

**MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE**

Room 210 East Senate Building, State Capitol Complex

February 5, 2014

Members Present: Sen. Stephen H. Urquhart, Co-Chair
Rep. Keith Grover, Co-Chair
Rep. Jon E. Stanard, House Vice Chair
Sen. Patricia W. Jones
Sen. Howard A. Stephenson
Sen. Jerry W. Stevenson
Sen. John L. Valentine
Rep. Jack R. Draxler
Rep. Rebecca P. Edwards
Rep. Don I. Ipson
Rep. Dana L. Layton
Rep. Marie H. Poulson
Rep. Dean Sanpei
Rep. Robert M. Spendlove
Rep. Mark A. Wheatley

Members Absent: Sen. J. Stuart Adams
Sen. Aaron Osmond
Rep. Kay L. McIff

Staff Present: Mr. Spencer Pratt, Fiscal Manager
Ms. Angela Oh, Economist/Statistician
Ms. Lorna Wells, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

1. Call to Order

Co-Chair Urquhart called the meeting to order at 2: 25 p.m.

2. Issue Briefs

a. USHE Reallocations Mr. Pratt said that last year the Legislature approved \$9 million in Distinctive Mission-based Funding for the eight USHE institutions. The University of Utah (U of U) received \$10 million for the School of Medicine. The U of U agreed to share half of its distinctive mission allocation with the other seven USHE institutions. It was later realized that this reallocation was in violation of Utah Code. The Board of Regents has requested that for FY 2015 this be authorized so it will be in compliance with code. This would alter the Base Budget bill that was passed in the last meeting. <http://le.utah.gov/interim/2014/pdf/00000264.pdf>

b. Utah State University (USU) Reallocations Mr. Pratt stated that USU has requested that money be transferred from four of the regional campuses to the Education and General (E&G) Line Item. They have requested moving funding for compensation adjustments from E&G to the Agriculture Experiment Station and Cooperative Extension. USU has requested to consolidate salaries currently in the Educationally Disadvantaged Line Item into the E&G. Mr.

Pratt reported that the \$1.9 mission-based funding reallocation was all appropriated to E&G. USU requests \$300,000 go to the Tooele/Wasatch Line Item and \$86,700 go to the Eastern Line Item. USU would like to move \$35,100 from E&G to Cooperative Extension.

USU has requested eliminating the Educationally Disadvantaged Line Item at the Logan Campus and the Eastern campus and fold it into the E&G. They have requested that the five line items associated with the Eastern campus be folded into two Line Items, one for Price and one for Blanding. Mr. Pratt commented that the analyst is not recommending these consolidations for reasons listed on brief. <http://le.utah.gov/interim/2014/pdf/00000855.pdf>

c. Salt Lake Community College (SLCC) Reallocations Mr. Pratt stated that SLCC has requested a transfer of \$53,000 from E&G to the School of Applied Technology to support salary increases. <http://le.utah.gov/interim/2014/pdf/00000299.pdf>

d. O&M for State-Funded Facilities Mr. Pratt explained that for several years the Legislature has approved O&M for new facilities at the same time they approve the facility. They then take this O&M out on a one-time basis until the building is ready for operation. This reduction reflects the expected timing of the completion of the Business Building at USU and the Classroom Building at UVU. <http://le.utah.gov/interim/2014/pdf/00000314.pdf>

e. O&M for Non State-Funded Facilities (USHE and UCAT) Mr. Pratt said that many buildings are constructed without state funding, through private donations, or other revenue sources. In these cases, the O&M is not necessarily approved. He stated that the Board of Regents has requested \$1.9 million for FY 2015, which is one-third of the annual O&M for these non-state funded facilities. <http://le.utah.gov/interim/2014/pdf/00000321.pdf>

Ms. Oh reported that UCAT is requesting \$484,800 for FY 2014 and FY 2015 for the O&M for three facilities that are non-state funded. <http://le.utah.gov/interim/2014/pdf/00001830.pdf> Sen. Stevenson asked if the Simmons building on the DATC campus was built completely with donation money. Ms. Oh reported that was correct.

