

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
WEDNESDAY, FEBRUARY 2, 2005, 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
Rep. Sheryl Allen
Rep. David Clark
Rep. Bradley Daw
Rep. Margaret Dayton
Rep. Gregory H. Hughes
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
Sen. Ron Allen

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

Public Speakers Present: Commissioner Richard Kendell
Pres. Michael Benson, Snow College & Chair of the Campus Compact of Utah
Linda Dunn, Exec. Dir. Campus Compact
Dr. Mark Spencer, Assoc. Commissioner USHE and UHEAA
Richard Davis, Assoc. Dir. UHEAA
Dr. Michael Peterson, Exec. Dir. UEN
Cindy Nagasawa-Cruz, Dir. of Information Systems, Jordan School District
Superintendent Ray Timothy, State Board of Ed & Co-chair UEN Steering Committee
Gary Wixom, Asst. Commissioner, USHE & Co-chair UEN Steering Committee
Dr. Steven Hess, UU CIO & member UEN Steering Committee
Dr. Wayne Peay, Dir. UU Medical Library
Rita Reusch, Director of UALC

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 2:07 p.m.

1. Campus Compact—Pres. Michael Benson, Snow College and Chair of the Campus Compact Board of Directors, said Utah is the only state where every higher educational institution—public and private—are members of the Compact and the only state that supports service learning with a state appropriation. Pres. Benson distributed a copy of the Annual Report to the Subcommittee. Utah is the envy of the nation for what has been done to promote service learning and to help students learn about community responsibility. Linda Dunn, Executive Director of Campus Compact, said with the State appropriation and various grants they have been able to work with higher education faculty, staff and students, K-12 teachers and students, and the community. The level of involvement has increased a minimum of 30% in the last year. Comments were heard from Reps. Dayton and Holdaway and Sen. Bell.
2. Financial Aid—Continuation of Discussion—Dr. Mark Spencer, Associate Commissioner, USHE and UHEAA, distributed a handout containing background information on student aid. Dr. Spencer explained that need is defined

as the "cost of attendance less an expected family contribution." Over the last four years, eligibility for need-based aid grew faster than enrollment (36% and 15% respectively). Half of the student headcount qualify and apply for need-based aid. Dr. Spencer said he doesn't know if federal Pell Grants will be funded this year.

The average debt burden has gone up dramatically over the last ten years as the students' portion of the cost of instruction also rose. The role of the Utah Higher Education Assistance Authority (UHEAA) is to exercise delegated responsibility for oversight and governance of the student financial aid programs on behalf of the State Board of Regents. Dr. Spencer discussed a handout detailing what UHEAA does, the loan volume by school, the lender volume and ranking, guaranty agencies and participating schools. He noted that Utah has a low loan default rate.

Rep. Clark said students take longer to get through school, utilize more state resources and have a larger expense/debt at the end. He asked if the model needs tweaking to be more efficient. Rep. Holdaway said part of the reason is the rising cost of tuition; students have to work more to pay for their schooling. Rep. Wyatt called for a study to determine if it would save both students and the state money if students could get through the system faster. Sen. Walker said good high school counselors are needed to give good advice about higher education to high school students. Commissioner Richard Kendell said an online resource for students and parents called Utah Mentor can find all programs in higher education, where they are offered, what the tuition is, what courses transfer, and where the programs link to jobs. Another online resource is the Utah Transfer Guide, a collaboration of Workforce Services, the State Board of Education and the State Board of Regents. This guide lists 26,000 courses and where they transfer.

MOTION: Rep. Lawrence moved to approve minutes of the January 26, 2005, and the January 27, 2005, meetings.

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

MOTION: Rep. Dayton moved to commend the Campus Compact of Utah for making Utah look good nationally and to encourage them to continue the good work.

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

3. Calculation of Compensation—Analyst Boyd Garriott said that the Executive Appropriations Committee passed guidelines in 1994 requiring the use of tuition as dedicated credits when calculating compensation. Salary increases and compensation adjustments are funded proportionately, traditionally at about 25% tuition revenue and 75% compensation funding from the General Fund. However, over the last few years when budgets were reduced, the second-tier tuition increased dramatically, and students pay an increasingly larger portion of the compensation package. The problem is especially problematic at WSU, UVSC, and SLCC. The Board of Regents have proposed setting a consistent 25/75 split, 25% from tuition and 75% from State funds. Mr. Garriott said the proposal would cost about \$3.5 million. The Subcommittee would have to request a change in the guidelines from Executive Appropriations to grant an exception to higher education. Rep. Allen said some school would benefit and some would not if the 25/75 proposal was adopted.

Commissioner Kendell said the \$3.5 million will not go to the institutions, it is money that students don't have to pay in tuition. At UVSC, 53% of the budget comes from tuition; at WSU, 40%; and at SLCC, 38%. The Regents don't feel this is good policy. On average, a student takes 4.8 years to complete a degree, but they spread that 4.8 years over seven calendar years because of financial responsibilities. Sen. Bell expressed support for the proposal to avoid high tuition increases. He feels it does not benefit the economy by putting more and more on students' shoulders. Rep. Holdaway said his only reservation is that the institutions have used tuition in different ways and he is uncomfortable passing the proposal without accountability. Commissioner Kendell said the skew cannot be undone in one year, but if policy is put into place, over time it will even out. Rep. Holdaway said he needs to know that if there is a 2.5% salary increase, for example, second-tier tuition won't continue to be used to fund compensation. Commissioner Kendell said students don't want to lose faculty and have agreed to use second-tier for compensation in the past. Rep. Clark said there is an implied promise that if the Legislature does their part and funds a 25/75 policy, higher education will do their part to keep tuition down. Commissioner Kendell said he needed to discuss the issues with the presidents.

