

REGULAR MEETING
UTAH STATE UNIVERSITY BOARD OF TRUSTEES
24 SEPTEMBER 2004

Minutes of the Regular Meeting of the Utah State University Board of Trustees held in the Champ Hall Conference Room, Room 138 as a Telephone Conference Call at 3:00 p.m.

MEMBERS PRESENT

Gayle McKeachnie	Chairman
David P. Cook	
Lester C. Essig	
Linda J. Eyre	
Lynnette T. Hansen	
R. Brent Nyman	
Dinesh C. Patel	
Richard L. Shipley	
Randy Watts	

MEMBER EXCUSED

L.J. Godfrey	Vice Chairman
--------------	---------------

UNIVERSITY REPRESENTATIVES PRESENT

Kermit L. Hall	President
Stan L. Albrecht	Executive Vice President and Provost
Juan N. Franco	Vice President for Student Services
Ronald S. Godfrey	Vice President for Business and Finance
M Kay Jeppesen	Interim Vice President for Information Technology
Brent C. Miller	Vice President for Research
Jack M. Payne	Vice President and Dean for University Extension
Craig J. Simper	University Counsel and Chief of Staff
Sydney M. Peterson	Assistant Provost/Tuition Task Force
Clinton Moffitt	Assistant Vice President for Finance/Controller
Jodi Bailey	Director of Internal Audits
Marsha Howell	President of the Professional Employees Association
Milton Johnson	President of the Classified Employees Association
Lee H. Burke	Assistant to the President and Board of Trustees Secretary
Mira G. Thatcher	Secretary

MEMBERS OF THE MEDIA PRESENT

Hilary Ingoldsby *The Statesman*
Tyler Riggs *The Herald Journal*

I. Chairman's Remarks

A. Lester C. Essig, Oath of Office

Chairman McKeachnie informed those present that Lester C. Essig was given the Oath of Office on Thursday, 23 September 2004, by President Hall with members of USU administration and members of ASUSU Executive Council present.

B. Proposed 2005 Meeting Schedule

Trustees were given a copy of the proposed 2005 Board of Trustees meeting schedule (Appendix A) for their approval.

Action: Trustee Nyman moved approval of the proposed 2005 meeting schedule (Appendix A), and Trustee Shipley seconded the motion. The voting was unanimous in the affirmative.

C. New Committee Assignments

Trustees were given information concerning new committee assignments (Appendix B). The following changes were made: on the Financial Resource Committee, Randy W. Talbot was removed and M. Scott Mietchen added; on the Student Welfare Committee, Duke Di Stefano was removed and Lester C. Essig added; on the Government and Public Relations and Marketing Committee, Duke Di Stefano and Jay Greene were removed and Lester C. Essig and Marsha Howell added; on the Compact Plan Audit Committee, Kevin Kesler was removed and Janis Boettinger was added; on the Honorary Degrees and Awards Screening Committee Linda J. Eyre was removed and Richard L. Shipley was added; and on the Athletics Committee, Duke Di Stefano and Rance Pugmire were removed and Lester C. Essig and Randy Spetman were added.

Action: Trustee Watts moved approval of the new committee member assignments (Appendix B), and Trustee Cook seconded the motion. The voting was unanimous in the affirmative.

D. Proposed Agenda for the Board of Trustees Workshop, Uintah Basin, 13-14 October 2004

Trustees were given the proposed agenda for the Board of Trustees Workshop which will be held in the Uintah Basin on Wednesday and Thursday, 13-14 October 2004 (Appendix C). Dr. Burke briefly reviewed the schedule which will include a dinner and tour with the Uintah Basin Advisory Board at the Roosevelt campus on 13 October, and the meeting at the Vernal campus on 14 October.

Chairman McKeachnie stated that during the session led by consultant Jared Bleak there would be a discussion about how the Trustees could improve their performance. He asked that the Trustees come prepared for that discussion. Dr. Burke said that the results of the self-analysis evaluations which were completed by the Trustees for Dr. Bleak will be reviewed during that session also.

