

MINUTES OF THE  
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE  
MONDAY, FEBRUARY 10, 2003, 2:00 P.M.  
Room 223, State Capitol Building

Members Present: Sen. David Gladwell, Co-Chair  
Rep. Bradley T. Johnson, Co-Chair  
Sen. Peter Knudson  
Sen. Ron Allen  
Rep. Margaret Dayton  
Rep. Brad Dee  
Rep. Kory M. Holdaway  
Rep. Gregory H. Hughes  
Rep. Patricia W. Jones  
Rep. Susan Lawrence  
Rep. LaWanna "Lou" Shurtliff  
Rep. Bradley A. Winn  
Rep. Stephen H. Urquhart

Members Absent: Sen. Bill Hickman

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

Public Speakers Present: Regent Pamela Atkinson  
Regent Chair Nolan Karras  
Pres. Bernie Machen, University Utah  
Commissioner Cecelia Foxley

Visitor List on File

Committee Co-Chair Johnson called the meeting to order at 2:40 p.m.

1. Preliminary Budget Prioritizations—Committee Co-chair Johnson feels that the Subcommittee would like the Board of Regents and the presidents to decide where the 2% cuts are made under the Co-chair's guiding principles. Rep. Dayton said the first two principles are in conflict regarding ATE. Rep. Winn said higher education generally keeps high demand, low-cost programs during cuts, but ATE programs are typically low demand, high cost. He feels that a principle needs to be in place to protect ATE. Rep. Johnson feels the first guiding principle covers that since programs that would fill available jobs should be high priority. Regent Pamela Atkinson distributed a copy of their Guiding Principles for budget cuts noting that there are only a few differences between the two lists.

**MOTION:** Rep. Dee moved to allow the Board of Regents, in consultation with the presidents, to decide where the 2% budget cuts will be made according to the guiding principles handout. They should report back to the Higher Education Appropriations Subcommittee where the cuts were made.

Co-chair Johnson said the Subcommittee would still have the authority to make changes. Rep. Dayton expressed concern about the two smallest schools' financial situations. Rep. Hughes said giving the Regents and presidents flexibility could result in very public, but perhaps not the most efficient cuts; there must be a relationship of trust. Regent Chair Karras said that when you make cuts somebody will be unhappy. It isn't their intention to pick something that will be public and painful and they will make the cuts as efficiently and fairly as possible. He also cannot assure Subcommittee members that they will agree with everything the Regents do.

Rep. Winn spoke in support of the motion but was concerned about adopting the guiding principles. He asked if the motion could include language that would allow solidifying the guiding principles over the next couple of days. Rep.

Johnson said the Regents should be given the rules when they are given the responsibility. Rep. Urquhart is fine with the principles and would like to go forward, but only if the budget cut decisions come back to the committee for confirmation.

Analyst Boyd Garriott said the Subcommittee must adopt a budget and go before the Executive Appropriations Committee. The Executive Committee adopted a flat budget and Higher Education's budget needs to be adopted under that framework. The problem is that we are running out of time.

Rep. Dayton said cuts have been made before and then the money was restored. She distributed a copy of a substitute motion and said she likes the Regents' guiding principles better than the set distributed by the Co-chairs.

**SUBSTITUTE MOTION:** Rep. Dayton moved that the Higher Education Appropriations Committee identify as one of its highest priorities for budgetary support the protection and maintenance of the educational wide area network that is managed by the Utah Education Network. This prioritization should be reflected as follows:

(1) If funds become available, the committee supports allocating \$400,000 of new ongoing state appropriations to be combined with federal E-Rate funds and existing UEN revenues to implement critical network improvement projects. Specifically, these projects would include the Qwest GeoMax backbone upgrade and rural projects with Frontier, Uintah Basin Telephone, South Central Telephone, Manti Telephone, and Emery Telephone companies.

(2) Public and higher education, public libraries, and state and local governments increasingly rely on the UEN network for mission-critical services. Therefore, to the greatest extent possible, the UEN budget should be held harmless from further budget cuts that may be required because of reduced state appropriations.

Reps. Dayton and Shurtliff spoke to the substitute motion. Rep. Holdaway spoke against the substitute motion because he feels the guiding principles should come first. Rep. Dee also spoke against the substitute motion.

Rep. Dayton said she proposed the substitute motion because, for one, the original motion doesn't include the Regents' guiding principles. If all agree that UEN is a priority, the Subcommittee can then decide how to use the two sets of guiding principles. Sen. Gladwell said the substitute motion is only affective if funds become available and is otherwise moot. The original motion would allow the Regents to make cuts where they see fit. Rep. Winn was concerned about how the guiding principles fit in and which ones to use, but spoke against the substitute motion. Rep. Lawrence said the UEN issue could be incorporated into the guiding principles.

The substitute motion passed in the Senate but failed in the House so the substitute motion failed.

**SECOND SUBSTITUTE MOTION:** Sen. Gladwell moved that the Board of Regents, in consultation with the institutional presidents, should allocate a 2% systemwide cut subject to guiding principles provided by the Higher Education Appropriations Subcommittee and that the Higher Education Appropriations Subcommittee recommend to the Executive Appropriations Committee the aforesaid funding cuts.

Speaking in favor of the motion were Reps. Winn, Dee, and Lawrence. Speaking to the motion were Reps. Shurtliff and Holdaway and Sen. Gladwell.

The second substitute motion passed unanimously with Sen. Allen and Rep. Dayton absent for the vote.

Rep. Johnson reminded everyone that the second tier of tuition has also been taken off the table for cuts.