4. Institution Funding Correction—Analyst Debra Headden said there has been a 48% tuition increase across the system since the 2000-2001 school year. While tuition revenue went up, the percentage of state support went from 75 percent to an average of 65 percent of the budget. The Regents are requesting an institution funding correction of \$5 million to address what they perceive as an inequality in the State funds/dedicated credits share for WSU, UVSC, and SLCC. The Analyst is concerned that if there is not a commitment to replace the tuition revenue with the \$5 million appropriation, the funding mix will continue to be out of sync.
5. Utah Education Network—Jonathan Ball, Technology Analyst, Fiscal Analyst's Office, said the Analyst recommends \$540,000 to convert one-time funding into on-going (Tab 17, Budget Brief 1). The Analyst further recommends a \$260,000 one-time appropriation to replace dated server, storage, and network equipment; \$800,000 in one-time funding from the General Fund for conversion to IP videoconferencing; a \$500,000 on-going appropriation and a \$1,830,000 one-time appropriation from the General Fund for the Learning Management System; and \$2,500,000 in a one-time General Fund appropriation to leverage the federal E-Rate program and expand the network bandwidth. Mr. Ball noted that none of the recommendations is included in the Analysts recommendations for higher education and would have to be added to the list of priorities.

Executive Director Michael Peterson said UEN is especially effective in rural areas. Via the Internet, two students at Rich High School discussed how they have taken advantage of concurrent enrollment via EDNET. Also testifying via the Internet were former students at Monument Valley High School in San Juan County and students at Tintic High School who successfully participated in concurrent enrollment. Tintic High School Principal Gordon Grimshaw said EDNET helps both junior high and high school students make goals they wouldn't make otherwise.

The role UEN plays in urban districts is different, but just as crucial. Cindy Nagasawa-Cruz, Director of Information Systems for the Jordan School District, said educators are challenged to provide curriculum that is highly engaging, rigorous, real world, etc. Jordan District has leveraged all the technology, resources and programs largely because of UEN.

Dr. Peterson said UEN delivers essential Web-based tools and resources to support goals of the State Board and State Office of Education. Associate State Superintendent Ray Timothy, Co-chair of the UEN Steering Committee, said the Pioneer Library saves money because the districts don't have to pay for the services individually (estimated at \$73 per student). UEN has the leverage to negotiate statewide contracts at \$.72 per student. UEN also helps districts guarantee equitable educational opportunities for each student no matter where they live.

Dr. Peterson said college and university students, faculty, and administrators depend on UEN to use the Internet and for Internet-delivered courses. Gary Wixon, Assistant Commissioner and UEN Steering Committee Co-chair, demonstrated how higher education uses UEN for online courses. This technology also supports hybrid courses combining both on-line and in person classes.

Dr. Peterson discussed the connection between research and economic development that requires extremely fast, high capacity networks. Dr. Steven Hess, UU CIO and UEN Steering Committee member, said UEN has been a partner in research networks both nationally and internationally. He discussed the Internet 2, the Web of the future. UEN is connected to all colleges, universities and high schools in the State at 622 megabits per second. In the summer of 2005, the UU will partner with UEN to connect to a new optical network called National LambdaRail. They will then connect to the WesternLights network that connects to many other major research universities. UEN is also connected to several other research networks and has been involved in their organization. Dr. Hess said these networks will become the Internet of the future and can attract high tech business to Utah. New applications on the research networks include research simulations, digital libraries, virtual labs, medical imaging, shared virtual reality, educational computer games, e-commerce, e-government, and e-business. Dr. Peterson reviewed the budget request totaling \$6,590,000 for UEN.

Sen. Walker declared a conflict of interest because she is a member of the UEN Steering Committee. She feels UEN is the best investment that the Subcommittee can make. It is the means to help deal with "No child Left Behind" requirements that are being put on public education. Reps. Dayton and Shurtliff spoke in support of UEN. Rep. Holdaway asked how the Technology Initiative affects UEN. Dr. Peterson said H.B. 109 focuses on State

government and will not impact UEN. Mr. Ball said all state systems will connect to ITS that will then connect to UEN for Internet access.

6. Utah Academic Library Consortium (UALC)—Analyst Boyd Garriott corrected a table on page i of Tab 3, Issue Brief 8; the numbers on the left should not be identified as dollars, they are the number of Pioneer Database Searches.

Dr. Wayne Peay, UU Medical Library, briefly described the UALC. Director Rita Reusch said members include all public and private libraries in Utah as well as specialized libraries like the UU Medical Library. Cooperative efforts include sharing collections of both physical (interlibrary loan) and online resources. Technology has enhanced the way UALC libraries work together. They partner with UEN, public education, and higher education to provide data. Every dollar that goes to Pioneer goes to electronic resources, not salaries or overhead.

7. Technology Initiative—Mr. Garriott said the Board of Regents requested \$3 million, and the Analyst recommends \$1 million (Tab 3, Issue Brief 9).

A priority list was distributed to the Subcommittee listing items for the members to use for prioritization.

Dr. Spencer spoke briefly and asked for support of the Analysts' recommendation for the Technology Initiative.

Rep. Holdaway said the Executive Committee Co-Chairs want the subcommittees to limit intent language. If intent language has appeared year after year, it should be in code. If it is new language it will not be entertained unless it has gone through both the Fiscal Analysts' and the Legislative Research Offices.

MOTION: Rep. Daw moved to adjourn.

Committee Co-Chair Holdaway adjourned the meeting at 5:00 p.m.

Minutes were reported by Rolayne Day, Secretary.

Sen. Greg Bell, Committee Co-Chair

Rep. Kory M. Holdaway, Committee Co-Chair