

# ***USHE Final Report on the 2005 Legislative General Session***

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**2005 Budget.** The 2005 Legislature increased tax fund appropriations to Higher Education (total of 10 institutions, statewide programs, Utah Education Network, and Medical Education Council) by \$47.4 million in ongoing funds, representing a 7.5% increase. The Legislature also provided one-time appropriations totaling \$9 million, representing 1.4% of the base budget. This increase compares very favorably to a year ago when the total increase was \$16.8 million ongoing and \$6.9 million one-time. The 2005 Legislature provided the largest increase in appropriated tax funds to Higher Education in at least a decade in ongoing dollars, and on a percentage basis, the largest increase since 1994.

The largest portion of the new ongoing funding is for compensation (salary increases and health/dental insurance increases) totaling just under \$18 million. Additionally, \$29 million was appropriated for a variety of program increases including \$5 million for fuel and power, \$4.8 million for the Institutional Funding Correction, \$4.7 million for new O&M, \$4 million for the High Technology Economic Development Initiative, \$1.5 million each for the Engineering/Computer Science and Nursing Initiatives and \$1 million for a new “Jobs Now” Initiative for short-term training programs by UCAT and other institutions. The Legislature also allocated \$2.65 million for retention of key faculty and staff, with \$2.2 million of that appropriated to the State Board of Regents to assist the two- and four-year institutions.

Even with all of this very good news, there were a couple of areas where we were unsuccessful in securing new funding. With the exception of new funding for the New Century Scholarship, additional appropriations were not made for student financial aid. And the Board of Regents and Governor Huntsman had recommended that compensation increases be funded on the basis of 75% from state tax funds with 25% coming from increased tuition. This change in policy would have cost approximately \$3.2 million, and was not funded. These are areas that the Regents may want to continue to advocate for in the future.

Details of USHE Appropriations, including comparisons with the Board of Regents’ Budget Request and final appropriation and a historical overview of the past decade, are in provided in Attachment 2.

**Capital Facilities.** The Legislature appropriated \$77.4 million for the following Higher Education projects: \$48 million for the UofU Marriott Library (SBR #1 priority), \$15.7 million for the DSC Health Sciences Building (SBR #3 priority), \$10 million for the SUU Teacher Education building (SBR #9 priority) and \$3.6 million to purchase the Bourns Building for UCAT-Bridgerland (UCAT Board #2 priority). In addition, revenue bonds were approved for the University of Utah Hospital (\$42 million) and Weber State University Shepherd Union Building Renovation (\$20 million). The Legislature also approved the following non-state-tax funded projects: University of Utah Social Work Building addition and College of Humanities Building, Snow College Football Stadium, and College of Eastern Utah Fine Arts Complex. To provide repairs and improvements to existing state buildings the Legislature appropriated \$56 million—and increase of \$12

million over the previous year. Since USHE buildings account for more than 60% of the state inventory, a good share of these funds will likely be allocated to Higher Education institutions. A table summarizing USHE Capital Facility requests and funding is also included in Attachment 2.

### **Key Legislation of Interest to USHE--Passed**

**HB 74 2Sub, Tuition Program for Students Seeking Teacher Licensure in Disability or Special Education**, by Rep. Rhonda Menlove, makes a few changes to the TH Bell program including clarifying that the program is open to part-time students and students who already hold a bachelor's degree. It makes the incentive for four years or until licensing requirements are met, whichever is less, and requires institutions to consider Special Education teachers and Speech Pathologists among the priorities for the TH Bell program. Passed House 74-0, Senate 26-0.

**HB 86, UCAT Amendments**, by Rep. Ron Bigelow, makes several housekeeping amendments to the UCAT statute. This bill brings UCAT statute in line with SBR-approved "New Directions" document addressing the issue of transferability of the UCAT degree. Passed House 74-0, Senate 26-0.

**HB 93 2Sub, Emission Inspection Amendments**, by Rep. Kerry Gibson. Originally the bill would have repealed a requirement that college students and employees who have a parking permit for a motor vehicle that is not registered in a county subject to emissions inspections provide proof of compliance if the college/university is in an emissions testing county. As amended, this bill allows the county governing body in the county where the Higher Education institution is located to determine whether proof of compliance is required. Passed House 63-9, Senate 28-0.

**HB 102, Higher Education Savings Incentive Program Amendments**, by Rep. Scott Wyatt, is a UESP-requested high priority bill to make housekeeping changes to the UESP statute. Passed House 71-0, Senate 29-0.

**HB 103 1Sub, Student Housing Built by Higher Education**, by Rep. Steve Clark. As originally proposed, this bill would have required USHE institutions to obtain local government zoning approval for any student housing built within 300 feet of a residential neighborhood. The Substitute Bill requires that in the event that a new student housing structure is within 300 feet of a private residence, the local government will be notified and, if they desire, may hold a joint public hearing with the higher education institution. Passed House 67-0, Senate 26-0.

**HB 138, Nonresident Tuition Amendments**, by Rep. Susan Lawrence, modifies statute to enable eligibility through meeting a time requirement—3 years—as well as the current credit-hour requirement (60 hours)—whichever can be accomplished first. Passed House 59-7, Senate 22-2.

