

UTAH COLLEGE OF APPLIED TECHNOLOGY
8 JANUARY 2003
BOARD OF TRUSTEES MEETING
MINUTES

Board of Trustees

Norman Bangerter, Chair - Salt Lake/Tooele
Doug Holmes, Vice Chair - Ogden-Weber
Pamela J. Atkinson - SBOR
William Prows - Davis
Don Roberts - Southwest
Don Ipson - Dixie
Charlie Johnson – Regents
Michael Madsen - Bridgerland
Janet Cannon - SBOE
Wayne Woodward - Southeast
Carl Albrecht - Central
Doyle Mortimer - Mountainland
John Busch – Uintah Basin

Regional ATC Presidents

Mike Bouwhuis – Davis (late)
Bo Hall - Salt Lake/Tooele (late)
Richard Jones - Uintah Basin
Richard Maughan - Bridgerland
Rich VanAusdal - Dixie
Brent Wallis - Ogden-Weber
Don Reid - Southwest
Carl Holmes - Central
Rob Brems – Mountainland
Miles Nelson - Southeast

Institutional Representation

Gregory G. Fitch

Commissioners Office

Gary Wixom, Assistant Commissioner for Applied Technology Education and Special Projects
Linda Fife, Assistant Commissioner of Programs
Brad Mortensen, Assistant Commissioner of Business and Finance

Media Present

Deseret News
Standard-Examiner

Others Present

Commissioner Cecelia Foxley
Collette Mercier – VP, Ogden-Weber ATC
Mary Shumway – SBOE
Marv Johnson – SBOE
Duke Mossman -- SBOE
Debbie Headden - Fiscal Analyst
Boyd Garriott - Fiscal Analyst
Race Davies - Governors Office

Excused Absent

Thomas Bingham – Gov. Appt.

MINUTES OF MEETING
UTAH COLLEGE OF APPLIED TECHNOLOGY
BOARD OF TRUSTEES
REGENTS' BOARD ROOM
8 JANUARY 2003

The meeting of the UCAT Board of Trustees was held 8 January 2003 in the Utah State Board of Regents' Board Room.

Call To Order

Chair Bangerter called the meeting to order at 10:00 a.m. and the Secretary was in attendance. A quorum was present.

Approval of the Agenda

Chair Bangerter asked if there were any additions and/or changes for the agenda of the 8 January 2003 Board meeting. Being none, motion was made by D. Holmes and seconded by P. Atkinson to approve as presented. Motion carried.

Approval of Minutes from 13 November 2002 Board Meeting

Chair Bangerter asked if there were any additions and/or changes for the minutes of the 13 November 2002 Board meeting (Tab N). Being none, motion was made by D. Holmes and seconded by D. Ipson to approve as presented. Motion carried.

ACTION ITEMS

A. Executive Committee Report (Tab O)

The UCAT Board of Trustees Executive Committee discussed the following items during a meeting on 11 December 2002.

A.1. MATC IT Offering (Tab P)

D. Holmes: MOVED to forward the request by MATC to offer a degree option in Information Technology to the Board of Regents for their approval. The motion was seconded by M. Madsen. Motion unanimously approved and carried.

P. Atkinson: Reminded everyone that there is a moratorium on the issuing of all new degrees in Higher Education. However the Board of Regents have come up with criteria for exceptions.

A.2. Graduation Fee (Tab Q)

D. Ipson: MOVED that a fee of \$15.00 be assessed to associate degree graduates to cover the cost of graduation. The motion was seconded by P. Atkinson. Motion unanimously approved and carried.

G. Fitch: Advised the Board that the \$15.00 cost was determined through an analysis of fees charged at other institutions and is at the middle cost level.

A.3. Residency Requirement and Cost (Tab R)

Chair Bangerter: Informed the Board that this issue is designed to make sure that when potential students come in from other institutions or from out of state that their various backgrounds and experience can be verified. It is also important that they register to take a certain number of courses within the state of Utah, and if proficiency can be demonstrated, then money will be refunded.

G. Fitch: Elaborated that the competencies that will be tested will be 1/3 of the component of the total program and will be the highest level of the competencies, based on the assumption that if they can do the highest level, then they would be able to accomplish the lower levels.

Chair Bangerter: Expressed that initially he was concerned that this would be restrictive, but now feels that this plan is structured so that it is verifiable and that UCAT is in control of the degrees.

