

MINUTES OF THE  
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE  
THURSDAY, JANUARY 26, 2006, 2:00 P.M.  
Room W020, West Office Building, State Capitol Complex

Members Present: Sen. Greg Bell, Co-Chair  
Rep. Kory M. Holdaway, Co-Chair  
Sen. Carlene Walker  
Sen. Patrice Arent  
Rep. Sheryl Allen  
Rep. David Clark  
Rep. Bradley Daw  
Rep. Margaret Dayton  
Rep. John Dougall  
Rep. Susan Lawrence  
Rep. Scott L. Wyatt  
Rep. Carol Spackman Moss  
Rep. LaWanna "Lou" Shurtliff

Members Excused: Sen. Peter Knudson  
Sen. Dan Eastman  
Rep. Patricia W. Jones

Staff Present: Spencer Pratt, Senior Legislative Fiscal Analyst  
Rolayne Day, Secretary

Public Speakers Present: Dr. Steven Hess, CIO, USHE  
Dr. Mark Spencer, Associate Commissioner  
David Feitz, Associate Director, UHEA  
Kevin Walthers, Assistant Commissioner

A list of visitors and a copy of handouts are filed with the committee minutes.

1. Call to Order—Co-Chair Holdaway called the meeting to order at 2:10 p.m.
2. Financial Aid—(Tab 3, page 5) Analyst Spencer Pratt said the Analyst recommends an appropriation of \$2,495,300 for FY 2007 and a supplemental appropriation of \$200,000 for FY 2006 for financial aid programs.
  - a. Federal Match—Mr. Pratt said there are four types of federal programs, the Supplemental Educational Opportunity Grants for undergraduate students (state match of 25%); the Federal Work-Study Program that provides jobs for qualified students (state match of 25%); the Federal Perkins Loan Program that offers low-interest loans (25% match of capital contributions to the loan fund); and the Leveraging Educational Assistance Partnership, a grant program (two-for-one state match). Last year the matches were funded with one-time money.

The Analyst recommends an on-going state appropriation for the federal aid programs for FY 2007 in the amount of \$265,000. If that isn't approved, federal funds could be lost.

- b. UCOPE—Mr. Pratt said the Utah Centennial Opportunity Program for Education was established in 1997 to provide need-based financial aid for Utah resident students attending public and private colleges and universities in the state. Currently the funding is approximately \$2.9 million. The average need-based aid per FTE is \$68.66 in the 11 WICHE states; Utah is at \$27.98. Closing that gap would cost nearly \$4.3 million.

The Analyst recommends funding an increase of \$1,409,700 to close ⅓ of the gap; additional funding in future years would close the gap further.

- c. New Century Scholarship—The New Century Scholarship was created in 1999 and awards a two-year, up to 75% tuition scholarship to a student who completes associate degree requirements by the September following high school graduation. Since inception, 855 students have qualified for this scholarship; a table on page 6 shows the award history. The statute authorizing the New Century Scholarship states that the Legislature is to make an annual appropriation for the scholarship.

The Analyst recommends funding \$365,000 for FY 2007 and a supplemental of \$200,000 for FY 2006 for the New Century Scholarship Program.

- d. T.H. Bell Teacher Incentive Loan Program—This loan program was started as an incentive to encourage students to become educators. It pays up to four years of tuition and fees and can be repaid on a year-by-year basis by the recipient teaching in a public or private school. If a student doesn't complete the degree or the teaching requirement, repayment of the loan plus interest is required. Since inception, 1,069 students have taken advantage of the program—316 students are currently using the program, 506 have repaid the loan by teaching, 19 have repaid by a combination of teaching and repayment; and 228 have repaid by payment. Over 500 students have become teachers through this program and paid for it by teaching.

Statute requires that funding be maintained for 365 awards annually, so the Analyst recommends \$455,600 (the cost for 365 awards) for the T.H. Bell Teacher Incentive Program.

Rep. Dougall asked why only .6% of the students take advantage of the New Century Scholarship. Mr. Pratt said students who take part in the program are mostly at rural high schools that often take more advantage of distance education. Also, it isn't easy to complete the requirements, and that might deter some.

