

MINUTES OF THE  
JOINT HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE  
FIFTH SPECIAL SESSION  
WEDNESDAY, JUNE 26, 2002, 12:00 P.M.  
Room 223, State Capitol Building

Members Present: Sen. Lyle Hillyard, Committee Co-Chair  
Rep. Afton Bradshaw, Committee Co-Chair  
Sen. Paula Julander  
Sen. Peter Knudson  
Rep. Patrice M. Arent  
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. Steve Poulton  
Rep. Martin R. Stephens

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 Cecelia Foxley  
Dr. Mike Peterson, Assoc. Commissioner for UEN  
Pres. Kerry Romesberg, UVSC  
Pres. Lynn Cundiff, SLCC  
Pres. Michael Benson, Snow  
Pres. Robert Huddleston, Dixie  
Pres. Ryan Thomas, CEU  
Pres. Steven Bennion, SUU  
Pres. Paul Thompson, WSU  
Dr. David Pershing, Vice President, UU  
Dr. Stan Albrecht, Provost, USU  
Paul Brinkman, UU  
Race Davies, GOPB  
Billy Edwards, UU Studentbody President & Utah Stu. Assoc. Pres.  
Fred Hunsaker, Vice President, USU  
Nolan Karras, Chair, Board of Regents

Visitor List on File

Committee Co-Chair Hillyard called the meeting to order at 9:27 a.m.

1. FY 2003 Budget Discussion—Sen. Hillyard reported that the Committee would discuss three proposals: (1)cuts taken across the board at 4.5%; (2)cuts taken holding public education harmless; 9% for higher education; and (3)a majority leadership proposal (a combination of the previous two proposals) for a 1.63% higher education cut. Rep. Arent noted that minority leadership is opposed to the third proposal.

Fiscal Analyst Boyd Garriott distributed handouts detailing the three proposals. A 4.75% cut amounts to \$23.5 million; taking public education out of the mix gives higher education a 9% cut at \$49.9 million; the 1.63% cut is \$9.3 million.

All proposals will require faculty positions to be eliminated, sections closed, and services reduced or eliminated. Mr. Garriott recommended cuts in public service support areas, reimbursed overhead, and reduced tuition waivers; KUED, KUER and Cooperative Extension were excluded from all cuts. Examples of public service support areas include UVSC's Small Business Center and Intermediary Center, the Natural History Museum at the University of Utah, the Climate Center and Man and His Bread Museum at USU, all non-credit courses and the GED program at Dixie. The Analysts recommend reducing \$22 million in tuition waivers offered systemwide by 10%. Analyst Debbie Haedden clarified that the two proposals are not independent of each other; the second proposal is in addition to the first.

Sen. Hillyard said the Higher Education Subcommittee needs to adopt one of the recommendations or come up with a recommendation of their own or the Executive Appropriations Committee will just adopt one of the scenarios. He also noted that you cannot raise tuition with the same results across the system. Raising non-resident tuition actually reduces tuition revenues because the students don't come at all. The Analysts recommend reducing the number of non-resident summer tuition waivers specifically and also tuition waivers for students who live near the state borders.

Mr. Garriott said the Regents and the presidents are justifiably reluctant to identify specific programs and people that would be eliminated but that any proposal needs to be very specific by July 8 when the Executive Appropriations Committee will take action.

Sen. Hillyard hopes that people will not go around this committee's action to the Executive Committee and undermine both the Higher Education Subcommittee and the process. He asked that Committee members look at the entire system and not try to protect their own schools. Leadership's plan would fund 40% of the cuts with a delay in Capital Facilities projects, Tobacco Permanent Fund money (both one-time funding) and part of the Centennial Highway Fund. Leadership passed a motion requiring that UCAT be treated the same as higher education in this budget reduction process.

Nolan Karras was introduced as the new Board of Regents Chair and Pamela Atkinson continues as Vice Chair.

