.

General Consent Calendar

On motion by Regent Johnson and second by Regent Sinclair, the following items were approved on the General Consent Calendar (Tab T):

1. Minutes
 - A. Approval of the Minutes of the Regular Meeting of the Utah State Board of Regents held September 11-12, 2003, at Salt Lake Community College in Salt Lake City, Utah
 - B. Approval of the Minutes of the Special Meeting of the Utah State Board of Regents held September 18, 2003, at the Board Offices in Salt Lake City, Utah
2. Grant Proposals - Approval to submit the following proposals:
 - A. Utah State University – NASA Goddard via Colorado University – Laboratory of Atmospheric and Space Physics; "AIM Phase B for the SOFIE Instrument and Science;" \$1,072,885. Brandon Paulsen, Principal Investigator.
 - B. Utah State University – Missile Defense Agency; "RAMOS Task Order 12 Continuation of Detailed Design Efforts Revision;" \$2,899,419. Tom Humpherys, Principal Investigator.

- B. Utah State University – Jet Propulsion Laboratory, “WISE Extended Phase A;” \$2,127,653. Scott Schick, Principal Investigator.
 - C. Utah State University – Missile Defense Agency; “RAMOS Task Order 19 HQ0006-00-D-0006 CDR-IDR Phase;” \$54,790,647. Tom Humpherys, Principal Investigator.
 - D. Utah State University – National Science Foundation; “A Vertically Integrated Applied and Industrial Mathematics Program at Utah State University;” \$1,504,863. Joseph V. Koebbe, Principal Investigator.
 - E. Utah State University – Northrop Grumman Electronic Systems; “Proposal for Engineering Support and IR Radiance Source System;” \$11,611,505. V. Alan Thurgood, Principal Investigator.
3. Proposed Changes to Policy R532, *Acceptance and Approval of Contracts and Grants* – The proposed changes to the policy reflect the Board’s recent configuration of institutional missions and roles and modify the annual reporting process.
 4. Proposed Changes to Policy R926, *Office of the Commissioner, Use of Office-owned Computers and Software* – Paragraph 3.6 of Policy R926 is amended to recognize that the operating system used in the Commissioner’s Office personal computer network provides Internet access to all employees, and to set appropriate limitations on any incidental personal use of this feature. The Computer Services staff periodically monitors sites addressed using office Internet access.
 5. Executive Session(s) — Approval to hold an executive session or sessions prior to or in connection with the meetings of the State Board of Regents to be held December 11, 2003 at the Board Offices in Salt Lake City, Utah to consider property transactions, personnel issues, litigation, and such other matters permitted by the Utah Open and Public Meetings Act.

Report of the Chair

University of Utah Presidential Search. Chair Karras reported on the search process for the President of the University of Utah. A list of search committee members was included in the Regents’ folders, which had been corrected to add Dean Steven Ott and Dean John Mauger and to remove Dean Jack Brittain, who was unable to serve on the committee. The committee has decided to hire a search consultant. The committee will begin collecting input from the community soon, which will be used in developing the selection criteria. The committee was well received and is supported by the entire campus community. Commissioner Foxley said a Request for Proposal was being reviewed by the search committee, who will hear presentations and make the selection of an executive search firm to assist in the process. The trustees on the committee felt particularly strong about retaining a search firm, which will help the search move more quickly.

Dinner for Regents and Presidents. Chair Karras reminded the Regents and Presidents that a dinner at the UofU Rosenblatt House would be given on December 11 to honor Commissioner Foxley and President Machen.

SUU Homecoming. President Bennion thanked Chair Karras for visiting the SUU Campus during Homecoming. At the urging of Chair Karras, President Bennion said he had been approached with an opportunity to win money from students and others by kissing a llama. He thanked Chair Karras for his generous contribution to this effort. He also announced that some SUU students will be singing in Carnegie Hall in January.

Report of the Commissioner

Governor's Deputy for Education. Commissioner Foxley referred to the letter in the Regents' folders announcing that Dr. Darrell White had been selected as the Governor's new Deputy for Education. He will replace Dr. Rich Kendell in that role. Dr. White has been a very good friend to higher education. He clearly understands the challenges of higher education, although most of his experience has been in public education.

WSU Commencement. Commissioner Foxley reminded the Regents and Presidents that Weber State University's Winter Commencement would be held on Friday, December 12. She asked them to let Secretary Cottrell know if they would be attending this ceremony. Because of this activity, the December Board of Regents meeting will be held on Thursday, December 11, with a dinner that evening in the Rosenblatt House.

Transition to New Commissioner. Commissioner Foxley said she and Dr. Kendell had begun a very good transition. Dr. Kendell will become Commissioner on November 17, and she will assist him behind the scenes as needed. She praised Dr. Kendell as a wonderful colleague.

Commissioner Kendell said he had received a very warm and generous welcome from Regents, Presidents and Trustees. Many people have contacted him and made requests. He has taken notes of all requests and said he was up to page 41. Dr. Kendell said he was energized by the experience and that he looked forward to his new responsibilities.

Announcements

Regent Pitcher announced that the Regents' Audit Committee would meet with UVSC's Audit Committee immediately following the Board meeting.

President Bennion announced that representatives of the Northwest Association Commission on Colleges had visited the SUU campus the previous weekend and the University had received reaccreditation.

President Benson invited the Regents and Presidents to the dedication of the Eccles Fine Arts Center on Friday, November 7. Dinner is planned for 5:30 p.m. and a program at 7:00 p.m.

Adjournment

Chair Karras expressed his appreciation to UVSC President Sederburg and his staff for the warm hospitality. He asked Vice President Peterson to tell his staff how appreciative the Regents were of their efforts, including the activities surrounding the preceding day's installation of President Sederburg.

The meeting was adjourned at 2:00 p.m.

Joyce Cottrell CPS
Executive Secretary

Date Approved