Dr. Mark Spencer, Associate Commissioner, said the federal government might eliminate one of the financial aid programs and thus eliminate the match requirement. The number of applicants for need-based financial aid has grown significantly over the last five years—from 55,000 (\$72 million) to 77,000 applications (\$97 million).

Dr. Spencer said student debt in Utah exceeds \$4,500 per borrower. The average national student debt upon graduation is \$14,700, and about half the students attending college have a student loan. Dr. Spencer said there is a direct relationship between rising tuition and rising debt. He also noted that tax funding over the last several years has basically remained flat.

**MOTION:** Sen. Arent moved to approve minutes of the January 19, 2006, and January 23, 2006, meetings.

The motion passed unanimously with Rep. Clark absent for the vote.

**MOTION:** Rep. Dayton moved to support 1<sup>st</sup> Substitute S. B. 121 based upon the sponsor's ability to lobby for additional funds.

Discussion to the motion was heard from Rep. Dayton, Sen. Bell, and Rep. Holdaway.

The motion passed with Sens. Bell and Arent and Reps. Holdaway, Allen, Daw, Dayton, Lawrence, Wyatt, Moss, and Shurtliff voting aye, Sen. Walker and Rep. Dougall voting nay, and Rep. Clark absent for the vote.

**MOTION:** Sen. Bell moved to reallocate funds at CEU as follows: fold the distance education line item in Price (\$138,500) into the E & G line item and the distance education line item at San Juan (\$138,200) into the San Juan Center line item.

The motion passed unanimously with Rep. Clark absent for the vote.

**MOTION:** Sen. Bell moved to shift funding at USU as follows: decrease the Education and General budget by \$45,700, increase the budget of the Brigham City Continuing Education Center by \$41,300, and increase the budget of the Tooele/Wasatch Continuing Education Center by \$4,400.

The motion passed unanimously with Rep. Clark absent for the vote.

Dr. Spencer continued his presentation on financial aid. He said that Utah is still known as a low tuition state. Rep. Dougall asked what USHE is doing to lower the cost of education. Dr. Spencer said he would create a presentation to answer that question.

Sen. Bell said the growth in tax funds is very modest. State funding for institutions in raw dollars has remained stable, but the head counts have risen dramatically. The institutions have had to absorb significantly more students with little growth money by making internal adjustments and by cutting classes and faculty. The rest has to come from somewhere, and tuition is the only way to do that.

Dr. Spencer noted that as more students take advantage of the New Century Scholarship, it will cost more to fund. Rep. Holdaway asked if concurrent classes taught in the high schools are free to students and if some of the concurrent classes also meet associate degree requirements. Dr. Spencer said the concurrent classes are essentially free, and there is about  $\frac{2}{3}$  overlap between concurrent and required associate degree classes; there is not a direct correlation, however. Rep. Holdaway asked for a summary of the concurrent and non-concurrent classes that are required for an associate's degree. Dr. Spencer said they would prepare that as an Interim report.

Rep. Lawrence said the New Century Scholarship is a fabulous program and is a way to get students through quicker, save money and make better use of their time. She is concerned, however, because information is hard to find on the program. Dr. Spencer said they would make an effort to solve that problem. He also said that when high schools promote the New Century Scholarship, the number of students who use it is high. The USHE doesn't go out and promote it, that is the responsibility of the high schools. Rep. Wyatt said that if students enter the marketplace two years earlier with a bachelor's degree, they are paying taxes two years earlier. It would be a good idea to do a detailed analysis of the program to see what the real money benefits are. Dr. Spencer noted that students have a five-year window to complete two years of college work.

Rep. Moss said that students often start at a university nearly two years ahead because of concurrent enrollment classes. She feels that the New Century Scholarship requirements are too stressful for some students. Dr. Spencer said that the concurrent enrollment feature is part of a new bill, HB 326, currently before the Legislature.

3. IT Security & Licensing—(Tab 3, page 15) As dependence on IT increases, concerns about privacy and security grow. The Analyst recommends \$1.8 million for licensing and security software as detailed in the Issue Brief. The Analyst also recommends a one-time appropriation of \$1 million for IT equipment replacement. The Commissioner's Office negotiates contracts that enable the entire system to save money.

