

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
WEDNESDAY, JANUARY 19, 2005, 3:30 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. Ron Allen
Rep. Sheryl Allen
Rep. David Clark
Rep. Bradley Daw
Rep. Margaret Dayton
Rep. Susan Lawrence
Rep. Scott L. Wyatt
Rep. Patricia W. Jones
Rep. Carol Spackman Moss
Rep. LaWanna "Lou" Shurtliff

Members Absent: Rep. Gregory H. Hughes

Members Excused: Sen. Peter Knudson
Sen. Dan Eastman

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

Public Speakers Present: Commissioner Richard Kendell
Kim Hood, Governor's Analyst
Darrell White, Interim UCAT President

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

Committee Co-Chair Holdaway called the meeting to order at 3:45 p.m.

1. Introductions—Rep. Holdaway welcomed everyone to the meeting. Subcommittee members introduced themselves. Rich Kendell, Commissioner of Higher Education, introduced himself and the two new university presidents— Pres. Mike Young, University of Utah, and Pres. Stan Albrecht, USU. Other university and college presidents in attendance were also introduced as well as Regent Meghan Holbrook, Dr. Michael Peterson, Exec. Dir. UEN, and Brad Mortensen, Weber State University.

Rep. Holdaway said Subcommittee members need to be advocates for higher education. Budget Books will be distributed at the next meeting. A proposed session agenda was distributed. Analysts Boyd Garriott and Debbie Headden were introduced, as was Rolayne Day, committee secretary. Appropriations meetings will conclude a week earlier in the session than usual so that fiscal decisions can be made earlier. Rep. Holdaway said committee members can make agenda suggestions since the chairs want to include committee members in decisions.

2. Overview of Current Funding Status—Analyst Boyd Garriott said last year's appropriations for higher education totaled nearly \$8.3 billion in both General Fund and Uniform School Fund money. Total appropriations—including federal dollars—by area of expenditure was 12% for higher education, 30% for public education, and 27% for health and human services. The FY 2005 adjusted base for higher education is over \$900 million; UCAT adds another \$45 million, UEN adds \$20 million, and UMEC (Utah Medical Education Council) adds \$5 million for a total of \$970 million.

The Executive Appropriations Committee decided that FY 2005 funding will roll into the FY 2006 budget. There are \$237,200,015 available from FY 2005 in one-time money and \$324,717,189 in on-going funds. The Fiscal

Analyst's Office looked at the needs and available money and will present a balanced budget to the subcommittee. Mr. Garriott discussed proposed mandates and high priority items. There are compelling needs that all the subcommittees will consider. Mr. Garriott noted that it takes \$31 million to fund a 1% salary increase across the state (public education, higher education and state employees). An 11.8% increase in health insurance costs is needed, for a total of \$125 million for compensation. Rep. Allen asked Mr. Garriott to check with public education about a provider for health plan changes.

Capital spending for FY 2006 includes Centennial Highway Fund Base Budget Restoration, Capitol Restoration, and Capital Development. The final figure depends on what the Executive Appropriations Committee decides to do with the one-time money.

Rep. Holdaway asked how the priority list was generated. Mr. Garriott said all the analysts met and presented needs for the various subcommittees. To stay within available resources and not upset the structural balance of the budget, higher education wound up with \$15 million. Rep. Jones asked how much input the Higher Education Subcommittee will have in determining priorities. Mr. Garriott said the analysts will give recommendations as well as a list of other projects and needs, and the Subcommittee will determine the final recommendation. Rep. Holdaway asked Mr. Garriott to report back on some of the high priority needs in other subcommittees.

Darrell White, Interim UCAT President, introduced himself. He will serve about six months until a permanent president is selected.

3. Governor's FY 2006 Budget Recommendation—Kim Hood, Governor's Analyst, distributed handouts of the Governor's Budget and discussed highlights. Ms. Hood said Governor Huntsman understands how higher education affects the state. His recommendations address affordability, accessibility, and maintaining the excellent system. He supports the Board of Regents having authority to run the system with a block grant to the Regents to address the most critical compensation issues. The Governor's recommendation includes adequate funding for health care increases, dental increases, a COLA like state employees, funds for retaining key faculty and staff, and on-going money for both the Engineering and Nursing Initiatives. The Governor's budget encourages UCAT to stay on its mission and recommends a \$1.6 million block grant to the Board of Trustees for critical compensation. Ms. Hood discussed recommendations for UEN and the Medical Education Council included on the handout.

Rep. Allen asked if action is necessary to move UCAT from the Commerce and Revenue Subcommittee to Higher Education. Mr. Garriott said it was a Legislative management decision also endorsed by minority leadership, UCAT's Board of Trustees, and the Regents. Rep. Holdaway said UCAT's public education and higher education roles need to be protected. Interim UCAT President Darrell White said statute requires UCAT's budget to be presented separate from higher education.

4. Direction and Focus of the Higher Education Subcommittee by Co-Chairs—Rep. Holdaway said higher education is the economic engine for the State. One meeting will be dedicated to higher education's economic development efforts and how the Higher Education Appropriations Subcommittee can continue to encourage them.

Rep. Holdaway said the Committee needs to keep tuition costs in mind. Although the committee shouldn't take the Regents' role of setting tuition increases, it should be part of the discussion. Rep. Wyatt would like the Subcommittee to drive the priority agenda. Rep. Holdaway said agenda suggestions are appropriate. Financial Aid will also need to be discussed.

MOTION: Sen. Walker moved to adjourn.

Committee Co-Chair Holdaway adjourned the meeting at 5:05 p.m.

Minutes were reported by Rolayne Day, Secretary.