C. Albrecht: MOVED to require at least 1/3 of all competencies required for the award of an Associate degree be at the top level of the required competencies and certified by the campus. The motion was seconded by D. Roberts. Motion unanimously approved and carried.

A.4. Board Meeting Schedule for 2003 (Tab S)

Chair Bangerter: Explained that the Executive Committee has approved a recommendation to hold bi-monthly UCAT Board of Trustees meetings. The UCAT Executive Committee could handle any urgent issue that would need to be dealt with in the interim. Pointed out the difference between two plans, a straight bi-monthly schedule versus a "preferred" schedule that would also involve six meetings per year but allow more flexibility with regard to which months the meetings would be held.

D. Holmes: MOVED to hold six UCAT Board of Trustees meetings per year, as per the preferred schedule, on the first Wednesday of January, March, May, August, October, and November. The motion was seconded by M. Madsen. Motion unanimously approved and carried.

D. Ipson: Concerned about the fiscal impact of the Board meetings and pointed out that half of the cost of the meetings is from the meals served. Requested the discontinuation of serving lunches at the UCAT Board of Trustees' meetings because of the budget constraints.

G. Fitch: Suggested that the Board consider two pieces of information in determining the cost/benefit of serving lunches during the UCAT Board meetings. First is the savings which would be derived from decreasing the number of Board meetings (50% cost reduction) and second, the value of serving a lunch which provides a business and social interaction opportunity for the Board members.

Chair Bangerter: Asked for a show of hands regarding the approval/disapproval of providing lunches during UCAT Board of Trustees meetings. Approved by consensus.

B. Budget FY 03 (Tab T)

Development Funds

G. Fitch: Introduced Tab T and the Development Fund Allocation information. "The UCAT, previously under the State Board of Education, was provided approximately 1.7 million dollars on an ongoing basis for performance. Those dollars were distributed based on the performance of the institution under the State Board of Education and the dollars fluctuated. The Board charged the Presidents' Cabinet to develop a means (distribution) of the funds and place it (funds) in the base. Approximately 12 to 13 years ago the funds were intended to support performance, however, due to budget short falls over the years the funds were used as ongoing by the institutions within the base. Performance considerations caused these funds (amounts) to fluctuate, so although used in the base, budget issues and reporting problems arose. There is a need for these funds and the Presidents' Cabinet recommends that the funds be placed as part of the base budget for the institutions. It is a point of contention for most of our institutions; historically, the big institutions versus the small institutions . . . we are going to make this work the best way possible without hurting anybody."

President Fitch referred to Table 4. Adjusting Recommendation for December Budget Reductions (Attachment D). This table incorporates a budget cut that was previously omitted from computations reflected in Table 3. Options for Distributing Funds to Regional Base Budgets (Attachment C).

G. Fitch: "The Presidents Cabinet looked at several ways to disperse these funds in a fair and reasonable manner. First, we did not stifle the growth of the larger institutions; we are predominantly providing for those services and that performance recognition. Second, we did not want to hinder the growth of the smaller institutions, who are trying to grow and provide services in each of their areas."

President Fitch referred to Table 1. Example of Distributions and Data Inputs for FY 2002-03 Using a Previous Distribution Method (Attachment A), which reflects a single year distribution component. The table displays four categories of funding distribution allocation amounts (\$) for each campus: membership hour, growth, competencies and placements. The table also displays the number and % of the total, in each of the four categories, by campus.

G. Fitch: "One of the flaws in the reporting sequence for these institutions was the data gathering for the placements allocation. The placements allocation was dependent on a number of variables and DWS data reporting which typically didn't arrive until March. So funds were there and unavailable to the institutions based on this placement data. Unfortunately, the data was never accurate because the funding that we would get would be based on social security numbers and it didn't always reflect the placements that the institution should have earned . . ."

President Fitch pointed out that the funding distribution amounts for each campus would fluctuate every

year based on the number of placements. "One of the key structural components of our (Presidents' Cabinet) decision in looking at the distribution of these funds is some way to average them. The question is, 'What years do you average'? No matter what years you choose, some of the institutions will be affected negatively and some positively . . . There is no legitimate way to assign these funds based on the data that we gather, and the data often times is questionable and particularly with the late placement information that we get."