**HB 145, Amendments to Hearing Impaired Telecom Program**, by Rep. Brent Goodfellow, provides that the Public Service Commission may use a portion of the funds generated by the current telephone surcharge for services to the deaf to contract with an institution of Higher Education for the training of Certified Interpreters. Passed House 68-0, Senate 27-0.

**HB 224, Membership to Community Impact Board**, by Rep. John Mathis, removes Board of Regents and State Board of Education representation on the Community Impact Board and replaces them with representatives from high royalty income generating counties. Passed House 71-1, Senate 23-2.

**HB 234, Telephone Surcharge for Education Programs at Prison**, by Rep. Brent Goodfellow, allocates funds collected at prisons from inmate telephone calls to be used to fund education and training programs. Appropriates \$200,000 to the Board of Regents for inmate education in FY 2006, and is estimated to generate \$900,000 a year thereafter for appropriation by the Legislature. Passed House 67-4, Senate 23-1.

**HB 255, Investment of Higher Education Institution Endowment Funds**, by Rep. David Clark, exempts USHE endowments from certain provisions of the State Money Management Act. Requires Board of Regents to adopt policies, and provides that Boards of Trustees may adopt policies, to implement. Passed House 68-0, Senate 29-0.

**HB 260 3Sub, Amendments Related to Pornographic and Harmful Materials**, by Rep. John Dougall, among other things requires internet service providers—including Higher Education—to prevent access to certain material harmful to minors upon request. Passed House 67-0, Senate 28-0.

**HB 287, Revenue Bonds and Capital Facility Authorizations**, by Rep. Gregg Buxton, authorizes the following Higher Education projects funded with non-state funds: University of Utah Hospital \$42 million, Weber State University Shepherd Union Building Renovation \$20 million, University of Utah Social Work Building addition and College of Humanities Building, Snow College Football Stadium. Also authorizes a lease-purchase of up to \$3.25 million by UCAT-Mountainland for a facility in Spanish Fork. (SB 3, “the Bill of Bills,” also provides authorization for a Fine Arts Complex at the College of Eastern Utah with non-state funds.) The bill designates which of these projects will be available for state-funded O&M. HB 287 passed House 72-0 and Senate 25-0.

**HB 313 2Sub, Economic Development Initiative for Higher Education**, by Rep. Kory Holdaway, requires the Board of Regents to establish a “Jobs Now” program for short-term training with 2/3 of the funds reserved for UCAT and the remaining available for other USHE institutions. It is funded with \$1 million in ongoing funding. Passed House 69-0, Senate 26-0.

**HCR 9, Resolution Honoring Kermit Hall**, by Rep. Fred Hunsaker passed House 73-0 and Senate 26-0.

**HCR 11, Resolution Honoring University of Utah Football Team**, by Rep. Jeff Alexander, passed House 70-0 and Senate 27-0.

**SB 13, 2Sub, Individual Income Tax Subtraction for Certain Military Income**, by Sen. Howard Stephenson. The Second Substitute deletes a previous provision that would have required USHE to waive all resident and non-resident undergraduate and graduate tuition for all military personnel. Passed House 67-0 and Senate 25-0.

**SB 35 1Sub, Relationships with Venture Capital Entities**, by Sen. David Thomas, provides that a public institution of higher education (including UCAT) may enter into a business relationship “or dealing” with a private venture capital entity. Passed Senate 27-0, House 69-0.

**SB 86 1Sub, General Obligation Bond Amendments**, by Sen. Pete Knudson, originally amended the bond enacted by the 2004 Legislature to purchase the Bourns Building for Bridgerland UCAT. Instead, the Bourns Building is funded with cash in one of the Appropriations Acts (SB1). 2<sup>nd</sup> Substitute merely eliminates unused bonding authorization. Passed Senate 24-0, House 72-0.

**SB 95, Office of Museum Services Amendment**, by Sen. Ron Allen, officially designates the Utah Museum of Fine Arts as the state institution responsible for collecting and exhibiting art. Passed Senate 27-0, House 65-7.

**SB 119, Rural Medical Residency**, by Sen. Pete Knudson, appropriates \$300,000 to the Medical Education Council to provide for a pilot program of medical residencies in rural areas, and calls for annual appropriations of \$300,000. Passed Senate 28-0, House 69-0.

**SB 120, Allocation of Profits from School and Industrial Trust Lands**, by Sen. Tom Hatch, allocates approximately \$60,000 annually from trust lands now going to the University of Utah for teacher education to be shared among UU, USU, WSU, SUU, DSC, and UVSC. Passed Senate 26-0, House 70-1.

**SB122 1Sub, Resident Tuition Status for Job Corps Students**, by Sen. Greg Bell, grants residency status to students who are also students of Job Corps. (It is estimated this will impact less than 50 students per year.) Passed Senate 28-0, House 59-12.

**SB 179, Protection of Government Records**, by Sen. Greg Bell, allows protection from disclosure of certain records related to research at a research university. Passed Senate 27-0, House 63-0.