Chairman McKeachnie also suggested that a mechanism for nominating and selecting a new chairman be adopted during the Workshop. He indicated that his term as a Trustee will end in June 2005.

President Hall stated that the budget discussion scheduled will concern USU's budget process and the shift to a different budget model. He indicated that Vice President Godfrey and Associate Vice President Womack will make that presentation.

E. Date of the Next Meeting

Chairman McKeachnie stated that the next Regular Meeting of the Trustees will be held on Friday, 3 December 2004.

II. President's Remarks

A. Performance Dashboard for May 2004

The performance dashboard for May 2004 (Appendix D) was given to the Trustees for their information.

President Hall reported the following:

- FTE enrollment will be approximately the same as last year. Enrollment at the Logan campus decreased slightly.
- It is hoped that the retention rate will be at 75 percent again this year.

- The graduation rate decreased from 2002 to 2003, which is the lowest rate in ten years. President Hall stressed the importance of a good retention rate in order to have a good graduation rate.
- Graduate student enrollment increased 150 to 200 students—most at the PhD level.
- The GPA for new Freshmen for 2004 is approximately 3.7, and the average ACT score for 2004 is 24.
- The number of technologically-delivered courses increased. USU provides the greatest number of technologically-delivered courses of any institution in the state.
- The amount donated by alumni increased, but the percentage of people giving decreased. There is a need to get more alumni to participate in giving.
- Private giving increased during the past year to \$26.7 million.

B. Banner Report

Trustees were given information concerning the Banner software project (Appendix E) for their information.

President Hall indicated that Vice President Barbara White was hired by the University of Georgia, and Kay Jeppesen is serving as Interim Vice President for Information Technology.

President Hall stated that Banner continues to move forward. Accounts are being moved to the new software system. President Hall said that consulting from Collegis has been invaluable—especially due to the departure of Vice President White. The student portion is currently being changed over to the Banner software.

C. The President's Report, 9/24/04

The President's Report for 9/24/04 (Appendix F) was distributed to the Trustees.

President Hall noted that Paul Rasmussen, Director of the Agricultural Experiment Station, received the Dr. Nicholas C. and Mary Katherine Leone Leadership Award. Erin Cartwright-Davis, former member of the USU volleyball team, was named the NCAA Woman of the Year for Utah. She is the first female student from USU to be nominated as Woman of the Year. A press conference with Governor Walker, President Young of the U of U, and President Hall was held concerning the record high research dollars at the U of U and USU, approximately a half billion dollars. USU had an 18 percent increase in research dollars.

D. Construction Materials Sales Tax

Trustees were given information concerning construction materials sales tax (Appendix G) for their information.

Vice President Godfrey stated that it has been determined that construction material on major projects for higher education will be exempt from sales tax. He said this change will save USU approximately \$750,000 on the Recital Hall, the parking structure, and student housing projects currently underway. Vice President Godfrey said there are law suits on behalf of contractors to recover sales tax on projects already started. The U of U, USU, and Weber State should receive refunds for projects already under construction. Vice President Godfrey said on future projects, the sales tax issue will be taken care of in the bid.

E. Tuition Discussion

Trustees were given information concerning a three-year plan to increase tuition as much as 43 percent (Appendix H).

President Hall pointed out that because of the lack of funding from the State Legislature, universities have had to consider other means of revenue. USU has just finished the first three-year tuition increase plan, using some of the additional funds to hire several new faculty members. It has now been determined to raise student tuition for the next three years also. The amount of tuition needed will be determined by the amount funded to USU by the State Legislature in budget year 2005.

The proposed increases for resident students include first- and second-tier tuition at 12 ½ percent per year for the next three years, for a total of a 43 percent increase. That is an increase per student of approximately \$1,200 a year.

President Hall said the principal need for the tuition increase is additional salary for faculty. The goal is a 4 percent salary increase each year for the next three years—a 12 percent increase for faculty over the three-year period. President Hall stated that tuition at USU would still be below the average tuition paid nationally and at peer western institutions.

