

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
MONDAY, FEBRUARY 6, 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. Patricia W. Jones
Rep. Carol Spackman Moss
Rep. LaWanna "Lou" Shurtliff

Members Excused: Sen. Peter Knudson
Sen. Dan Eastman

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

Public Speakers Present: Commissioner Richard Kendell
Pres. Darrell White, UCAT
Pres. Michael Benson, SNOW
Dr. Michael Peterson, Executive Director, UEN
Kevin Walthers, Associate Commissioner, USHE

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

1. Call to Order—Committee Co-Chair Bell called the meeting to order at 2:11 p.m.
2. Approval of Minutes

MOTION: Rep. Shurtliff moved to approve minutes of the February 2, 2006, meeting.

The motion passed unanimously with Reps. Jones and Daw absent for the vote.

3. Committee Discussion and Prioritization of Budget Request—Sen. Bell said the Higher Education Subcommittee was given a funding target of \$25 million by the Executive Appropriations Committee co-chairs. He and Rep. Holdaway met with Commissioner Kendell, President White, and Dr. Peterson and asked them to prioritize the Regents' requests within that target amount. The e-mail to Committee members (dated February 6, 2006, 12:56 p.m.) represents the agreed upon priorities. Range Creek, the Campus Compact and a few other small requests put the total above \$25 million.

Sen. Arent said that money for higher education is being approved by other committees—a Nursing Initiative at Snow College for example. She would like to know what those other appropriations are before prioritizing higher education's list. Commissioner Richard Kendell said legislators might sponsor bills or put forth funding in other committees, but they are not funded with the approval of the Board of Regents. Sen. Walker agreed with Sen. Arent that the Committee should be aware of the other funding. Rep. Clark said the Economic Development Committee has approved \$150,000 in on-going funding for Custom Fit Nurse training at Snow College.

Rep. Lawrence asked if the \$150,000 could be deducted from the Regents' \$725,000 request. Commissioner Kendell said that money is outside the higher education budget request, and the System has worked hard for a consensus. President Darrell White said UCAT has a formula for distribution that all institutions have agreed. If \$150,000 is prioritized for one of ten regions, then a disproportionate amount of money would go to one area.

Rep. Dayton said the Higher Education Subcommittee shouldn't step out of bounds and look at other committee budgets. Snow College President Michael Benson said the \$150,000 appropriation was not initiated by Snow College. Rep. Wyatt said the sponsor of the bill, Rep. Painter, indicated to him that the \$150,000 is not new money, it is an adjustment of Defense Alliance funding from a previous year.

Rep. Jones asked why the \$4 million U STAR money appears on the base budget for higher education when it is funded through Economic Development. Mr. Pratt said Sen. Mansell's current bill leaves that \$4 million in higher education for this year, but hereafter that \$4 million and any new money will appear in the Economic Development budget.

Sen. Arent asked why the student success request is not on the on-going list. She also said that higher education is getting roughly a 3% increase, but UEN is at 12% and UCAT at 9% to 10%. Rep. Holdaway said the USHE will deal with student success with one-time money. Commissioner Kendell said student success was put into two blocks, the first of which is financial aid. Higher education needs \$265,000 to match federal grants. They also need \$365,000 for the New Century Scholarship and \$465,000 to make the T. H. Bell Scholarship sound. The second block would be used for academic advisors, to improve the ratio of adjunct to full-time faculty, and to create more sections to alleviate bottleneck courses.

Dr. Michael Peterson said the first UEN priorities are the network infrastructure and course management requests. UEN has already entered into contracts to complete infrastructure projects around the state. The \$640,000 request is for staff and maintenance. President White said UCAT institutions worked together to select priorities that have the most direct impact on the students and the training. Compensation is the first priority and membership growth the second. Dr. Peterson said UEN has agreed that the IP video request could be one-time money.

Commissioner Kendell said the first priority for USHE is to be given the same compensation package as state employees. Sen. Bell said that the Executive Appropriations Co-Chairs have said that will be the case. The next priorities for higher education are O&M and utilities. If they are not funded, it is a budget cut because the costs must be met. Next is IT security and the Utah Academic Library. The fourth priority is the student success request to fund the federal financial aid match requirements. Commissioner Kendell said the System needs to find ways to get four-year programs in some of the smaller areas. If that doesn't happen, there will be bills to "grow" the institutions in the smaller areas. The next priorities are the Engineering and Nursing Initiatives, and then Jobs Now—in that order—as one-time funding.