Commissioner Foxley discussed a handout showing estimated effects of reducing the number of tuition waivers for both border students and summer semester. They estimate that 50% to 75% of the students currently taking advantage of these would not return to the institutions. This would further reduce the amount of tuition revenue rather than increase it and could have a domino effect on housing and local economies. Sen. Hillyard noted that border tuition waivers are limited to 50 students per year. Regent Atkinson expressed support for grandfathering students already in the system. Commissioner Foxley noted that leadership has expressed support for the border waivers, but did not appropriate any money so it is an additional cut to the institutions. Mr. Garriott said border tuition waivers cost \$3 million, but with the recent shortfall, it isn't even being considered. Sen. Hillyard said the bill providing for the border waivers was intended for undergraduate students only.

Pres. Kerry Romesberg, UVSC, said previous budget cuts reduced budgets equal to *estimates* rather than reality. If students presently in the system are grandfathered, they won't get any increase in revenue and it is an additional budget reduction. UVSC eliminated 44.5 positions and the E&G budget, raised an already comparatively high tuition 19.5%, instituted a hiring freeze, and consolidated positions and responsibilities. He doesn't want to identify specific programs for further reductions before discussing it with the people it impacts and noted that eliminating programs also eliminates the students in those programs and their tuition. Summer tuition waivers are not a concern at UVSC. Reductions so far have been external to the classroom because their top priority has been academics. The educational experience has suffered through reductions in support areas and students will be turned away because there will not be as many courses/sections offered.

Pres. Paul Thompson said WSU's most FY 2002 cuts were taken from carry-forward money. FY 2003 cuts were taken from turnover savings, consolidation and reclassification of jobs and people, a reduction of faculty and staff, capital

outlay, current expense, travel, unallocated tuition increases, and a reduction in hourly budgets. Eighty classes will not be offered so about 2,000 students will not have a spot in classes. Further cuts of 4.75% would require 32 more staff and 16 faculty to be dismissed; a 9% cut would require eliminating 39 staff and 24 faculty. Either cut will make it more difficult for the Utah's economy to recover.

Pres. Lynn Cundiff said SLCC's position is much like that reported by Pres. Romesberg. Applications are up 10%-11% for Fall Semester at a time when budgets are being drastically reduced. SLCC eliminated 8 academic and other programs and 51 people in the last round of budget cuts. Five of those people were top-level administrators and seven or eight were long-term, full-time faculty. They are dealing with a significant increase in students with significantly less employees. A second-tier tuition increase of 5.5% will be used to hire more faculty in math and English (an agreement with the students) to help alleviate bottlenecks in those areas. Fewer faculty, hourly faculty reductions, and less courses and sections will impact student progress. Further cuts will require reducing employee work hours, reducing equipment purchases, and repair and maintenance on equipment and buildings—all reserves are gone. They will turn away 2,500 students this Fall that cannot be served. Pres. Cundiff noted that SLCC has a 24-month waiting period for the nursing program during a time when there is a nursing shortage.

Pres. Ryan Thomas distributed a handout showing budget reductions for both debt reduction and for revenue shortfalls. CEU has eliminated 28 positions and frozen one. They, too, are trying to keep the academic side of the institution in tact and any further cuts will also reduce income.

Pres. Michael Benson said Snow College employees have taken salary cuts, many employees have taken early retirement, they have eliminated programs, reduced O & M, and nearly gutted renovation and maintenance budgets. They are working to restructure the Snow South administration and interface it with UCAT. Pres. Benson said Snow's health affects the rest of the state because of their transfer role.

Dr. Stan Albrecht, Provost and Executive Vice President of Utah State University, said many out-of-state students who live within 25 miles of USU will lose their border tuition waivers under the new law. With the advent of BYU Idaho, students will opt to go to BYU rather than USU. Elimination of summer tuition waivers will also impact them adversely and waste the physical plant. Since the Legislature allowed institutions to keep all of the reimbursed overhead, research institutions have increased research dollars four fold. Reducing the overhead amount would have a devastating affect on graduate programs and reduce the number of student jobs that allow undergraduate to finish their degree.