President Hall reported that presentations concerning the tuition increases have been made to the Commissioner of Higher Education, to students, and to Young Republicans. He has met with several legislators, many of whom are supportive. President Hall will meet with the colleges, members of the community, and the Salt Lake Chamber of Commerce to discuss the needs of higher education. There will also be a truth in tuition hearing with the faculty participating.

In addition to the financial need of increasing faculty salaries are the on-going problems of operating budgets, which have not been replenished by the Legislature

for fifteen years; support for the new library; and funds for the ongoing \$6 million deficit for fuel and power which was created by under-funding by the Legislature. It is hoped that the Legislature will address the issues of fuel and power as well as facilities and maintenance, but if not, the tuition increases will be necessary. Other institutions in the state also have deficiencies in funding, but USU and the U of U have the largest deficits.

President Hall said USU and the entire system of higher education underperforms as much as 40 percent for students who meet qualifications for Pell grants. He said it is important to inform students and their families about Pell grant opportunities. USU is in the top ten universities with the lowest amount of student indebtedness at graduation. This is due to USU's low tuition as well as students' desire not to go into debt. It is a good time to borrow money for education at the current interest rate of 2 percent. President Hall said the Financial Aid Office is working to inform students about the availability of low interest loans for education. He said USU may need to be more aggressive in financial aid as well as raising tuition.

Trustee Shipley asked if the 43 percent tuition increase being proposed takes into account student growth. President Hall said that enrollment projections indicate flat growth for the next two years, then an increase in students. When the senior class graduates, USU will need to recruit Freshmen and transfer students in order to compensate. An increase in enrollment will benefit USU's economy using the tuition increase proposed, but will not make it possible to finance operations by admitting everyone who applies and then flushing them out of the system. President Hall reiterated that this is where the retention rate becomes very important.

Trustee Shipley expressed concern that USU may lose students to other institutions because of the increased tuition. President Hall said the competition is with BYU and the U of U—and the tuition for both institutions is approximately \$600 more than USU's. It is anticipated that the U of U will also increase its tuition, and of course BYU is a private institution with a different tuition.

Provost Albrecht stated that this is more a discussion concerning state funding for higher education than a tuition proposal. The challenges that affect USU also affect the other institutions in the state, and they need to raise tuition also.

President Hall said that the Commissioner of Higher Education supports the tuition increases, in part because it brings the issue to the forefront. President Hall agreed that this is about higher education and the ability to maintain and recruit faculty, operate the institution, and provide a quality education. USU is underpriced on every measure of the market. USU is graduating highly educated people with four-year degrees, PhDs, and Masters Degrees. That is different from several of the other institutions in the state.

Provost Albrecht said the reason we are getting so much attention is because we are openly discussing the increase in tuition. We are discussing this with our students, Trustees, and faculty, and other institutions will need to do the same. For the last three years USU has received no funding for new students from the State Legislature. We have approximately 1,000 students who are entirely unfunded.

President Hall reported that a study presented by David Long to the Interim Higher Education Appropriations Subcommittee listed Utah as the most efficient state in higher education. There is no place left to squeeze dollars. USU's research faculty teach fifteen hours a year compared to not more than twelve hours at peer institutions. He pointed out that USU closed its College of Family Life in order to distribute the dollars to other areas. We need to pay salaries competitive with our peers.

F. U of U and USU Research Initiative

President Hall stated that USU Trustees will meet with the U of U Trustees on 11 October at the U of U to share what is happening with the business community concerning economic development. Arrangements have been made for the President of the University of Kentucky to address the Governor's Higher Education Economic Development Forum on 18 October. He is a former IBM executive and entrepreneur, and has done a tremendous job at the University of Kentucky.

G. New Vice President for Advancement—M. Scott Mietchen

President Hall stated that USU hired M. Scott Mietchen as the new Vice President for Advancement, effective 1 November. He thanked Trustee Shipley for chairing the Search Committee. Mr. Mietchen was the Executive Director for Giving at the U of U and has led their development campaigns. President Hall said that Vice President Mietchen will travel with him to Washington, D.C. and to Los Angeles in preparation for USU's comprehensive campaign, as well as ten other cities during the semester.

