

MINUTES OF MEETING
UTAH STATE BOARD OF REGENTS
UNIVERSITY OF UTAH, SALT LAKE CITY, UTAH

December 9, 2005

Regents Present

Nolan E. Karras, Chair
Jed H. Pitcher, Vice Chair
Jerry C. Atkin
Daryl C. Barrett
Bonnie Jean Beesley
Kim R. Burningham
Janet A. Cannon
Rosanita Cespedes
Katharine B. Garff
David J. Grant
Meghan Holbrook
James S. Jardine
Michael R. Jensen
Gaby Bradford Kingery
Josh M. Reid
Sara V. Sinclair

Regents Excused

David J. Jordan
Marlon O. Snow

Office of the Commissioner

Richard E. Kendell, Commissioner
David L. Buhler, Associate Commissioner for Public Affairs
Joyce Cottrell, Executive Secretary
Amanda Covington, Director of Communications
Kimberly Henrie, Budget Officer
Phyllis C. Safman, Assistant Commissioner for Academic Affairs
Mark H. Spencer, Associate Commissioner for Finance and Facilities/Executive Director, UHEAA
Lucille T. Stoddard, Associate Commissioner for Academic Affairs
Lynne Ward, Assistant Commissioner and Executive Director, UESP
Gary S. Wixom, Assistant Commissioner for CTE and Special Projects

Institutional Representatives

University of Utah – President Michael K. Young
Utah State University – President Stan L. Albrecht
Weber State University – President F. Ann Millner
Southern Utah University – President Steven D. Bennion
Snow College – Vice President Rick Wheeler
Dixie State College – President Lee G. Caldwell
College of Eastern Utah – President Ryan L. Thomas
Utah Valley State College – President William A. Sederburg
Salt Lake Community College – President Cynthia A. Bioteau
Utah College of Applied Technology – President Darrell K. White

Representatives of the Media

Anna Chang-Yen, *Provo Daily Herald*
Steve Speckman, *Deseret Morning News*
Shinika Sykes, *Salt Lake Tribune*

Following a breakfast meeting with the University of Utah Board of Trustees and meetings of the Board Committees, Chair Karras called to order the Committee of the Whole at 11:00 a.m. He welcomed everyone and extended his appreciation, on behalf of the State Board of Regents, to President Young and his staff for their accommodations and hospitality.

Reports of Board Committees

Academic, CTE and Student Success (Programs) Committee

Southern Utah University – Bachelor of Science Degree and Baccalaureate Minor in Outdoor Recreation in Parks and Tourism (Tab A). Chair Jardine explained that this was an extension program, jointly sponsored by Utah State University and Southern Utah University. SUU and USU will work collaboratively to provide an additional faculty member who will serve both institutions, and USU will provide two distance-delivered courses to SUU students. Southern Utah University will not offer a graduate program in this field; rather, it will prepare baccalaureate graduates to enter the graduate programs at the University of Utah and Utah State University. **Noting that the committee had approved the program request with no additional authorization for budget from state funds, Chair Jardine so moved its approval, seconded by Regent Beesley. The motion carried.**

Consent Calendar (Tab B). **On motion by Chair Jardine and second by Regent Pitcher, the following items were approved on the Programs Committee's Consent Calendar:**

- A. University of Utah – Community-based Art Education Emphasis in Master of Fine Arts Degree
- B. Salt Lake Community College
 - i. Fast Track Construction Environmental Technology Certificate of Completion
 - ii. Discontinued Programs
- C. Utah Valley State College – Restructure of Electrical Automation/Robotics Technology (EART) and Electronic and Computer Technology (ECT)

Concurrent Enrollment (Tab C). Chair Jardine said concurrent enrollment was an ongoing topic with the Programs Committee, which provoked a very interesting, vigorous discussion. The Chief Academic Officers (CAOs) have been studying the growing concurrent enrollment program in this state and called attention to the serious gap in funding. By statute, the Legislature is to fund concurrent enrollment at \$50 per credit hour, whereas the actual cost is \$60 per credit hour. Current funding is approximately \$34 per credit hour. Quality was also a primary concern. Legislation will likely be introduced to provide for parents paying part of the cost of concurrent enrollment, which will help make up for insufficient funding. The CAOs were asked to look into the issue of whether or not the State was reaping its investment in this program. Regent Cannon pointed out

that one component of concurrent education was the enrollment relating to high school students who use it as a precursor to college courses.