**SB 192, 4Sub, High Technology Initiatives at Research Universities**, by Sen. Al Mansell, is the bill prepared at the request of the Salt Lake Chamber of Commerce to promote R&D opportunities at Utah, Utah State, and at three Innovation Centers throughout the State. As passed the bill appropriates \$3.35 million in one-time funds and \$2.4 million in ongoing funding to the University of Utah and \$1.6 million in ongoing funds to Utah State University. Also requires consultation with Executive Appropriations Committee on the use of these funds. Passed Senate 28-0, House 68-0.

**SJR 20, Resolution Recognizing Retiring President Robert Huddleston**, by Sen. Bill Hickman, passed Senate 25-0, House 71-1.

### Failed

**HB 18 1Sub, Transportation Investment Act**, sponsored by Rep. Becky Lockhart, would have earmarked 0.36% of the sales tax for transportation for FY2006 estimated to equal \$90 million, and 0.56% in FY2007 estimated to equal \$180 million. This year the Legislature funded an additional \$120 million of general revenue (\$90 million in ongoing funds and \$30 million in one-time funds) for Transportation. Although amended by the House to require that the earmarked funds are subject to legislative appropriation, if

enacted this would have established an earmark of what has traditionally been General Fund revenue, likely reducing the amount of revenue available for Higher Education and other state priorities. Passed House 50-24, but died without a vote on the Senate 3<sup>rd</sup> Reading Calendar.

**HB 220, Sales Tax Exemption for Textbooks**, by Rep. Duane Bourdeaux, would have provided a sales tax exemption for textbooks purchased for classes at USHE institutions. Passed House 39-36; was not considered by the Senate due to \$3.3 million fiscal impact.

**HB 239 1Sub, Higher Education Tuition and Residency Legislative Task Force**, by Rep. Glenn Donnelson. Originally this bill would have repealed the statute allowing Higher Education institutions to charge resident tuition rates for students who attended for three years and graduated from a Utah high school but who otherwise might be considered non-residents. This bill was defeated in the House Education Committee. The substitute bill changed from repealing the exemption to creating a Legislative Task Force to consider tuition and residency issues. This bill did not receive a vote by either House; however, the “Master Study Resolution” includes a request that this issue be studied during the interim.

**HB 381 1Sub, Nonresident Tuition Waivers**, by Rep. Craig Buttars, provided for 200 additional “HB 75” waivers to the State Board of Regents, and repealed the sunset date. Passed House 58-12, but died without a vote on the Senate 3<sup>rd</sup> Reading Calendar.

**SB 34 2Sub, Patient Access Reform** by Sen. Chris Buttars, required health insurance providers to recognize “any willing provider.” It is estimated this could have raised the cost of health insurance premiums. Passed Senate 19-8, but was not considered by the House.

**SB 180, Workers Compensation Competitive Bid Requirements**, by Sen. Michael Waddoups, would have required state entities to go out for competitive bid on Workers Compensation coverage rather than requiring insurance through the Workers Compensation Fund of Utah. Passed the Senate 22-0, but was not considered by the House.

(In addition to the above legislation, USHE Legislative Liaisons monitored a number of other bills throughout the Session.) For more information about specific bills, see the Utah Legislature’s website at [www.le.state.ut.us](http://www.le.state.ut.us) .

**Lessons Learned.** The 2005 Legislative Session was successful for Higher Education due to a number of factors. Of course the fact that the economic recovery had generated large surpluses of tax funds as well as solid revenue growth for the future played a large role in securing some badly needed infusions of state tax funds into USHE budgets. And yet, as always, there were plenty of places for the Legislature to spend the additional revenue. The following factors certainly contributed to USHE’s success:

- A growing recognition on the part of legislators that USHE institutions have already made a number of difficult decisions by reallocating funds to cover mandated costs and unfunded enrollment growth.
- A realization that part of the pain of lean budget years has been shouldered by students as a result of tuition increases, and a desire to help moderate future tuition increases by providing additional tax funded support.

- The Board of Regents' decision, supported by USHE Presidents, to focus their budget recommendation on a few key needs, rather than an extensive list of spending priorities. This helped the Commissioner, Presidents and their staffs to keep the message focused and helped legislators understand the top funding priorities.
- The fact that the Regents' budget recommendation was balanced among the various institutions, recognizing the need to address funding imbalances at certain institutions while at the same time supporting state strategic initiatives. This helped generate a good team spirit among institutions.
- Increased recognition by legislators that Higher Education can help build Utah's economy, and a desire to make strategic investments in Higher Education to further economic growth.
- USHE's legislative outreach efforts prior to the session, involving several Regents, which enabled the Commissioner and Presidents to personally contact most members of the Legislature between November and December 2004 with a common, coherent plan.
- Strong leadership by the Co-Chairs of the Higher Education Appropriations Subcommittee, Senator Greg Bell and Representative Kory Holdaway. They and members of their subcommittee were strong advocates in behalf of Higher Education.
- Strong support of USHE students, led by Cody Jones, Happiness Peterson, and Carrie Flamm, who coordinated their message with the Board of Regents and institutions, to present a united front.