

CORRECTED MINUTES OF THE  
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE  
THURSDAY, JANUARY 18, 2007, 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. Brent Goodfellow  
Rep. Mel Brown  
Rep. David Clark  
Rep. Brad Daw  
Rep. John Dougall  
Rep. Kay McIff  
Rep. Chris Johnson  
Rep. Carol Spackman Moss  
Rep. LaWanna "Lou" Shurtliff

Members Excused: Sen. Curtis Bramble  
Sen. Dan Eastman  
Rep. Ron Bigelow

Members Absent: Rep. Scott L. Wyatt

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

Public Speakers Present: Commissioner Richard Kendell  
Dr. Mark H. Spencer, Associate Commissioner  
Dr. Michael Petersen, UEN Executive Director  
Dirk Anderson, Governor's Office of Planning and Budget  
Guy Denton, USU Uintah Basin Extension Regional Director  
Dennis Garner, USU Uintah Basin Office Systems Support Director &  
Doctoral Candidate  
Dave Woolstenhulme, USU Uintah Basin Dir of Student Services & Instructor  
Rep. Menlove  
Jack Bell, Assistant Superintendent, Duchesne School District  
Emily Weston, Elementary Teacher, Rich School District  
Dale Lambourn, Superintendent & Principal, South Rich Elementary School  
Christine Kearn, Governor's Education Deputy

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

1. Call to Order—Committee Co-Chair Holdaway called the meeting to order at 2:15 p.m.
2. Approval of Minutes—There were no minutes to approve.
3. Fiscal Analyst Overview of UEN Budget—Analyst Jonathan Ball referred the committee to the budget and issue briefs for UEN under Tab 17 in the *Budget Book*. Budget Brief UEN – 01 includes information that was promised from the meeting held on January 10, 2007. UEN has been increasing

bandwidth for a number of years and requests \$1.5 million in one-time funding to complete the final phase of the infrastructure development. Mr. Ball endorses the recommendation with a reduction of \$750,000 this year because it takes about six months to negotiate contracts that the money will be used for.

Issue Brief Number UEN – 2, Internet Protocol Videoconferencing (formerly known as EdNet)— Mr. Ball supports the request for equipment to enable IP video conferencing (\$200,000 in ongoing and \$800,000 in one-time).

Rep. Holdaway asked committee members to keep each of the requests in mind as the presentations continue because the requests will be prioritized at a later date. Mr. Ball noted that some recommendations from his office are included in the base budget.

Issue Brief Number UEN – 03—Changes in commercial satellite technology require UEN to update the terrestrial infrastructure. Rather than upgrade an aging satellite system, UEN will adopt the more flexible, higher capacity Internet Protocol (IP) Video systems. This upgrade will consolidate sites from 240 satellite rooms to 157 new IP rooms. To do this, UEN requests \$2.1 million in one-time funding that includes \$750,000 in the base for the obsolete satellite system that won't be needed about a quarter of the way through FY 2008. Mr. Ball recommends (1) reallocating the UEN satellite line item to the UEN main line item and possibly to USU pending further information for UEN and USU; (2) place on a priorities list a one-time FY 2007 supplemental appropriation of \$2,280,000 from the Education Fund; and (3) place on a priorities list for FY 2008 a \$180,000 ongoing funding cut offset by a one-time \$180,000 appropriation from the Education Fund to account for satellite circuit savings once the conversion is complete.

Rep. Dougall asked what IP video really means. Mr. Ball said data can only be pushed one way over the existing satellite, but the IP technology allows data and audio to go both ways. Dr. Michael Petersen, UEN Executive Director, said UEN will use the UEN network infrastructure for the IP video.

Issue Brief Number UEN – 04—Mr. Ball explained that course management systems allows educators and students to access course material, grades, teaching tools, etc. via the Internet. UEN would like a centralized course management system available for all classes in the state if they so choose. This would allow instructors to share materials across institutions and leverage hardware and software. UEN requests funding to add the UU, USU and UVSC to the system at a cost of \$480,000 in one-time money and \$630,000 in ongoing.

4. Governor's Overview of UEN Budget—Dirk Anderson, GOPB, said the Governor has included each of the proposed building blocks from UEN in his budget. He recognizes how critical UEN is to the educational system of the State.
5. UEN Overview of UEN Budget (Issue Brief UEN – 01)—Dr. Petersen introduced people in attendance who work with UEN across the state as well as those attending via video conferencing. A demonstration was given on the IP capabilities. Those participating in the demonstration from the USU Uintah Basin Center include Guy Denton, Extension Regional Director; Dennis Garner, USU Office Systems Support Director and doctoral candidate; and Dave Woolstenhulme, Director of Student Services and an instructor. Also present at the Uintah Basin Center was Russ Nielsen, Assistant Principal, Union High School and former USU student. Mr. Denton said that the Uintah Basin Center would not be able to offer degrees in various parts of the state, especially in rural areas,

without UEN. Mr. Denton said two-way video and audio provides a better atmosphere for getting to know students and enhances teaching and learning. Mr. Garner spoke about his experience as a doctoral student and as a staff and faculty member at USU.