H. Salt Lake City Office

USU, with the help of Lynnette and Dell Loy Hansen, Jonathan Bullen, and Robert Hatch, has secured office space on the second floor of the Wells Fargo Building in Salt Lake City. It will include an office for five people as well as an Aggie gift shop. George Wanlass will furnish art for the offices. This office will provide a presence for USU in Salt Lake City for development, alumni, and athletics purposes. A grand opening will be held on 18 December.

I. December Commencement

USU will hold a Commencement in December in the Glen D. Smith Spectrum. Approximately 1,000 students will graduate.

J. Meeting with Governor and Regents

Trustee Patel said on Monday, 27 September, a meeting is scheduled with Governor Walker, Lt. Governor McKeachnie, members of the State Board of Regents, and University Presidents. Chairman McKeachnie said the meeting will focus on matching Utah's work and labor needs with what is available in training in Utah. University leadership, some members of the business community, and that State Work Force Services will also participate.

III. Consent Agenda

A. Trustees were given the following consent agenda material for their consideration:

Minutes of the Executive Session Held 21 May 2004;
Minutes of the Regular Meeting Held 21 May 2004;
Resolution 04-9-1 Faculty and Staff Adjustments (Appendix I);
Resolution 04-9-2 Certificate of the Treasurer for the Period 1 July 2003 to 30 April 2004 (Appendix J);
Resolution 04-9-3 Certificate of the Treasurer for the Period 1 July 2003 to 31 May 2004 (Appendix K);
Resolution 04-9-4 Certificate of the Treasurer for the Period 1 July 2003 to 30 June 2004 (Appendix L);
Resolution 04-9-5 Report of Investments for April 2004 (Appendix M);
Resolution 04-9-6 Report of Investments for May 2004 (Appendix N);
Resolution 04-9-7 Preliminary Report of Investments for June 2004 (Appendix O);
Resolution 04-9-8 Corporate Resolution for Putnam Investments (Appendix P);
Resolution 04-9-9 Amendments to University Policy #349 Early Retirement (Appendix Q);
Resolution 04-9-10 Amendments to University Policy #349 Early Retirement (Appendix R);
Resolution 04-9-11 Proposed New University Policy #369 Organ Donor Leave (Appendix S);
Resolution 04-9-12 Creation of University Policy #306 Research (Appendix T);
Resolution 04-9-13 Resolution that USU is an Excluded Parent (Appendix U);
Resolution 04-9-14 Contract/Grant Proposals and Awards for April 2004 (Appendix V);

Resolution 04-9-15 Contract/Grant Proposals and Awards for May 2004 (Appendix W);

Resolution 04-9-16 Contract/Grant Proposals and Awards for June 2004 (Appendix X);

Resolution 04-9-17 Contract/Grant Proposals and Awards for July 2004 (Appendix Y);

Acceptance of the following written reports:

- Academic Services (Appendix Z);
 - Faculty and Staff Activities and Achievements (Appendix AA);
- Business and Finance (Appendix BB);
 - Business and Finance Performance Dashboard, September 2004 (Appendix CC);
- Extension/Continuing Education (Appendix DD);
 - Cooperative Extension Performance Dashboard, August 2004 (Appendix EE);
 - Continuing Education Performance Dashboard, Updated September 2003 (Appendix FF);
 - Conference Services Performance Dashboard, Updated September 2003 (Appendix GG);
- Information Technology (Appendix HH);
 - Information Technology Services Performance Dashboard for September 2004 (Appendix II);
- Research (Appendix JJ);
 - Research Performance Dashboard, September 2004 (Appendix KK);
 - Research Expenditures, June Preliminary 2004 (Appendix LL);
 - Technology Management Indicators (Appendix MM);
- Student Services (Appendix NN);
- University Advancement (Appendix OO);
 - Office of University Advancement Dashboard, September 2004 (Appendix PP);
 - Development Fund Report for Fiscal Year 2003-2004 (through June 2004) (Appendix QQ);
 - Development Fund Report for Fiscal Year 2003-2004 (through August 2004) (Appendix RR);
- Affirmative Action/Equal Opportunity (Appendix SS);
- Alumni (Appendix TT);
- ASUSU (Appendix UU);
- Athletics (Appendix WV);
- Graduate Studies (Appendix WW);
- Public Relations and Marketing (Appendix XX);
 - Public Relations and Marketing Performance Dashboard, September 2004 (Appendix YY);
- Faculty Senate (Appendix ZZ);
- Professional Employees Association (Appendix AAA);
- Classified Employees Association (Appendix BBB);