President Fitch referred to Table 2. History of Development Fund Distributions to Regional Campuses (Attachment B). This table reflects the dollar and percentage amount of development fund distributions for each campus, from FY 1998 through FY 2002.

G. Fitch: "There is no good place to pick a particular year, starting point or ending point in the averages. There may be a place where an institution can benefit over another institution, but no clear guideline. Why this is so important is because of the Board's charge that we put this in our base budget. Once this decision is made, these ongoing funds will be moved into the base budget of the institutions on the figure that you approve today. Those amounts will be ongoing based on the averages and the only impact on it will be any future cuts that we have."

President Fitch referred to Table 3. Options for Distributing Development Funds to Regional Base Budgets (Attachment C). He pointed out that these were the options discussed at the last Presidents' Cabinet meeting (19 December 02).

G. Fitch: "Option 1 favors the smaller campuses . . . This results in a 7-3 vote. Our Presidents' Cabinet is not a democratic society, it's one where we present information and make decisions, and I try to make the right recommendation based on the data that I have available, and on their advice. Option 2 benefits the larger campuses. Option 2a also favors the larger campuses . . . These figures will be changed by Table 4, because of an additional reduction. As you look at the options, you'll see that FY 02 and 03 have funds listed and this will be placed in the budget and become part of the base. On the averaging concept, under option 3 (Table 3), the figures would be based on the \$1,577,100 amount."

President Fitch then referred back to Table 1 (Attachment A), under Campus Comparisons, "The three biggest campuses made up of Bridgerland, Ogden-Weber and Davis, in the area of membership hours, have 68.3% of the membership hours, the seven smaller campuses have approximately 31%. The figures carry on through the growth allocation and the competencies. But you can see getting back to the original discussion, 'How do we keep those three large institutions with the population base, and an institution like MATC and Uintah Basin, with tremendous potential in those areas, growing while the big institutions continue to move forward? How do we keep the smaller institutions in a position where they can continue to grow and expand services as necessary?' There is no clear pattern in which to do this. So what we are looking at is an averaging of the budget over the past five years to include FY 03. We do not have the placement data; all we are doing is extending those numbers. With the new additional reduction that we are faced with under FY 03 (Table 4), the amounts are different than those in Table 3 and the option recommended. The UCAT Administration has some dollars for carryover that we have not utilized at this time. To ensure that we can plug this hole on a one-time basis to give these institutions time to move

through. I would like to plug in approximately \$11,900 and support the options of FY 02-03. What I'm asking the Board to do is to consider the option that has been presented where we utilize option 3 to include the carryover funds from UCAT (one time basis) on an ongoing basis for our ten institutions based on the figures that you have seen with the additional reduction. Let's bring this to a closure; there's no way to make everybody happy."

M. Bouwhuis: Explained that many of the campuses have been around since the creation of the development fund and that it was always designed as a performance fund, never as an equity fund, although equity is needed in the system. He expressed that this point needs to be considered. President Bouwhuis agrees with President Fitch that whatever formula is used needs to reflect performance over the years, and that no distribution that will make everyone happy. He emphasized that need to put this issue to rest and to move on.

C. Johnson: Inquired as to the percentage of the funds to be ongoing versus in the base budget.

G. Fitch: "The Presidents' Cabinet, in their discussion, would like to see this as ongoing. These funds were initially attributed to the 'centers' as funds for performance. What's happened over a period of time is that the legislative analysts recommended that the funds be ongoing because it has been there every year since it began. Incorporate it into the base budget instead of a performance allocation, and just put it there and put it to rest. You can see how it fluctuates every year and you can't plan off of it."

D. Ipson: "... the Presidents' Cabinet has recommended that we accept this as is ..."

G. Fitch: "This is why I am bringing this to the Board because in the Presidents' Cabinet there were some concerns, the same basic concerns that they've had all of these years, that the big institutions are being held back and having to carry the smaller institutions . . . option 3 is what I am recommending to this Board. But I didn't want the Board to think that there was only one option, because each of you has a responsibility to your individual institution. The Presidents make very viable arguments different ways. But there is no good way to distribute the funds on the present basis. If it's going into the base budget then it is no longer based on projected performance, which is based on previous performance on an average. There are no good average years to pick because they vary at different times. My contribution is to put my carryover dollars in to bring them to the highest level of service possible."