f. Vehicle Expansion (USHE and UCAT) Mr. Pratt said that USHE has requested 16 total vehicles. The Issue Brief shows the vehicles requested, the funding source, and other information for each institution. <http://le.utah.gov/interim/2014/pdf/00000309.pdf> Mr. Pratt stated that UCAT has requested two vehicles. <http://le.utah.gov/interim/2014/pdf/00001836.pdf>

3. USHE Institutional Requests:

Commissioner David L. Buhler introduced Dan Campbell, Vice Chair of the Board of Regents. He reported that the Gates foundation has invited USHE as one of only 12 systems in the country to work on innovations for college participation and completion. Comm. Buhler gave the USHE 2014-2015 Unified Budget Request. <http://le.utah.gov/interim/2014/pdf/00002027.pdf> He listed

the top three priorities: performance-based compensation increases, mission-based performance funding (including acute equity and distinctive mission), and performance funding. The FY 2015 mission-based funding request is <http://le.utah.gov/interim/2014/pdf/00002006.pdf> and the equity funding request for FY 2015 is <http://le.utah.gov/interim/2014/pdf/00002024.pdf>

Co-Chair Urquhart commented that the entire council of presidents supports these requests for the good of the system. He stated that it wasn't easy to get to this point. Comm. Buhler thanked each of the eight presidents for their cooperation in these decisions. Co-Chair Grover asked if the U of U and USU would not receive the acute equity funding. Comm. Buhler replied that is correct for FY 2015.

Comm. Buhler discussed other priorities regarding O&M, infrastructure, ongoing money for the HETI initiative, scholarships, financial aid, UALC, etc. He discussed the growth in New Century and Regents Scholarships, and that they will have some updated figures next week. He stated that one of the outcomes is that high school students are better prepared for college

Co-Chair Urquhart commented that this is encouraging information because one of the main concerns of the committee is to ensure that high school students are college-ready and to decrease the remedial training. He asked about how math courses have impacted a student's qualification for the scholarships. Comm. Buhler answered that the requirement is four years of progressive math. They are still working through these policies.

Comm. Buhler explained that there are funding requests for some state initiatives for particular institutions such as Veterinary Medicine at USU, student access and completion at SLCC, university implementation at DSU, and rural superintendents and concurrent enrollment at Snow.

Co-chair Urquhart mentioned that the \$1.5 million for rural superintendents also appeared in the Public Education Appropriations Subcommittee. He asked if \$1.5 million is the total amount, or if it is \$1.5 million for each. Comm. Buhler answered that \$1.5 million is the total amount. He distributed "2014-2015 Budget Priorities" to committee members.

Rep. Draxler asked how the math issue is resolved with home-schooled children who take equivalency exams and pass them, but do not qualify for these scholarships. Comm. Buhler recommend that those students look at the New Century Scholarship.

Rep. Wheatley asked if the three percent performance based compensation would mean that top-performers would earn more. Comm. Buhler answered that the three percent is an average.

a. Weber State University (WSU) President Charles A. Wight presented the WSU budget request. He discussed the demographics of people in the Ogden area, the needs of the community, the importance of open enrollment, as well as the benefit that WSU provides to that community. He explained the financial help needed to improve the six-year graduation rate. He stated that a budget priority is to keep WSU affordable, especially for low income students and to build capacity for enrollment in high demand fields. He stated that the top priorities are a

three percent performance based compensation increase, the PEHP insurance increases, and the Utah Retirement System increases. He explained the “Dream Weber” program which makes up the difference between Pell Grants and full-time tuition and fees. He mentioned that it has been over a decade since enrollment growth was funded. He discussed distinctive mission funding.

Co-Chair Urquhart relinquished the chair to Co-Chair Grover. Co-Chair Grover thanked Pres. Wight for his report. Sen. Stevenson said he was very impressed with what Pres. Wight has brought to WSU. He commented that he will take these budget requests very seriously. He mentioned that it has been a pleasure to watch the presentations made. He also complimented the work of Co-Chair Urquhart in leading the committee and pulling the USHE and UCAT systems together.