USU also tried to preserve academics during budget reductions. Among the actions taken were the elimination of 66.5 positions, a campus-wide hiring freeze, a reorganization/elimination of the College of Family Life, and a reduction in operating budgets; some departments even turned off the phones for the summer to save money. A second-tier tuition increase will generate \$1.9 million dollars that is earmarked to reduce the number of bottleneck courses (an agreement with students); they will do everything they can to keep from using that money for other expenditures.

Pres. Robert Huddleston said Dixie cut 4 FTE faculty and 11 administration/staff positions as well as eliminated some programs. Eliminating summer school tuition waivers would virtually eliminate the summer program (currently self-supporting) since surrounding, competing states give that waiver. Pres. Huddleston said each institution has a different story about how cuts affect programs. The Legislature demanded that flight programs be eliminated by not funding them during the regular session while Dixie's program was very successful. He asked that the Legislature give institutions the flexibility to determine which programs should be eliminated.

Vice Pres. David Pershing said the University of Utah made \$1 million in cuts mainly by eliminating 180 faculty and staff positions. They, too, have tried to protect academics, but a further 4.75% cut would affect students by cutting at least 100 class sections, closing some academic programs, and force a layoff of 200-400 more people (90% of their budget is payroll). It doesn't make sense for the U to significantly increase tuition and fees because that would further stretch out how long it takes students to get their degrees; about 75% of the students hold down jobs to pay tuition. He also asked that the Legislature not micro manage the institutions because the right answer to budget cuts varies across the system and even by department within an institution. Dr. Pershing reported that graduate tuition went up 11% from last year.

Research funding is something that attracts and keeps the research faculty; decreasing the reimbursed overhead would cause many faculty to leave. Statistics show that the more reimbursed overhead the institution gets, the more they attract.

Pres. Steven Bennion said SUU had gone through an exhaustive reorganization/evaluation of programs before the budget cuts. Ten FTE positions were cut, secretarial responsibility consolidated, and 44 sections/courses were eliminated. Border and summer tuition waivers make a huge difference to SUU; many of their best scholarship donors come from Nevada alumni.

Dr. Michael Peterson, Associate Commissioner for the Utah Education Network, said UEN should receive the same protection as higher and public education because they are an education entity. Dr. Peterson indicated where further cuts would be made under 4.75% and 9% budget cut scenarios. He urged the Legislature to grant UEN sufficient latitude and flexibility to minimize negative impacts of required budget cuts .

Legislative Fiscal Analyst Jonathan Ball said UEN's cuts would be 3.5% under Leadership's proposal, a deficit of \$285,0000, but still a higher percentage than higher education. He said Leadership regards UEN as administrative.

Board of Regents' Chair Nolan Karras said reimbursed overhead has paid off well. Abruptly cutting off funding causes real pain; contracts for tenured faculty require significant notice without which, faculty must be paid anyway. He asked that the Legislature look at long-term impacts of their decisions. There needs to be cooperation and trust that state funding will continue. While public education has not increased the number of overall students, higher education has increased significantly. He, too, asked that institutions be allowed to determine where cuts could best be made.

Dr. Race Davies, GOPB, said public education and higher education are a priority to the Governor in this budget reduction process. He is pleased with Leadership's proposal, but sees problems with the border and non-resident tuition issues because it impacts institutions disproportionately.

Billy Edwards, UU Studentbody President and President of the Utah Student Association, said students have been very involved in the budget process. Further cuts will place a financial burden on students, lengthen their time to graduation, and compromise their educational experience. He noted that this will have a rippling effect into the work force.

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

Committee Co-Chair Hillyard adjourned the meeting at 12:45 p.m.

Minutes were reported by Rolayne Day, Secretary.