D. Mortimer: Asked if there would be one-time money available for FY 03-04.

G. Fitch: Responded that the only one-time money available would be carryover from UCAT Administration for FY 02-03 only.

D. Ipson: MOVED to approve the development funds distribution recommendation reflected in Table 4 (Attachment D). The motion was seconded by M. Madsen.

Discussion to the Motion:

W. Woodward: Expressed his discomfort with the amount of preparation that was placed in presenting the

development fund distribution information. "The only ones that have really spoken about this are the larger institutions. So it makes me nervous that there's been some negotiation beyond the 7-3 vote . . . And I appreciate your position . . . saying in the past that you have no intention to micromanage . . . But I'm still worried that there has been some political finagling going on behind the scenes, which makes me nervous, and I'm not saying that it is, but it looks like it to me . . . It makes me nervous to push this forward . . ."

G. Fitch: "There is no political finagling going on whatsoever. I have not talked to these gentlemen about the specifics during the break since we met as a Presidents' Cabinet. If you recall I began my comment on the Presidents' Cabinet by saying that it is not a democracy, the vote was simply going around the table and asking each President how they felt about the options. I was fact gathering and gaining information because it was 7 to 3 one way and 3 to 7 the other way and that's why both of the options were presented to you (option 1 and 2). It shows the advantages and disadvantages of both."

W. Woodward: "As I understand, option 1 is the 7 (small campuses) and option 2 is the 3 (large campuses)." (Table 3, Attachment C)

G. Fitch: President Fitch explained that several campus Presidents (Bouwhuis, Maughan, Brems), from both large and small campuses, had contacted him and expressed concerns regarding the distribution and expressed a desire to put this issue 'to rest and to move ahead', so the creation of option 3 was not a political situation. "My position was to look at this logically. If we were to go strictly on applying performance to the numbers, the smaller institutions would get far less. If you look at the volume of work that this placement is based on, the funds would go to the three larger institutions (BATC, DATC, OWATC). What I was trying to do is to strike a balance, and the only way to do that would be to bring some down from the larger institutions and try to move the smaller institutions up in some way. As you apply different formulas, whether it is 3-year or 5-year averaging, you would end up with different figures in each of the categories. That is why on Table 3 (Attachment C), I indicated option 1, option 2, option 2a and option 3, which is the one that I tried to balance looking at the placement data and its original purpose; who generated these funds, what these funds are for and what the circumstances are. I can assure you, as the President of UCAT, I only have one interest and that's statewide application."

M. Madsen: ". . . I think that it's appropriate and time to move ahead, forget about things in the past. We need to move ahead together as a unit."

D. Reid: "I'm one of the small and feel that we need to get this taken care of and move on. Put it into the base budget and plan on it."

R. Jones: Expressed support of President Fitch's proposal to redistribute the funds to other campuses ". . . of which we are a group, and support getting this finished up. In my experience as a President and a Superintendent, this has always been the most derisive thing that we have. We support President Fitch's proposal."

VOTE on the motion: Unanimously approved and carried.

Budget

Brad Mortensen provided an update on the December Special Session of the Legislature regarding budget reductions for FY 2003 and FY 2004 (Attachment E). This attachment reflects the ongoing base appropriation amount for FY 02-03, the ongoing reductions amount and percentage change for FY 02-03 and FY 03-04, one-time proportionate add-back amount and percentage change for FY 02-03, one-time additional add-backs appropriated to the Board of Regents for FY 02-03 and the net reductions for FY 02-03, for each UCAT campus, UCAT Administration, UCAT Development, UCAT Equipment and UCAT Custom Fit.

The one-time additional add-backs appropriated to the Board of Regents column displays a suggested percentage amount of the total to be added back to each of the above UCAT areas.

C. Johnson: In response to the allocation of funds appropriated to the Board of Regents, stated that his recommendation would be to do "whatever works best for you" and suggested giving authority and flexibility to the Presidents since "They are the ones on the ground running the ship."

C. Johnson: MOVED to give authority to the Presidents Council with a reporting relationship to the Executive Committee to settle any reallocations given by the Board of Regents. The motion was seconded by D. Ipson. Motion unanimously approved and carried.