Regents' Scholar Diploma (Tab D). Chair Jardine said this report had been generated by the Commissioner's Office; he asked Commissioner Kendell to comment. The Commissioner noted that this issue had received good coverage in the newspapers since the agenda was published. In concept, the USHE would launch a Regents' Scholar Diploma that would complement the high school diploma. The Regents' Diploma would signify that students had completed a rigorous four-year curriculum according to System standards. Essentially, this would be a required curriculum of four years of English, four years of math, three years of science, and three years of history/social studies. Commissioner Kendell said he would work out the details with Superintendent Harrington and the State Board of Education. He will ensure that funding is available for a small scholarship for students who graduate with the Regents' Diploma, to be distributed in the form of promissory notes to 8th-graders as an incentive for college preparation. The program promises great benefits for both public and higher education.

Commissioner Kendell noted that this was a plan in process. The State Board of Education and State Office of Education, in collaboration with the Utah System of Higher Education, will require time to define the curriculum and set the standards. The Commissioner will present this proposal to the K-16 Alliance on December 20 and request their full support. This will not require legislative action, although funding may be required for the scholarship. Commissioner Kendell stated that for this program to be successful, it must be driven by parents, teachers, counselors, religious leaders, political leaders, etc.

Higher education officials have been very concerned about moving students through the System quickly. However, concerns have been expressed regarding quality. Are concurrent enrollment classes uniformly rigorous and quantitative? Commissioner Kendell referred to an ACT publication entitled "Crisis at the Core," from which he read a quote about the alarming rate at which students are dropping out of college at both two-year and four-year institutions.

Chair Jardine thanked Regents Burningham and Cannon, Chair and Vice Chair, respectively, of the State Board of Education, for participating in the discussion. Regent Cannon said the Commissioner's proposal showed real promise. The State Board of Education feels very positively about it and will work closely with the Commissioner's staff in preparation for the Alliance meeting.

Chair Jardine referred to the background material regarding the decline in high school students going on to college and noted that the numbers are fairly consistent among native-born students. The real decline is in the non-native-born students. A concern was voiced in committee it may already be too late to help these students by the time they reach high school. Commissioner Kendell acknowledged that there may be unintended consequences in this regard. However, quality education has nothing to do with gender and ethnicity, and everything to do with expectations. The rigorous curriculum is good for every student. Data proves that students with this kind of preparation will do better in school and in life.

President Sederburg asked how the USHE institutions could move this ahead. Commissioner Kendell said he would engage all of the institutions in shaping and implementing the program. Chair Karras encouraged everyone at the meeting to get involved with communicating this message to their families and their communities. Commissioner Kendell said this issue had been brought forward for discussion only. A formal proposal will be brought to the Board for approval at a later meeting.

Finance, Facilities and Accountability Committee

Authority to Seek Revenue Bond Financing (Tab E). Chair Atkin said the revenue bond projects under consideration were for the University of Utah's recreation center and Dixie State College's purchase of an apartment building adjacent to campus. Both items have been approved by the Regents. However, approval is again necessary in order to seek bonding authority from the Legislature. **Chair Atkin moved, seconded by Regent Grant, that the State Board of Regents formalize its earlier actions and approve a request for legislative authorization to finance the two revenue bonds. The motion carried unanimously.**

First-Tier Tuition (Tab F). Chair Atkin noted that first-tier tuition is set to fund the institutional share of the compensation package approved by the Legislature. The rate is set equal to the highest institutional rate necessary to fund compensation increases. Potential increases noted in the Commissioner's cover letter included an expected 10.41% increase in health insurance rates and a 6% increase in state retirement rates. It was also noted that the Legislature's requirement that USHE institutions use "dedicated credits" to fund compensation increases had been at a 75/25 ratio several years ago. In recent years, however, the institutional share has increased to 35%. It is hoped that the Governor's budget request will recommend capping the dedicated credits share of the compensation package at 25%. **Chair Atkin moved approval of the first-tier tuition increase for FY 2007 "at the level needed to fund higher education's compensation package." The motion was seconded by Regent Holbrook and adopted.**