Dr. Steven Hess, CIO, USHE, said technology gives education a way to be more efficient and productive. IT in the USHE is fragile and underfunded, and there isn't a funding process in place. Keeping pace with demand is something everyone has to deal with. Staffing and resource funding fall more and more behind. Access and security are the top IT priorities; systems have to be secure and accessible to those that need it.

Students use IT services for everything from tuition payment to library and research information to grades. Faculty use it for online courses, grading, publishing and much more. IT administrative systems are used for budgeting, accounting, even heating, air conditioning and utilities. Dr. Hess said that about 1/3 of the requests for general information occur during off hours; 2/3 of the classroom tools and 2/3 of the access for registration are also at off hours.

Dr. Hess said the institutions must protect personal and private information that could be used in a criminal enterprise. They are also depended upon to ensure ongoing availability of critical resources regardless of the situation. To do that, they need up-to-date infrastructure, and that has fallen behind. As the infrastructure goes down, the vulnerabilities go up. Aging infrastructure also increases vulnerability and maintenance costs.

Dr. Hess proposed realigning the data centers based upon what is needed by the user. There should also be a backup resource available all the time. The Regents request server, router and switch replacement in one-time funding at \$27 million; the total cost for replacement of the servers is \$39.4 million.

The USHE currently pays \$8 million annually for software contracts. Working together, higher education has saved over \$10 million. The software request is the same as recommended by the Analyst (\$1,800,000). Dr. Hess said that with some financial help, they could do a lot to make the system secure and less vulnerable.

Rep. Holdaway asked why the IT requests are more important than student aid. Dr. Hess said that is like asking why electricity and fuel are more important than financial aid. The request is important because of the efficiencies to students' lives and the information that is available to them from around the world; without that, students are at a disadvantage. Rep. Holdaway said that by funding the IT request, other areas of the system are also enhanced. Dr. Hess said the network backbone keeps it together and makes it work.

Rep. Clark asked if the Commissioner's Office is working to find the best practices in IT rather than having each institution try to do the best on their own. Dr. Hess said that charge was given to him and they are working together, but the infrastructure needs strengthening first.

4. Academic Equipment—(Tab 3, page 19) The Analyst recommends a one-time appropriation of \$500,000 for the purchase of equipment for student instruction. Dr. Spencer said this request comes every year because the need is so great for microscopes and other laboratory and classroom equipment.
5. Energy Retrofit—(Tab 3, page 21) The Analyst recommends one-time funding of \$500,000 to purchase energy saving systems. Kevin Walthers, Assistant Commissioner, said this is a good way to help institutions become more efficient. USU, for example, estimates that they have saved about \$1 million by putting in new equipment.
6. Vehicle Replacement—(Tab 3, page 25) Mr. Pratt said this request has been in the works for a while, but was accelerated by the USU students and faculty member who were killed last fall. The USHE currently has eighty-one 15-passenger vans that should be replaced. The Analyst recommends one-time funding of \$400,000 to help offset some of the replacement costs.

Mr. Walthers said institutions hope to sell the 15-passenger vans, but they don't know what the market is. These vans started out as cargo vans and then manufactures put seats in them. He noted that some institutions could use these vans for cargo, but not for passengers. For every four of the 15-passenger vans eliminated, the institutions will probably need a fifth 12-passenger van to transport the necessary number of students. Regardless of the funding, they would like to have an expansion of the fleet by at least 20 vehicles and then report back to the Committee next year. Dr. Spencer noted that the Committee would need a motion to approve vehicle expansion.

7. Committee Business—Rep. Holdaway said the final two meetings will be used to prioritize the funding request. Subcommittees have not been given specific amounts to prioritize because they are waiting to see what the tax cut will be. Sen. Arent asked for the Analyst's comparison lists to be e-mailed to Committee members.

**MOTION:** Rep. Allen moved to adjourn.

Committee Co-Chair Holdaway adjourned the meeting at 3:50 p.m.

Minutes were reported by Rolayne Day, Secretary.

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Sen. Greg Bell, Committee Co-Chair

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Rep. Kory M. Holdaway, Committee Co-Chair