Mr. Pratt said that the Nursing Initiative has been funded as line items directly to the institutions. He asked if the Committee wants it to be handled like the Engineering Initiative as a block grant to the Regents who then distribute it to the institutions. Comments and questions were heard from Reps. Lawrence, Shurtliff, and Allen, and Commissioner Kendell. Rep. Dayton spoke against giving the Nursing Initiative funding to the Regents. No change will be made at this time.

4. Final Committee Action

MOTION: Rep. Holdaway moved that the Committee's first on-going priority is the combined compensation packages for UEN, USHE, and UCAT, including salary retention funds.

Discussion to the motion was heard from Sen. Bell and Rep. Lawrence. Dr. Peterson said that UEN supports the motion but would prefer that the portion for UEN be a separate line item. Sen. Bell said the analyst will allocate the funding as separate line items.

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

MOTION: Rep. Dayton moved that the Committee's second on-going priority be the combined network infrastructure and course management requests for UEN.

Sen. Walker spoke in support of the motion because it is for the betterment of the entire system. Rep. Clark asked if the money would come from the General Fund or the Uniform School Fund. Analyst Spencer Pratt said that needs to be determined. Rep. Dayton indicated that she would accept the change in her motion, but felt that UEN is more than just an education issue. Her priority is to fund the two requests whatever the source. Sen. Bell said that UEN base funding is already approved in S.B. 1. Further comments were heard from Sen. Arent and Rep. Dayton.

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

MOTION: Rep. Clark moved that the Committee's next on-going priorities are (3) utility rate increases, (4) O&M, and (5) IT Security increases all under USHE.

Comments and questions were heard from Sens. Walker and Bell, Reps. Clark, Wyatt, Shurtliff, Holdaway, and Lawrence, and Dr. White.

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

MOTION: Rep. Clark moved that the Committee's next on-going priorities are (6) membership growth, (7) Central Administrative Staffing, and (8) Student Information System, all under UCAT.

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

MOTION: Sen. Arent moved that the Committee's next on-going priorities are (9) the Utah Academic Library Consortium, (10) financial aid, (11) mission-based priorities, (12) the Engineering Initiative (year 5), and (13) the Nursing Initiative, all under USHE.

SUBSTITUTE MOTION: Rep. Clark moved that the Committee's next on-going priorities are (9) the Museum of Natural History (Range Creek), (10) the Utah Academic Library Consortium, (11) financial

aid, (12) mission-based priorities, (13) the Engineering Initiative (year 5), and (14) the Nursing Initiative, all under USHE.

Sen. Walker said UEN, UCAT and the USHE have already prioritized their needs and the motion rearranges them . It also leaves UCAT at the bottom of the list. Sen. Arent spoke in favor of the motion. Further discussion and comments were heard from Sen. Bell and Reps Dayton, Holdaway, and Shurtliff.

The chair ruled that the substitute motion failed in the senate so the motion failed with Rep. Dougall absent for the vote.

SECOND SUBSTITUTE MOTION: Rep. Wyatt moved that the Committee's next priorities are (9) USHE Museum of Natural History (Range Creek), (10) UCAT Custom Fit, (11) USHE academic libraries, (12) USHE financial aid, (13) USHE mission-based priorities, (14) UCAT regional economic development initiatives, (15) the USHE Engineering Initiative (year 5), (16) the USHE Nursing Initiative, (17) UCAT facility leases, (18) UCAT O&M for new facilities, (19) UCAT utility rate increases, (20) UCAT IT security and licensing, and (21) USHE Campus Compact.

Discussion to the motion was heard from Reps. Daw and Jones and Sen. Bell.

The second substitute motion passed unanimously with Rep. Dougall absent for the vote.

MOTION: Sen. Arent moved that \$5 million be appropriated for student success in on-going funding at the end of the on-going priority list (#22).

SUBSTITUTE MOTION: Rep. Allen moved that if additional funds become available, \$4 million be appropriated for USHE student success in on-going funding (#22) and \$1 million be appropriated for UCAT training equipment (one-time funding).

The substitute motion was withdrawn.

SECOND SUBSTITUTE MOTION: Rep. Wyatt moved that the #22 priority on the on-going funding list is \$5 million for student success and #23 is the balance of the requested salary retention funding at approximately \$2.8 million for USHE, UCAT, and UEN.

The second substitute motion passed unanimously with Rep. Dougall absent for the vote.

MOTION: Rep. Dayton moved that IP video, course management, and the Phase IV infrastructure items for UEN be combined as the first priority on the one-time funding list.

Dr. Peterson said course management is the first priority for UEN. The IP Video and the Phase IV infrastructure requests are equal priorities. Sen. Walker spoke in favor of the motion.