Executive Session, to be held at the 3 December 2004 Board of Trustees meeting to discuss those items which are permitted by law to be discussed in Executive Session.

B. Real Property Acquisition for Utah State University Uintah Basin–Pulled from the Consent Agenda

President Hall indicated that the item concerning the real property acquisition for Utah State University Uintah Basin would not be discussed at this meeting because a formal appraisal has not been received. This item will be brought to the Trustees for approval at a later date (see action below).

C. Bad Debt Write-off Recommendation for Fiscal Year Ending 30 June 2004–Pulled from Consent Agenda

Trustee Nyman asked for discussion concerning the bad debt write-off recommendations for the fiscal year ending 30 June 2004.

Action: Trustee Patel made a motion to approve the Consent Agenda items with the exception of the Real Property Acquisition for Utah State University Uintah Basin which will be brought at a later date and the Bad Debt Write-off Recommendation for Fiscal Year Ending 30 June 2004 so there can be discussion (Appendix CCC). Trustee Eyre seconded the motion, and the voting was unanimous in the affirmative.

IV. Bad Debt Write-off Recommendation for Fiscal Year Ending 30 June 2004

Trustees were given information concerning the Bad Debt Write-off Recommendation for Fiscal Year Ending 30 June 2004 (Appendix CCC) for their consideration.

Trustee Cook asked why the bad debt for Housing increased from \$3,800 last year to almost \$100,000 this year. Controller Moffitt stated that a former accountant failed to disclose bad debts for the previous four years. He listed as collectable a number of bad debts which were accruing. When a new accountant was hired and the accounts receivable were reviewed, it was determined that many of the accounts were not collectable. Controller Moffitt reported that approximately \$90,000 of the write-off was debt from the previous four years. He stated that there is a possibility to recover some of that amount if the debt is owed by students who want transcripts. They would be required to pay off their debts in order to receive their transcripts.

Trustee Cook also asked about the \$25,000 write-off at the Uintah Basin Bookstore compared to a write-off of \$200 last year. Controller Moffitt indicated that the adjustment was for a three-year period for vendor discounts that were listed as receivable. Accountants at the Uintah Basin have determined that the discounts cannot be applied to future purchases and cannot be collected from the vendor. Controller Moffitt said that four years ago the Bookstore did not pursue any outstanding credits

with the vendors and the discounts were not reported on the books. That practice has been changed and discounts are now reported. They try to collect immediately from the vendor rather than try to apply the discounts to future purchases.

Chairman McKeachnie noted that the Uintah Basin Bookstore also had a \$10,000 write-off in 2002. Controller Moffitt said the accounts have been evaluated and it was determined to write off approximately \$2,000 more of credits this year, much less than four years ago. He feels that the situation is in control.

Action: Trustee Cook made a motion to approve Resolution 04-9-18 the Bad Debt Write-off Recommendation for Fiscal Year Ending 30 June 2004 (Appendix CCC). Trustee Shipley seconded the motion, and the voting was unanimous in the affirmative.

The Regular Meeting adjourned at 4:05 p.m.

Gayle McKeachnie, Chairman

Lee H. Burke, Secretary
(Minutes Taken by Mira G. Thatcher)

Date Approved