Co-Chair Urquhart resumed the chair.

b. Utah Valley University (UVU) President Matthew Holland apologized for being late stating he was attending a funeral service for Sgt. Cory Wride who was killed in the line of duty. He said that it was an honor for UVU to host this event.

Pres. Holland presented the UVU FY 2015 budget request which include a three percent performance-based compensation increase and a 9.5 percent health and dental cost increase. He stated that the past two years of equity funding had helped improve the funding per student, but they are still well below other institutions. He commented that this continues to cause constraints in delivering and keeping up with demand. Pres. Holland said that graduation rates are climbing and that projections indicate that the population for the UVU service region will also continue to grow. He said that Utah valley is referred to as silicon slopes where there are tremendous workforce needs at all skill levels. He indicated that the equity funding will get them to \$4,800 per student which is the average of peer institution-funding.

Co-Chair Urquhart mentioned that the equity funding is a major priority for the committee. This equity funding will mainly go to UVU, SLCC, and Utah State regional campuses. He stated that the job of the committee is to take the good work of the Regents and USHE and make sure that the priorities are aligned. They can then prepare a sound rationale for the Executive Appropriations Committee.

Rep. Edwards voiced support for the equity funding requested. She stated that it has been a difficult task for many years for UVU and the other institutions most impacted to try and meet needs with extremely limited funding.

Rep. Layton asked for clarification because the compensation request was listed as a higher priority, but she sees this acute equity funding as the highest priority. She complimented on Comm. Buhler’s ability to get all of the presidents to agree to this acute equity funding.

Co-Chair Urquhart stated that compensation comes first because it is important that compensation for state employees, including higher education, should be handled as a whole.

He will ask the EAC to not treat higher education employees differently than other state employees. He stated that higher education is treated differently because of the ability to increase tuition, but this has been used too often. He agreed with Rep. Layton that the acute-equity funding is probably a one-year window to improve the overall health of the system. He mentioned that the institutions that will not receive equity funding will receive mission-based funding. He asked the Commissioner's office to help the committee determine an equitable ratio for the mission-based funding.

Pres. Holland thanked the committee for their support, as well as Comm. Buhler, the Board of Regents, and the council of presidents for their statesmanship. Co-Chair Urquhart stated that this is definitely a good investment. Pres. Holland stated that the equity funding would allow them to deal with some of the capacity issues, especially in STEM programs with critical needs. It would allow UVU to be more flexible in accommodating more students, to invest in more technology. They are considering a tuition differential for freshmen and sophomore students. They would like to develop more upper division and critical path courses, provide mentoring and student services, improve their student to advisor ratio, and improve full-time faculty ratios. He mentioned that the major concern of the recent accreditation visit stated that UVU cannot continue to grow without additional resources. They need some basic risk management, audit and legal support, technology for student support and administrative needs.

c. Snow College Interim President Gary Carlston appreciated the opportunity to share information about Snow College. He discussed the restoration of the historical Noyes building. He gave information about a student named Kathryn who is from the Congo. He reported that the Snow College budget request includes a three percent performance compensation increase. He discussed the strategic plan implementation and Snow's share of the distinctive mission. They have a new integrated general education model which is in need of a full-time director. He reported they are working to improve the current 49 percent graduation rate. He discussed some of the student retention initiatives including more on-campus jobs. He commented what would be needed for them to do their part in the 2020 goal. He reported on the funding needed for the STEM and health care areas.

Co-Chair Urquhart relinquished the chair to Co-Chair Grover.

Pres. Carlston discussed the science building proposal and the Concurrent Enrollment proposal. He thanked the committee for their support. Co-Chair Grover thanked Pres. Carlston for his presentation.

MOTION: Rep. Edwards moved to adjourn. The motion passed unanimously.

Co-Chair Grover adjourned the meeting at 3:43 p.m.