Commissioner Kendell said the UEN request is good for the entire system, but the amount for student scholarships is the first priority for the USHE. The second priority is UCOPE and then third is the supplementals and vehicle replacement. The next priorities are the utility rate increases because that impacts all institutions and it is a budget cut if not funded. The Engineering and Nursing Initiatives come next and then Jobs Now because those three requests drive the economy and are good for the state. The remaining priorities are equipment and then the Academic Library Consortium.

Dr. White said the UCAT priorities are Jobs Now, training equipment, Custom Fit (UCAT), the student information system, campus improvements, Custom Fit (Governor) and accreditation, in that order.

SUBSTITUTE MOTION: Rep. Allen moved that the one-time priorities are (1) UEN course management, (2) UCOPE, (3) UCAT Jobs Now, (4) the Engineering Initiative, (5) the Nursing Initiative, (6) the Museum of Natural History (Range Creek), (7) UEN Phase IV infrastructure and IP Video combined, and (8) UCAT training equipment.

Comments were heard from Reps. Lawrence and Holdaway.

Rep. Allen amended the motion so that the #3 priority includes Jobs Now for both UCAT and the USHE.

Further discussion to the motion were heard from Sen. Bell, Rep. Clark, Fiscal Analyst Jonathan Ball, and Commissioner Kendell.

The amended substitute motion was withdrawn.

The original motion failed in the house and passed in the senate so the motion failed. Sens. Bell, Walker, and Arent and Reps. Clark, Daw, Dayton and Moss voted aye, and Reps. Allen, Dougall, Lawrence, Wyatt, Jones and Shurtliff voted nay.

MOTION: Sen. Walker moved to prioritize the one-time list as follows: (1) UEN course management, (2) UCOPE financial aid, (3) USHE FY 06 supplemental financial aid, (4) UEN IP video & Phase IV infrastructure, (5) USHE FY 06 supplemental utility rate increases, (6) USHE Jobs Now (Year 2), (7) UCAT training equipment, (8) the USHE Engineering Initiative, (9) the USHE Nursing Initiative, (10) UCAT Custom Fit Training Program, (11) UCAT student information system, (12) USHE infrastructure equipment, (13) USHE academic equipment, (14) UCAT FY 06 supplemental utility rate increases, (15) UCAT FY 06 supplemental leases, (16) USHE supplemental vehicle replacement, (17) USHE energy retrofit, (18) USHE Academic Library Consortium, (19) USHE Museum of Natural History (Range Creek), (20) USHE Jobs Now, (21) UCAT campus improvements, (22) UCAT Custom Fit Program (Governor), (23) UCAT accreditation.

Commissioner Kendell said the list it is reasonably close to the Regents' request, but Jobs Now ought to be higher.

SUBSTITUTE MOTION: Rep. Wyatt moved to combine Jobs Now (year 2) under the USHE list with the current #6, UCAT Jobs Now on the original motion, and renumber the remaining items.

Rep. Holdaway spoke in favor of the substitute motion. Rep. Shurtliff expressed concern that UCAT priorities are so far down the list.

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

Rep. Allen is concerned about double funding a program because it was funded through another committee. She asked for a report on how money was spent for the Nursing Initiative at an interim meeting.

MOTION: Rep. Holdaway moved intent language as follows: It is the intent of the Legislature that the USHE be authorized to expand its vehicle fleet by 16 vehicles.

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

MOTION: Rep. Holdaway moved to add one additional item to the one-time funding list. This would be (\$2,171,600) to reflect one-time funding reductions for delayed O&M for seven USHE buildings as shown on the tables in Issue Brief USHE 01, pages 2 and 3.

The motion passed unanimously with Reps. Clark and Dayton absent for the vote.

MOTION: Rep. Holdaway moved intent language as follows: It is the intent of the legislature that the \$1 million one-time appropriation in the UCAT budget line item for the Custom Fit Training Program be reserved for use by the Governor's Office of Economic Development (GOED) for employee training in companies recruited to Utah by GOED.

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

5. Committee Business—Sen. Bell thanked Committee members for their hard work. He complimented institutions for their cooperation and for a good-faith budget request. Rep. Jones said the Subcommittee has two great chairs.

MOTION: Rep. Jones moved to adjourn.

Committee Co-Chair Bell adjourned the meeting at 4:45 p.m.

Minutes were reported by Rolayne Day, Secretary.

Sen. Greg Bell, Committee Co-Chair

Rep. Kory M. Holdaway, Committee Co-Chair