Brad Mortensen presented the following:

Figure 1. Operating Budget Request Statutory and Constitutional Responsibilities for the Utah College of Applied Technology (Attachment F). This figure reflects the budgetary responsibilities of the UCAT Board and how it interacts with the Governor, Fiscal Analyst office and the Legislature.

Concept Design for UCAT Funding Formula (Attachment G). This sheet presents (1) Formula Financing (base budget, membership hour growth, factor % increase in cost per membership hour). The two ways for the base to be increased are, if the number of membership hours increase, or if there is an increase the cost per membership hour, (2) Formula Request (base factor increase, growth increase), and (3) Formula Distribution (growth distribution, base factor distribution, UCAT distribution).

Table 1. UCAT Operating Budget FY 2002-2003 Budget and FY 2003-2004 Request (Attachment H). Overall summary of this current year's budget.

Table 2. UCAT Operating Budget Request Summary (Attachment I). Consists of Ongoing Restoration of Budget Reductions (\$3,472,600), Ongoing Funding Formula for UCAT (\$7,785,400), Ongoing Base Adjustments (\$1,552,800), Ongoing UCAT Initiatives (\$2,500,000), One-Time Increases (\$650,000), and Supplemental Increases (\$165,000). The Ongoing Funding Formula is comprised of membership hour growth, base membership hour support and core support. Under Core Support – UCAT Core Issues, four areas are indicated, and the amount will need to be determined by the UCAT Board: (1) UCAT Performance Fund, (2) Health Science Program Initiative, (3) Engineering and Technology Initiative, and

(4) UCAT Library Consortium.

Table 3. UCAT Funding Formula – 2003-2004 Operating Budget Request Financing Summary (Attachment J). Reflects expenditure increases and revenue from tuition, for 2001-2002 actual and 2003-2004 Requested Adjustments. Membership hours for 2001-2002 were 6,257,319 at a cost of \$6.60 per membership hour with a recommended increase for 2003-2004 at 4% increasing the per hour cost by 26 cents, which would result in an increase of \$1,626,900. This amount is combined with a projected growth of 1,020,29 hours and results in a total expenditure increase of \$8,625,000. The expenditure increase would be offset by a recommended tuition increase of 5%, totaling \$839,600, creating a tax funds increase of \$7,785,400.

D. Holmes: Expressed concern about “basing the formula on membership hours”.

In response to D. Holmes’ concern, B. Mortensen reviewed Table 4a. UCAT Funding Formula – 2003-2004 Operating Budget Request Funding Distribution Summary (Attachment K). This summary presents three areas that impact the funding formula: membership hour growth (55.8%), base membership hour support (18.6%) and core support – UCAT core issues (25.6%).

C. Johnson: Explained that there are two steps to this process: (1) create a simplified method of appropriation, and (2) allocation, which is key to eliminate bad behavior and to reward good behavior.

Table 4b. UCAT Funding Formula – 2003-2004 Operating Budget Request Funding Distribution Detail by Campus and Category (Attachment L). Takes the numbers from the three categories in Table 4a and shows how they would be distributed by each campus.

Table 5. UCAT Operating Budget Request Detail (Attachment M). Takes the numbers from the categories in Table 2 and shows how they would impact each campus.

Chair Bangerter: “I’m a little nervous about sending up that large of a request.”

P. Atkinson: “If we send in this request I think that it needs to go with a statement from this Board that we understand the realities of the situation, the economies of this state and are being honest as what we perceive as the needs of UCAT statewide.”

D. Holmes: MOVED that the Board approve the request as presented and send with an accompanying statement of understanding regarding the budget constraints and the state of the economy. The motion was seconded by M. Madsen. Motion unanimously approved and carried.

G. Fitch: Introduced the Council on Occupational Education (COE) candidate review team members who had earlier completed their site visits of the UCAT campuses (January 6 – 8). The members were Gary Puckett, Sue Schooler, Jack Carson and Neil Raimer.

President Fitch explained that this is a step in the candidacy review process and that in February their full board of admission will be looking at UCAT for recognition of candidacy status. If that candidacy is granted

through COE then UCAT becomes eligible for opportunities to offer financial aid to students. The accreditation process will take approximately three years for full accreditation.

C. Capital Improvement Request (Tab U)

G. Fitch: Explained that there had been a request for information on capital improvements from each of the campuses. These requests were previously presented to the Board to determine prioritization. Although the requests in the past have portrayed individual campus (center) requests, because UCAT is one institution, this request will reflect a single priority list. However, the colleges were previously handled separately, and our UCAT list should be presented the same way.