University of Utah – Endowment Investment Policy (Tab G). Chair Atkin reported that legislation enacted during the 2005 Session had removed higher education endowment funds from the investment restrictions contained in the State Money Management Act and designated the Uniform Management of Institutional Funds Act (UMIFA) as the controlling legislation for endowment funds. As a result, all institutions were invited to submit their institutional endowment investment policies for Board approval after they had been approved by their respective Boards of Trustees. The University of Utah's policy was the first to be submitted. Chair Karras commended University officials and remarked that it was a very thorough policy. **Chair Atkin moved approval of the University of Utah's Endowment Investment Policy. The motion was seconded by Vice Chair Sinclair and adopted.**

University of Utah – Stadium Bond Debt Defeasance (Tab H). Chair Atkin reported that funds from the Salt Lake Organizing Committee for the 2002 Olympic Winter Games would be used to offset bonds that are being retired. An escrow deposit agreement provided for this retirement. Approximately \$14 million in variable-rate Stadium bonds will remain outstanding. **On motion by Chair Atkin and second by Vice Chair Sinclair, the resolution was adopted by the following vote:**

YEA:

Jerry C. Atkin

Daryl C. Barrett
Bonnie Jean Beesley
Rosanita Cespedes
Katharine B. Garff
David J. Grant
Meghan Holbrook
James S. Jardine
Michael R. Jensen
Nolan E. Karras
Gaby Kingery
Jed H. Pitcher
Josh Reid
Sara V. Sinclair

NAY: (None)

Consent Calendar (Tab I). On motion by Chair Atkin and second by Regent Grant, the following items were approved on the Finance Committee's Consent Calendar:

- A. UofU and USU – Capital Facilities Delegation Reports
- B. Southern Utah University – Property Sale

Chair Atkin noted that an additional item (shown as #2 on the agenda) had been pulled for presentation at a later date.

Annual Report on Student Financial Aid (Tab J). Associate Commissioner Spencer reported that more and more students are having to rely on financial aid to fund their college education. The USHE budget request includes a request for additional tax funds to support need-based financial aid in both loans and grants. Costs have increased while state tax funding has flattened. An increasing number of students qualify for assistance, and this need must be addressed. Dr. Spencer noted that Utah's rate of state support for need-based financial aid is among the lowest in the country. This will be the topic of discussion at one of the meetings of the Higher Education Appropriations Subcommittee during the 2006 Legislative Session.

Annual Report on Leased Space (Tab K). Chair Atkin reported that the cost of leased space for the USHE institutions increased during the past year from \$18 million to \$22.6 million. Approximately 90% of the total leased space is at the University of Utah Hospital and Clinics. The committee suggested that the institutions try to find ways to reduce the overall costs of facilities by looking at financing possibilities. The Commissioner's staff was asked to look at alternatives and report back to the committee.

Annual Report on Institutional Residences (Tab L). Chair Atkin said the report was straight-forward and raised no questions in committee.

Five-Year Capital Development Plans (Tab M). Chair Atkin said this report was a good first step in identifying and matching most likely funding resources with institutional needs over the next five years. The committee suggested a second plan to determine the mismatch between funding abilities and funding needs, as well as alternative ways to address that difference. Regent Grant suggested the Regents look at the institutions' needs based on timelines rather than funding availability.

Report on Use of Faculty Staff Salary Retention Funds (Tab N). Chair Atkin said the salary retention funding was a very useful tool which did a lot of good. President Young described to the committee how the University of Utah distributed its portion of salary retention funding, as well as research money which was kept in the state through the use of that money. The University also conducted a faculty survey which included a question asking employees if they had received firm offers from other employers. Over one-third of those surveyed reported they had received offers of \$35,000 to \$40,000 higher than the University's counter-offer. Chair Atkin concluded that the findings reinforced the fact that this is a very valuable funding priority.

Chair Karras thanked Chairs Jardine and Atkin for their reports and the committees for their productive discussions.

