

***USHE Final Report on the
2006 Legislative General Session***

**Prepared by David Buhler
Associate Commissioner for Public Affairs**

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2007 Budget. In a year where large tax cuts and continued robust funding for transportation shared center stage, the Legislature addressed a number of Higher Education's most pressing needs, but at lower levels than requested by either the Regents or the Governor. Altogether, about half of the Regents' request was funded.

The 2006 Legislature increased tax fund appropriations to Higher Education (total of 10 institutions, statewide programs, Utah Education Network and Medical Education Council) by \$34.5 million in ongoing funds, representing a 5.1 percent increase. This is in contrast to last year's healthy increase of \$47.4 million in on-going funds--a 7.5 percent increase. The Legislature also provided one-time appropriations (including supplemental increases) totaling \$10.2 million, representing 1.5 percent of the base budget.

The largest portion of new ongoing funding is for compensation, with \$21 million in new state tax funds for salary increases, health insurance and retirement increases. In addition, \$16.5 million was appropriated in ongoing funding for programs, including \$5 million for utility rate increases. The Legislature approved 78 percent of the amount requested by the Board of Regents for Operations and Maintenance ("O&M") for new buildings coming on-line in 2007, and modest increases for the Engineering and Computer Science Initiative (\$500,000 ongoing and \$700,000 one-time), Nursing Initiative (\$250,000 ongoing and \$500,000 one-time) and Jobs Now (\$500,000 one-time). Student Financial Aid received \$500,000 in ongoing funds and \$2.25 million in one-time funding. No additional funding was provided for retention of key faculty and staff, Access and Advising, or for Mission Based Funding.

Details of USHE appropriations, including comparisons with the Board of Regents' Budget Request, final appropriation, and historical overview, are attached.

Although not part of the USHE budget, the Legislature did make a significant commitment to fund the USTAR initiative to further economic development in the state. \$50 million was provided for research buildings, along with \$15.25 million in new on-going funding, including up to \$4 million for a technology outreach program to include up to five locations "distributed strategically throughout Utah." Funds are appropriated to a newly created Utah Science Technology and Research Governing Authority. The Authority is also authorized to issue up to \$110 million in bonds for additional research facilities.

Capital Facilities. The Legislature appropriated \$68 million for the following USHE priority projects: \$46.75 million for UVSC's Digital Learning Center, \$5 million to complete relocation of USU agricultural functions to allow expansion of the Innovation Campus, and \$2 million for design of the WSU classroom replacement and chiller plant. UCAT's #2 priority was also funded, with \$9.9 million allocated for a Vernal Campus of the Uintah Basin ATC. In addition, Mountainland ATC received \$3.25 million for a land purchase, and CEU received \$1.1 million to purchase an energy center building in Helper. In addition, the Legislature approved \$105.8 million for capital projects funded with non-state funds. The Legislature also appropriated \$62.9 million for capital improvements, which will be allocated by the State Building Board. More than half of these funds are usually spent on USHE facilities.

Legislation. The Commissioner’s office and legislative liaisons of USHE institutions, tracked, monitored, and where appropriate, spoke out on numerous bills introduced and considered. Every USHE top priority bill passed, and those bills actively opposed by USHE failed. Here is a summary of the key legislation tracked during the session.

Key Legislation of Interest to USHE—Passed

- **HB 66, Tuition Waivers for Higher Education**, by Rep. Craig Buttars, increases the number of non-resident tuition waivers by 400, increases the percentage that may be full waivers and eliminates the sunset date on this waiver program. Passed House 73-1, Senate 25-0.
- **HB 81, Tuition Program for Students Seeking Teacher Licensure**, by Rep. Ronda Menlove, was initiated by the Commissioner’s office to make several housekeeping changes to the TH Bell scholarship program. Passed House 68-0, Senate 26-0.
- **HB 82, Education Information Technology Systems**, by Rep. Kory Holdaway, requires the State Board of Education and the State Board of Regents to implement a common identification number for students by January 1, 2007. Passed House 73-0, Senate 25-0.
- **HB 112, 1S Transportation Investment Act**, by Rep. Becky Lockhart, as amended, earmarks 8.3 percent of state sales tax revenue for the Centennial Highway Restricted Account. For FY 2007 this is estimated to be \$149.6 million, and will replace the same amount of general funds currently budgeted for this account. As revenue grows, money in this highway account will also grow. Passed House 65-2, Senate 25-3.
- **HB 119, Board of Regents Amendments**, by Rep. Jeff Alexander, eliminates the requirement of partisan balance in appointments to the State Board of Regents. Passed House 47-22, Senate 18-10.
- **HB 232, Higher Education Tuition for Active Duty Military**, by Rep. Mike Morley, provides residency status for persons returning to Utah from active duty in the military if they were residents immediately prior to active duty status. Passed House 65-1, and Senate 26-0.
- **HB 151, 1S, Adjustments in Funding for Concurrent Enrollment**, by Rep. Margaret Dayton, is aimed at eliminating the funding gap for higher education institutions for concurrent enrollment by allowing institutions to charge up to \$30 per credit hour as partial tuition. Passed House 58-11, and Senate 18-10.
- **HB 192, Instructional Materials for Disabled Students**, by Rep. Gregg Buxton, requires providers of college textbooks to provide an electronic edition for disabled students at no additional cost by January 1, 2009. Passed House 61-3, Senate 28-0.
- **HB 215 1S, PEHP Risk Pool Amendments**, by Rep. Dave Clark, allows USHE institutions with less than 12,000 FTE students to be considered as part of PEHP’s risk pool for the purposes of health insurance. Passed House 66-1, Senate 29-0.
- **HB 326, New Century Scholarship Amendments**, by Rep. Kory Holdaway. Provides that students are eligible by completing either an Associate’s Degree **or** by completing a math and science curriculum as approved by the Board of Regents with a “B” average (for both options). Passed House 51-0, and Senate 24-0.
- **SB 75, 1S, U Star Initiative**, by Sen. Al Mansell, This bill establishes a process for a Utah Science and Technology Research Initiative, and provides funding of \$50 million one-time, \$15.25 million on-going, and bonding authority of \$110 million. Passed Senate 28-0, and House 63-7.
- **SB 112, Centers of Excellence Amendments**, by Sen. Tom Hatch, makes it easier for non-research institutions to compete for Centers of Excellence funding by removing required