Sen. Allen declared a conflict of interest because his business has technology involvement with higher education institutions.

Regent Atkinson said the Regents' principles came from meetings with presidents and are not finalized nor conclusive. Many of the presidents have already used some of the guidelines for previous cuts.

Pres. Bernie Machen, University of Utah, said that, although there is nothing more painful than cutting budgets because it means that you dislocate people and disrupt the academic dreams of citizens, it is the right thing for the presidents to do it. He noted that the Music Department will have a hard time under the guiding principles because it is a small program, but what kind of university would they be if they placed a low priority on music in hard economic times. Regent Atkinson said that education is a way out of poverty and they must find a way to fund financial aid along with tuition increases.

Regent Karras asked when the report on cuts is needed. Mr. Garriott said they have to put the appropriations bill together next week and the Subcommittee has to take action before then. It isn't a matter of trust, it must go through the process correctly. Commissioner Foxley asked if there happens to be additional funds, could the money be given to the Regents to then allocate to the institutions. Mr. Garriott said block grant authority is not given to the Board of Regents. When the first cuts passed in a special session last year, a bill was also passed giving presidents the flexibility to move funding between line items. However, the authority to distribute money rests with the Legislature and that is the final decision of General Counsel.

Rep. Urquhart said elected officials have the funding responsibility and they need to approve or disapprove what the Board of Regents decide. Rep. Holdaway said naming specific programs and people now that may or may not be eliminated is harmful to the institutions. Sen. Gladwell said what needs to be reported is the dollar amount of cuts for each institution. Specifics can be determined internally. He also said they are working to get a task force to study governance issues for a better management structure.

**MOTION:** Rep. Holdaway moved to give institutions the dollar amount that each will need to reduce from their budgets but let the Board of Regents and institutions make specific decisions. During the interim, they will report how the reductions were actually taken.

After a brief discussion, the motion was withdrawn.

**MOTION:** Sen. Gladwell moved that during the 2% budget cutting process, the Regents and presidents should support both the guiding principles adopted by the Board of Regents and the guiding principles given by the Co-chairs. Emphasis should be on Item 1 on the Co-chair's list and Item 2 on the Board of Regents list, both dealing with demand for courses, impacting the fewest students and moving toward economic stimulus as a part of the role of higher education. Emphasis should also be placed on Item 4 on the Co-chair's list regarding public service entities and Item 5 on the Regents' list regarding limited flexibility of some institutions. Lastly, in the budget cutting process, institutions that have stayed within their roles should be rewarded.

Sen. Gladwell said the budget cut recommendations should be given during this session. Rep. Jones asked how the rewarding would be done. Sen. Gladwell said programs outside the defined mission should have negative funding consequences. Rep. Lawrence spoke in favor of the motion. Rep. Winn supports the motion but said there are statewide assets that aren't address in the guiding principles and hopes that UEN is a high priority. Chair Karras said to protect the smaller institutions, they may need to change or narrow another institution's mission or role. Sen. Gladwell amended his motion and took out the part about roles. The amended motion is as follows:

**MOTION:** Sen. Gladwell moved that during the 2% budget cutting process, the Regents and presidents should support both the guiding principles adopted by the Board of Regents and the guiding principles given by the Co-chairs. Emphasis should be on Item 1 on the Co-chair's list and Item 2 on the Board of Regents list, both dealing with demand for courses, impacting the fewest students and moving toward economic stimulus as a part of the role of higher education. Emphasis should also be placed on Item 4 on the Co-chair's list regarding public service entities and Item 5 on the Regents' list regarding limited flexibility of some institutions.

The amended motion passed unanimously with Sen. Knudson and Rep. Dayton absent for the vote.

Pres. Machen said the Higher Education Appropriations Subcommittee needs to be advocates with the Executive Committee for no further cuts to higher education. Chair Karras said if you add cuts made in the 2002 Sixth Special Session that higher education is still putting in place, they are really cutting \$24 million.

Commissioner Foxley said it makes more sense to come back with the recommendations after the revenue projections come in. Rep. Johnson said right now their direction is to have it done by Wednesday. He feels that the motions passed give enough flexibility to report what they need at this time.

Rep. Dayton distributed intent language that is also being presented in both the Public Education and the Commerce and Economic Development Subcommittees as follows:

*It is the intent of the Legislature that a study be performed of applied technology education in the state with the Utah System of Higher Education, Public Education, and the Utah College of Applied Technology by the Office of the Legislative Fiscal Analyst in conjunction with the Governor's Office of Planning and Budget. It is further the intent of the Legislature that a written report be presented by October of 2003 to the Executive Appropriations Committee and also reported to the appropriate Legislative Appropriation Subcommittees during the 2004 General Session.*

Rep. Dayton said there is nothing more expensive than applied technology education. Rep. Johnson said he wasn't very comfortable with the UCAT legislation that passed and expects review and change. He spoke in favor of the language.

Ms. Headden discussed a handout entitled "Higher Education Appropriation Subcommittee Funding Priority List." Subcommittee members should complete their prioritization by next meeting so information can be compiled and used in the event that funding becomes available. Ms. Headden briefly explained each of the items. Commissioner Foxley said some items on the Regents' Request are not on the handout. She directed Committee members to the Regents' Budget Request.

Committee Co-Chair Johnson adjourned the meeting at 4:28 p.m.

Minutes were reported by Rolayne Day, Secretary.

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Sen. David Gladwell, Committee Co-Chair

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Rep. Bradley T. Johnson, Committee Co-Chair