General Consent Calendar

On motion by Vice Chair Pitcher and second by Regent Holbrook, the following items were approved on the Regents' General Consent Calendar (Tab O):

- A. Minutes – Minutes of the Regular Meeting of the State Board of Regents held October 27, 2005, at Utah Valley State College in Orem, Utah
- B. Grant Proposals (on file in the Commissioner's Office)
- C. Grant Awards
 1. Utah State University – Department of Health and Human Services; "Animal Models of Human Viral Infections for Evaluation of Experimental Therapies: Influenza and Orthopox Viruses;" \$2,116,236. Robert Sidwell, Principal Investigator; Dale Barnard, John Morrey, Donald Smee, Co-Principal Investigators.
 2. Utah State University – NASA Jet Propulsion Laboratory; "Wide-field Infra-red Survey Explorer (WISE);" \$1,250,000. Scott Schick, Principal Investigator.
 3. Utah State University – NASA Jet Propulsion Laboratory; "Wide-field Infra-red Survey Explorer (WISE);" \$1,100,147. Scott Schick, Principal Investigator.

4. U.S. Department of Defense/Missile Defense Agency; "Squadron Ground Station (SGS) Software Modification and System Acquisition, and SUS Sustainment;" \$2,384,756. Niel Holt, Principal Investigator.

Governor Huntsman's Budget Recommendation

The Commissioner announced that the Governor's budget recommendation was due to be released at noon. It looks to be a good year with increased money in the state coffers. He asked Kim Hood from the Governor's Office of Budget and Planning to comment briefly on the Governor's budget request for higher education. Ms. Hood thanked higher education officials for submitting their budgets on time and for their cooperation with the Governor's Office in preparing the state budget. The total budget request for FY 2007 represents a \$500 million increase over FY 2006. The total state budget for FY 2007 is \$9.6 billion, which includes \$4.7 billion from the general fund, state tax and Uniform School Fund revenues. The Governor tried to respond closely to the Regents' budget priorities and to the USTAR funding request. In recommending a compensation package, the Governor used a 75/25 ratio in tax funds-to-student tuition and proposed \$10 million for faculty and staff retention. He also recommended full funding for operation and maintenance of state-owned higher education facilities.

Ms. Hood offered to respond to questions. Chair Karras asked about capital improvement (AR&I) funding. Ms. Hood said the Governor would recommend the statutory level of 1.1% of the value of state buildings for capital improvements. Chair Karras asked Ms. Hood to thank the Governor for his support. The Regents appreciate his commitment and were genuinely pleased and warmed by the fact that he perceives the need. Chair Karras also thanked Ms. Hood for her work with higher education.

Resolution for Future Planning – CEU/SEATC

Chair Kendell referred to the new agenda item in the Regents' packets and asked Commissioner Kendell to lead the discussion. The Commissioner remarked that there was remarkable stability at the ten USHE institutions in this state. The College of Eastern Utah, however, faces complicated challenges. Enrollments in Carbon and Emery County high schools have declined. Many high school students in those counties take concurrent enrollment courses. Southeast Applied Technology College was carved out of CEU and also does a great job of serving the needs of the community. To some extent, the two colleges in that community (CEU and SEATC) compete for funding. CEU is a comprehensive college, which includes ATE as a part of its role. Commissioner Kendell proposed a study to explore various options for advancing the collaboration of the two institutions, which would include the advantages and disadvantages of each option. The desired goal is to provide services to students in southeastern Utah in an efficient, efficient manner.

President Thomas said Commissioner Kendell and Chair Karras had visited Price recently to meet with local business leaders as well as officials at both CEU and SEATC. He reported that both institutions were fiscally sound, but there are interesting challenges. Southeastern Utah is the only section of the state with a

decline in population, according to the most recent census. A great deal of collaboration already exists between CEU and SEATC, and finding additional ways to collaborate is very appropriate. A key task will be determining what administrative structure best supports providing meaningful education to the citizens of southeast Utah. Both institutions desire to serve well the local populations.

Chair Karras said the purpose of his and Dr. Kendell's visit had been to listen. At the end of the day they concluded that there more work still needs to be done on coordinating delivery of higher education in the area. President White thanked Chair Karras and Commissioner Kendell for being open in determining how best to provide higher education services to that part of the state. Many options will need to be examined. He recommended that the focus be first on the people of that region and their educational needs, and then on the structure and organization.