match, and changes provisions for paying back the state under certain circumstances. Passed Senate 24-0, and House 69-0.

- **SB 174, In-state Tuition for Members of the Utah National Guard**, by Sen. Pete Knudson, provides that members of the Utah National Guard are entitled to resident tuition at USHE institutions regardless of domicile. Passed Senate 27-0, and House 69-0.
- **SB 236, Revenue Bond and Capital Facility Authorization**, by Sen. Bill Hickman, authorizes revenue bonds and capital facilities paid for with non-state funds, including projects at the University of Utah, Dixie State College and Snow College. Also decreases the private match requirement for an addition to Utah State University’s engineering building. Passed Senate 19-0, House 65-4.

Key Legislation of Interest to USHE—Failed

- **HB 7 1S, Repeal of Exemption from Nonresident Tuition**, sponsored by Rep. Glen Donnellson, repeals bill which allows students who attended for 3 years and graduated from Utah high school residency status. House refused, by a vote of 35-33, to consider the bill.
- **HB 84, Income Tax - Education Funding**, by Rep. Lou Shurtliff, required that 90% of Income Tax funds be spent on K-12 Public Education. No floor action.
- **HB 144, Benefits for National Guard Members and Families**, by Rep. Greg Hughes, waives undergraduate tuition for up to 8 semesters for dependents of any Utah Guard members who dies when federally activated. Passed House 67-0, Senate did not consider.
- **HB 230 2S, High School Curriculum**, by Rep. Brad Daw, requires State Board of Education to establish an alternative college prep curriculum and advise parents and students of the option. Passed House Friday, 46-18. Senate did not consider.
- **HB 273, Sales and Use Tax Exemption for Textbooks for Higher Education**, by Rep. Duane Bourdeaux, exempts college text books from sales tax, resulting in a \$3.5 million loss to state revenue. No floor action.
- **SB 43, Minimum Wage Amendments**, by Sen. Ed Mayne, returned to Rules without receiving committee approval.
- **SB 121 1S, Small College Enhancements**, by Sen. Bill Hickman, appropriates \$11.5 million to seven USHE institutions to enhance, begin, or expand specific programs. Senate amended to clarify that all new programs must first be approved by the Board of Regents and passed 27-0. Died for lack of funding.

The Legislature also considered and passed several bills related to the Open Meetings Act and the Government Records Access and Management Act (“GRAMA”) which have some impact on the Board of Regents and USHE institutions. These bills are being carefully reviewed to determine if any Regent policies require amendment and/or if there is a need to change any current practices.

For more information about specific bills, legislative membership, or committees, see the legislative website at <http://legislature.utah.gov> .

Lessons Learned. This year’s increase in appropriation to USHE, of \$34.9 million, was the second largest in that period of time in more than a decade.¹ And, given the fact that with the exception of UCAT, it was a year of virtually no enrollment growth, a 5.5 percent increase in funding might be considered a very good year. But in the context of record state revenue, USHE

¹ Includes on-going and one-time funds, and for comparison purposes, nine institutions and statewide programs.

officials hoped that this might be a year to not only maintain what we have, but build stronger institutions to serve Utah into the future. These hopes were not realized, not because of any legislative negativity toward higher education, but simply because state leaders had other priorities—large tax cuts and continued massive expenditures on transportation infrastructure. And having survived the budget crises of the past few years, it was more difficult for USHE to unite consistently on common issues and themes, beyond funding fundamental needs such as fuel and power and O&M. These needs were articulated persuasively when members of the news media were briefed by the Commissioner and several USHE Presidents.

This past session brought into clearer focus the need for USHE to reach out beyond our campuses and state policymakers to develop a clear, coherent, credible, and concise message about the value of higher education and the need to make additional investments for the betterment of citizens and future of Utah. Plans are underway to do just that.

Notwithstanding the disappointment of unmet expectations, it is important to acknowledge those in the Legislature who championed our cause, in particular, Higher Education Appropriations Co-Chairs Senator Greg Bell and Representative Kory Holdway, and all members of the subcommittee. They examined our requests thoroughly, and recommended increased funding of \$25 million, plus compensation. Had they had their way, many more needs would have been addressed. Without their advocacy, important priorities that were addressed would have gone wanting.

Once again this year, the Utah Student Association, led by their President Ali Hasnain and managed by their Executive Director Carrie Flamm and student lobbyist Taylor Morgan, also played a key role in advancing higher education priorities. At the Legislature, students remain an important part of the USHE team.