

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS INTERIM COMMITTEE MEETING
TUESDAY, JANUARY 8, 2002 9:00 A.M.
Room 223, State Capitol Building

Members Present: Rep. Afton Bradshaw, Committee Co-Chair
Sen. Paula Julander
Rep. Katherine M. Bryson
Rep. Margaret Dayton
Rep. Patricia W. Jones
Rep. LaWanna "Lou" Shurtliff
Rep. Richard M. Siddoway
Rep. Gordon E. Snow
Rep. Stephen H. Urquhart

Members Excused: Sen. Lyle Hillyard, Committee Co-Chair
Sen. Peter Knudson
Sen. Steve Poulton
Rep. Martin R. Stephens
Rep. Patrice M. Arent

Staff Present: Boyd A. Garriott, Senior Legislative Fiscal Analyst
Debra Headden, Legislative Fiscal Analyst
Rolayne Day, Secretary

Public Speakers Present: Commissioner Cecelia H. Foxley
Dr. Gregory F. Fitch, President/Associate Commissioner, UCAT
Dr. Stephen Hess, UEN Executive Director
Gar Elison, Utah Medical Education Council Director
Steven Palmer, Utah Student Association President
Dr. Race Davies, Governor's Office of Planning and Budget

Visitor List on File

Committee Co-Chair Bradshaw called the meeting to order at 9:17 a.m.

1. Introductions—Commissioner Cecelia Foxley introduced members of the Board of Regents in attendance. She also introduced each of the institutional presidents and gave some of their background to acquaint the Committee with their experience and accomplishments. Dr. Gregory Fitch, President/Associate Commissioner, Utah College of Applied Technology (UCAT), introduced the chair and vice chair of the UCAT Board of Trustees and the UCAT presidents. Other introductions included Dr. Stephen Hess, UEN Executive Director, Gar Elison, Utah Medical Education Council Director, Sarah Blankenship, Committee Intern, Steven Palmer, Utah Student Association President (USA), and USA members.
2. Committee Business—Dr. Race Davies, Governor's Office of Planning and Budget, distributed a handout showing the Governor's budget \$198 million deficit estimate—the Fiscal Analyst's estimate is \$212 million. The Governor ordered State agencies to hold back \$76 million from last year's appropriations because of the current economic downturn; Higher Education's portion is \$16.1 million or 2.5% of the on-going budget.

3. Analyst's Supplemental FY 2002 Budget Recommendation— Analyst Boyd Garriott discussed the analyst's recommendations distributed to the committee. Although supplemental funding is usually for additional one-time appropriations, the current economic situation makes this supplemental appropriation a budget reduction to balance the FY 2002 budget. The average reduction for State agencies is 4% with some cuts as high as 14%. Public Education's reduction is 2.9% and Higher Education's is 3.9% (\$23.5 million). Mr. Garriott said will be significant unfunded needs that the Legislature will have to address (i.e. unfunded mandates and increasing medical and dental costs).

Analyst Debra Headen discussed UCAT budget issues that will be decided in another committee but need to be addressed in the Higher Education Subcommittee. UCAT was required to hold back \$1.5 million in the current budget. Ms. Headen recommends that 24% (\$500) of the WPU be transferred to the appropriate ATC (applied technology college) for public education students taking courses with UCAT. This would fund the student where they are actually taking courses and stop the current double-funding (saving approximately \$1,062,500 in the current fiscal year). It was noted that the 24% calculation would come from an average daily membership, not student by student.

Rep. Dayton expressed concern that the plan would be a disincentive to the school districts recommending students to UCAT. Rep. Snow agreed and said there are isolated pockets where any reduction in the WPU would be devastating. Rep. Bryson asked if the plan just shifts the burden but doesn't solve the problem. Mr. Garriott said that if a student isn't attending a public education institution all the time, that institution shouldn't have the entire WPU money—the money should follow the student. He feels that public education keeping 76% of the WPU is an incentive to recommend students for ATC courses.

Dr. Gregory Fitch, UCAT President/Associate Commissioner, said the proposal is not just a budget issue, it is a policy issue. He asked that the UCAT Board of Trustees be allowed to work through the problem first before any decisions are made by the Legislature. Dr. Fitch distributed a handout showing UCAT organizational structure, boards of trustees, and the college mission and role. He said public education school are partners with the ATCs; there are responsible people in each area who are working together.

Mr. Garriott said reducing the budget is not an easy task. Higher Education received a good budget increase last year and went ahead with plans to hire faculty, admit students, etc. In many cases the money is already spent and cannot be taken away from those areas because of contractual commitments. Leadership asked the analysts to find programs and items that could be cut; they tried to make reductions in areas that the institutions could handle. The analysts decided to set a reduction amount for each institution and let the presidents make the decisions. The analysts do not recommend using the Rainy Day Fund nor bonding. Analysts' recommendations are found under Tab 1, Page 5 of the Interim Budget Book.

Among items the analysts do recommend is elimination of partial tuition waivers for apprenticeship programs at four of the institutions; they feel that students should be treated equally. Rep. Bryson was concerned about the impact of that decision on employers as well as students. Both SLCC and UVSC will bring that information to the next meeting.

Mr. Garriott said using the Rainy Day Fund is a temporary solution because it is one-time money. If that is used to fix this year's budget, the shortfall must be dealt with in the next session unless the revenue pattern changes; it would be a gamble. This committee needs to decide where the cuts will be made and then make those recommendations to the Executive Appropriations Committee. Another problem is that students are funded on the lag, so the institutions are already \$26 million in the red. Enrollment capping, raising non-resident tuition, etc. become issues with this kind of pressure.

The Higher Education Appropriations Subcommittee will meet Wednesday and hear responses from higher education and the students. At Thursday's meeting, the Committee will need to make recommendations on the budget cuts; should it be necessary, Monday's meeting could also be used to finalize recommendations. On Wednesday and Thursday of next week, the Executive Appropriations Committee will hear recommendations from the Subcommittee Co-Chairs. The regular session begins January 21 with the first appropriation meetings scheduled for January 23. The appropriations bill needs to be created five days after that and will be on legislator's desks before the Olympic recess.

Mr. Garriott said the Utah Education Network budget will be reduced by \$388,900. Dr. Stephen Hess, UEN Executive Director, said items funded last year include redundancy of the network for security and growth. The reductions will affect those areas; only SLCC and Weber will be have the redundancy.

Commissioner Foxley introduced institutional government representatives in attendance.

Rep. Siddoway moved to adjourn.

Committee Co-Chair Bradshaw adjourned the meeting at 10:53 a.m.

Minutes were reported by Rolayne Day, Secretary.