W. Woodward: MOVED to approve the Capital Improvements priority listing for UCAT as presented, incorporating the correction for OWATC. The motion was seconded by D. Holmes. Motion unanimously approved and carried.

D. Leases (Tab V)

Chair Bangerter: Explained that this item has resulted from some issues that have arisen on how leases are handled. There has been a change that addresses this in the proposed UCAT legislation, which would clearly authorize the local Board of Directors to enter into a lease up to and including one year. Any lease over one year would need to additionally be approved by the UCAT Board of Trustees.

P. Atkinson: MOVED to approve the recommendation as presented, which will assist the campuses when entering into leases. Motion was seconded by C. Albrecht. Motion unanimously approved and carried.

E. Utah Academic Library Consortium Agreement (Tab W)

G. Fitch: Explained that this is a library consortium for the state and would meet accreditation requirements for library services. At this point in time, it does not benefit the UCAT students overall, as opposed to benefiting the state system.

P. Atkinson: Questioned the fiscal impact of this agreement.

G. Fitch: Responded that the fiscal impact would be minimal. The cost would involve putting bar codes on the back of identification cards. There will be a fiscal impact later on the individual institution, a projected cost of \$2,000 per campus.

P. Atkinson: MOVED to approve the Utah Academic Library Consortium Agreement as presented. Motion was seconded by M. Madsen.

D. Holmes: On Appendix B of this agreement, the UCAT location for Ogden-Weber ATC includes “. . . Sciences Library, Salt Lake City, Utah”, in error.

Also need to correct the error for Southeast Applied Technology College, which incorrectly includes “. . . Utah State University Libraries, Logan, Utah”.

(Corrected UCAT location list indicated in Attachment N).

VOTE on the motion to approve with corrections. Motion unanimously approved and carried.

INFORMATION/DISCUSSION ITEMS

A. Legislation (Tab X)

G. Fitch: This legislation, which has previously been approved by the UCAT Board and has been before the Commissioner's office, has now been moved forward to Representative Bigelow. President Fitch, the Chairman, the Commissioner and others have met with Senator Blackham and others to discuss the legislation.

B. Higher Education Day at the Capitol (Tab Y)

G. Fitch: Through the Commissioner's office, Dave Buhler and contacts in the area, UCAT is involved with Higher Education Day at the Capitol. UCAT has been asked by the nine other colleges and universities to highlight our Culinary Arts program by having our students from that program prepare breakfast (the other colleges and universities will absorb the expense involved). This will begin at 7:30 a.m. on February 13. President Fitch invited the Board members to attend. President Fitch also mentioned that Davis ATC had a student take first place nationally in the culinary arts and received a \$60,000 scholarship. Of 42 first place awards nationally in competition, Utah took 24.

C. Regional Presidents' Cabinet Report (Tab Z)

President Fitch referred to the Regional Presidents' Cabinet Agenda from the most recent meeting on 19 December 2002 (Tab Z), to present various agenda items.

Item #4 Budget (e) Waivers

“Under the State requirements, we have an option for a number of waivers (institution or system). We confirmed with the Attorney General's office, as UCAT and as a component of the tenth institution (higher education) in the state, we now have the options of waivers. We will move ahead and try to make a determination on how to distribute those waivers so our Presidents can help our students in need.”

Item #5 Legislative Liaison Meeting Update

The talking points had been previously emailed and can be used during interactions with members of the Legislature, if attending Higher Education day at the Capitol.

Item #6 Utah Academic Library Consortium

“These are some of the costs involved with UCAT's agreement (id cards and bar code placement). The consortium has agreed to put on the bar codes so we will eventually be using a consolidated id card.”

Item #8 Placements/Outcomes Discussion

"The Presidents' Cabinet had a presentation by some of the staff who did a remarkable job in outlining placements and determining how to identify placements to assist in meeting the accountability requirement as required by the Legislature and to help with the funding formula application."

ADJOURN

D. Holmes: MOVED to adjourn the meeting. The motion was seconded by P. Atkinson. Motion was unanimously approved and carried.

Chair Bangerter adjourned the UCAT Board of Trustees meeting at 11:55 p.m.