Duchesne School District Assistant Superintendent Jack Bell said distance education is vital in rural areas because it is often difficult to find qualified teachers in critical areas. The USU Extension Center allows rural areas to "grow their own teachers." Dr. Petersen said the centers also enhance the business communities because people can get advanced degrees.

Emily Weston, elementary teacher in the Rich School District, earned an associate's degree through concurrent enrollment at the same time she graduated from high school. She then took advantage of the New Century Scholarship that paid 75% of her tuition to the USU Elementary Education Program. When she went back home to Randolph and taught at the elementary school, she was able to use the distance education program in the Uintah Basin to work on her master's degree. Dale Lambourn, Superintendent and Principal of South Rich Elementary School, discussed distance education and how it helps teachers.

Discussion and questions were heard from Rep. Holdaway and Dr. Petersen. Mr. Lamborn said 62,000 college credits were awarded in 30 rural districts in Utah, mostly via UEN. This opportunity saves students in tuition, housing, etc. Theoretically, an unlimited number of sites can log in, but they usually like to manage only eight to ten sites at a time. Sen. Bell complimented USU on the commitment to distance education.

Rep. Menlove said the average age of students in distance learning classes is 30; 90% of special education students are mature women. Dr. Petersen commented that UEN includes courses at the prisons and provides the delivery system to help USU fulfill its mission of taking education to the whole state.

Christine Kearn, Governor's Education Deputy, has over 20 years in distance delivery in the State of Utah. The Governor has recommended funding all of the requests from UEN. Infrastructure for all secondary schools in the state as well as the USHE and UCAT as well as some elementary schools is critical. The delivery system has greatly helped and enhanced curriculum for both urban and rural areas of the state. It has also helped with the economic development in supporting the tax base for the state of Utah.

Following a question from Rep. Goodfellow, Dr. Petersen said that prior to FY 2001, UEN was funded from the Uniform School Fund; funding could be switched again and not affect the funding cap. Mr. Ball indicated that the revenue source would need to be changed in the Appropriations Bill but doesn't require a statutory change. Further discussion was heard from Sen. Goodfellow, Reps. Clark and Holdaway, and Mr. Ball.

Mr. Ball thanked Jim Stewart, Director of Technical Services at UEN, and his staff, James Hodges and Don Mehaffey, who set up and managed the equipment for the IP video demonstration.

Rep. Clark said the \$12 million shift from the Education Fund to the Uniform School fund was not included in the \$177 million cap approved at the Executive Appropriations meeting in December. Rep. Holdaway asked if the committee wanted to change the funding source for UEN so it is not under the cap. Sen. Goodfellow said the intent is for public education not to fall under the cap and he feels that UEN should be treated the same because of the services it provides to public education. Sen.

Bell doesn't want to play games with the cap, but a debate on the issue is appropriate because much of what UEN provides is critical to public education.

**MOTION:** Sen. Goodfellow moved that the Higher Education Appropriations Subcommittee put the topic on a later agenda and have further discussion on whether to change the funding source for UEN to the Uniform School Fund.

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

Rep. Clark recommended that the committee co-chairs discuss the issue with their respective executive appropriations co-chairs.

6. USHE Mission, Enrollment & Funding (Issue Brief USHE – 16)—Mr. Pratt said each institution is funded based on its mission and enrollment. As changes occur over time, the funding levels adapt. The University of Utah and Utah State University are major teaching and research universities. WSU and SUU are state universities with baccalaureate degrees and a select number of graduate programs. Dixie and UVSC each have two divisions—an upper-level division with a limited number of baccalaureate degrees and a lower division that provides comprehensive community college programs. Both of these institutions have made the transition from community college, UVSC in 1994 and Dixie in 1999. Snow College, CEU and SLCC are comprehensive community colleges.

Both mission and enrollment changes have resulted in additional funding. In the six years following the mission change for UVSC (FY 1995–2000), enrollment increased an average of 8% and annual state appropriations increased an average of 11.5% each year. Enrollment increased at Dixie by an average of 5% annually for the first three years while state appropriations increased approximately 7.75%. However, even with these increases, the FY 2006 state funding per FTE shows that funding for Dixie is the seventh lowest in the USHE and UVSC is the ninth lowest.

The table on page 47 shows total state and tuition funding along with those figures on a per FTE basis by institution for the past seven years. Direct instructional expenditures per FTE are shown in the table on page 48. The next three pages show total institutional funding and the percentage from the three funding sources over the past nine years.

Enrollment in higher education grew through 2002–2003 when it leveled off for a couple of years; enrollment fell about 4,000 students this past year. The Regents have adopted projections for future enrollment growth of 2% per year for the next decade.

Commissioner Kendell said UVSC has increased second-tier tuition aggressively while Dixie has chosen to keep it low. Washington County is growing and Dixie must respond to that growth. BYU is changing to an international school and not taking local Utah County students so there is greater pressure on UVSC.

Sen. Bell noted that page 47 shows historical footnotes. The city of Price has a declining population and CEU has a declining enrollment that is subsidized by the state. There are also other anomalies in the system. He feels that the Regents should look at a 3-D view and determine how to right inequities or determine that what is happening is correct. Commissioner Kendell said tuition at SLCC is over 100% of peer institutions. President Bioteau said no to second tier tuition last year. Concurrent enrollment is affecting enrollment at CEU as is the presence of an ATC and USU. The Regents have decided to combine CEU and the SEATC to provide a better balance in the region. Commissioner

Kendell feels that if CEU adopted the six pillars of a community college, it would thrive, but it needs funding to do that.

Rep. Dougall asked for a definition of a community college. Commissioner Kendell said it is open entry and provides career/technical education, prepares students for transfer to universities, and provides developmental and adult education.

Rep. Dougall asked the State Board of Regents to look at paying the same price for a computer science degree regardless of where it is taught. Commissioner Kendell said institutional equity is difficult. The cost of the first and second year of college is about the same across the system except for the UU.

**MOTION:** Sen. Bell moved to have the State Board of Regents evaluate equity in instruction and to report back to the 2008 Higher Education Appropriations Subcommittee.

Commissioner Kendell said they could look at the issue, include suggestions for remedy and return with strategies for a more rational system. Rep. Clark said the Regents should look at a five-year plan to guide and direct the process. Rep. McIff said it is assumed that the motion looks at numbers, disparities, use of infrastructure, etc. and is more complex than just the numbers.

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

7. USHE O & M Funding (Issue Brief USHE – 01)—Mr. Pratt said that two years ago, the Legislature approved a policy where the O & M for a new, state-funded building was approved when the building was approved. The funding would then be offset with a one-time reduction until the building was completed and ready for occupancy. Since the policy applies to state-funded buildings only, O & M for non-state funded buildings and buildings that were approved prior to the new policy must still go through the budget request process.

A brief description of each of the facilities for which O & M is recommended is on pages 1 and 2 of the issue brief with a summary on page 3. The Analyst's O & M funding recommendation is a \$325,000 supplemental for FY 2007 and \$1,952,800 for FY 2008 in on-going funding. This is offset by a one-time FY 2008 reduction in the amount of \$202,700.

Mr. Pratt noted that four buildings were approved for O & M under the new policy and are included in the institutional base budgets (see the table on page 4 of the issue brief). As construction proceeds, the completion date can determine when to begin the ongoing O & M. Three of the buildings on the list are expected to be completed in the second half of 2008 (FY 2009). Ongoing base-budget O & M funding will not be needed for those buildings, and the Analyst recommends continuing the one-time reduction of the O & M appropriation for FY 2008. The Teacher Education building at SUU is expected to be completed eight months from now, three months into FY 2008. The Analyst recommends a one-time reduction of \$60,600 to reflect those three months of FY 2008 before the building is on line. In total, the Analyst recommends one-time reductions in the amount of \$2,007,100. If any of the three FY 2009 buildings are complete before the end of FY 2008, the Legislature could address that next year with an FY 2008 supplemental.

8. USHE Utility Rate Increases (Issue Brief USHE – 02)—Tab 3, page 5. Mr. Pratt said the cost of electricity and natural gas has gone up considerably. The institutions are large consumers of energy, so even a small increase equates to significant dollars. The Analyst recommends an increase of almost

\$7.5 million for both electricity and natural gas increases. The table on page 5 shows utility rate information by institution. The anticipated shortfall for the current fiscal year is about \$1.6 million (page 6). Rep. Holdaway asked if the institutions have implemented utility use efficiencies. Mr. Pratt said there are incentives to conserve because of the high costs. When there has been leftover money from energy savings, institutions could apply to the Regents to use it in other areas; with rising costs, that hasn't been available in the last few years. Sen. Goodfellow asked why the utility costs at Snow College are so high. Mark Spencer, State Board of Regents, said there was an equipment change from electrical to natural gas at Snow that led them to a single source and they were charged nearly double for one eighteen month period. The costs should now go down because Snow is back to dual sources.

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

Committee Co-Chair Holdaway adjourned the meeting at 4:22 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