Regent Grant asked if USU would be included in these discussions, since they also provide services in that area of the state. Commissioner Kendell said all higher education options would be considered. When an area is experiencing economic difficulties to this extent, the Regents need to help. The Legislature will also need to be involved. He promised to be fair and open-minded in exploring all available options.

Miles Nelson, SEATC Campus President, said many discussions have already taken place, especially during the past four years, between CEU and SEATC regarding delivery of programs. Everyone involved is committed to providing the best service to students. He thanked the Regents for this discussion and suggested that a year might be a more appropriate time to ensure that all options receive thorough consideration. Commissioner Kendell said he would request more time from the Regents if significant obstacles are encountered. Chair Karras thanked President Nelson and his board chair for their willingness to put this issue before the Regents for discussion. The community really wants this to work well. The process will not be rushed unnecessarily. However, if things come together quickly, the Regents will support the best conclusion.

Regent Reid moved that the Board authorize a study, under the direction of the Commissioner of Higher Education, to explore options for advancing the collaboration between the College of Eastern Utah and the Southeast Applied Technology College, including the advantages and disadvantages of several different options. Such options would include but not be restricted to the merger of SEATC as a fully integrated administrative unit of the College of Eastern Utah. A report and specific recommendations should be made to the State Board of Regents no later than June 30, 2006, with the provision that an extension will be granted, if necessary. The motion was seconded by Regent Atkin and adopted.

Report of the Commissioner

Notable Achievements. Commissioner Kendell referred to the Report of Notable Achievements of the USHE Institutions and commented that five Governor's Medals for Science and Technology had been presented to faculty or former faculty from the University of Utah. He asked President Young to extend his congratulations to the award recipients. Commissioner Kendell congratulated President Albrecht on the 20th anniversary of Utah State University's Innovation Campus. He also congratulated President Sederburg for

receiving a \$18 million six-year federal grant, which President Sederburg said would be used as a vehicle for retention of under-served populations. The Commissioner urged the Regents to take note of the outstanding accomplishments going on at all of the institutions and referred them to his report.

UESP. At a recent UHEAA Board meeting, Executive Director Lynne Ward showed an advertisement for UESP which will be sent to television stations through the state. The ad was made in an effort to increase participation of Utahns in the Utah Educational Savings Plan. Although the 529 plan was set up for Utah residents, most participants are from out of state. UESP will be hiring a new advertising agency next fall to conduct focus groups, targeting families with a total family income of \$50,000 or less. Ms. Ward's staff distributed corn dogs to everyone to reinforce the message that saving for college is as affordable as buying a corn dog. This is a catchy theme running through UESP advertisements.

Presidential Inaugurations.

Utah State University. Commissioner Kendell announced that USU had scheduled a brief inauguration ceremony for President Stan Albrecht, included in the Winter Commencement exercises on December 17. Chair Karras asked Regents to let Dr. Sydney Peterson know if they planned to attend. He commended President Albrecht for his handling of several issues as a new president, including the tragic loss of students and faculty in a van accident. The memorial tribute for the accident victims was remarkable.

Salt Lake Community College. President Cynthia Bioteau will be formally installed as SLCC President on Monday, April 10. Details will be provided closer to that date.

Report of the Chair

Economic Development. The Regents' Economic Development Committee will be meeting with the institutions to assist them in being an economic resource to their respective communities. This ties in with the USTAR Initiative but also needs to involve the local communities.

K-16 Alliance. The K-16 Alliance is very positive. It is a statewide effort which should involve everyone in education. One Alliance project, the Regents' Scholar Diploma, has the potential to effect significant changes in public and higher education. He expressed his appreciation for the Governor's support of the Alliance.

Regent Holbrook congratulated Snow College officials on their win at the recent Zions Bank Top of the Bowl Game.

Vice Chair Pitcher moved that the Board convene in executive session immediately following the regular meeting to review presidential evaluations. Regent Atkin seconded the motion. A roll call vote was taken, as required by statute. The motion carried unanimously.

Adjournment

The meeting was adjourned at 12:30 p.m.

Joyce Cottrell CPS
Executive Secretary

Date Approved:
