

***USHE Final Report on the
2007 Legislative General Session***
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2008 Budget. In a year of record revenue increases and surpluses, legislators remembered Utah's college and university students in adopting their budget priorities. USHE's ten institutions, UEN, UEC and statewide programs, received a total of \$90.5 million in new ongoing state tax dollars, compared to an increase a year ago of \$34.5 million. This represents a one-year increase of 12.6% in ongoing funding (compared to 5.1% last year). Higher education also received an infusion of \$18.5 million in one-time funding (compared to \$10.2 million a year ago).

Details of the budget increases are included in the following summary; however, here are a few highlights: The largest portion of the new ongoing funding is for compensation, with \$32.7 million in new state tax funds--3.5% cost of living adjustments and 1.5% available for discretionary salary increases, and funding to cover health premium increases. The Legislature funded 100% of the Regents' request for utility cost increases and operations and maintenance of new buildings, and in general, closely followed the budget priorities as established by the Board of Regents. The Legislature made a significant policy change in how compensation increases are funded, by infusing an additional \$5.3 million to establish a 75/25% split between tax funds and first-tier tuition increases. This will reduce the amount needed for the first-tier tuition increase this year by a full percentage point and provide a direct savings for students.

Other significant budget increases include the Engineering and Computer Science Initiative, which received the largest increase since it started, with \$3 million in new ongoing funding. Student financial aid received an increase of \$2 million in ongoing funding and an additional \$2 million in one-time funding. The Legislature's increase for the TH Bell Scholarship program for newly trained teachers was even higher than the Regents' request, with \$1.2 million in new money. (The Regents' budget request was mirrored in H.B. 241 by Rep. Ronda Menlove.) UCAT budget highlights include funding for enrollment growth and \$1.7 million for "Jobs Now." The Utah Education Network received 100% of its funding requests, \$2.1 million in new ongoing money.

For the first time in many years, every USHE institution received new ongoing state funding to improve or expand programs for students—a total of \$26.9 million. The Regents' budget request recommending funding of \$10.5 million for institutional priorities (this was mirrored in S.B. 90 by Senator Bill Hickman) and \$6.1 million for partnerships among institutions (reflected in S.B. 53 by Senator Greg Bell, H.B. 185 by Rep. Gordon Snow, and S.B. 70 by Sen. John Valentine). The Legislature fully funded the institutional priorities (plus an additional \$5 toward the UVSC mission and name change above the Regents' budget) and provided a total of \$8.6 million for partnerships.

Capital Facilities. The Legislature appropriated \$83 million for higher education capital facilities and land purchases (compared to \$68 million last year) for the following Regents' priority projects: \$23 million for the WSU classroom building and chiller plant, \$13.5 million for the UofU Nursing College renovation, \$17.7 million for the Snow College library and classroom building, \$2.5 million for planning for the USU Agriculture Building. In addition, the Legislature appropriated \$3 million to retire bonds for the College of Eastern Utah as requested by the Regents. The Legislature also used cash to pay off some additional bonds, \$4.2 million for Dixie State College and \$400,000 for the USU-Uintah Basin, helping cash-flow at all three of these institutions. UCAT also did well with funding of \$14.2 million for a Technology Manufacturing building at DATC, \$1 million to plan a building for the MATC, and \$2.3 million to purchase property for the

SWATC. In addition, legislative approval was received for non-state-funded projects totaling \$71.7 million on the campuses of the UofU, SUU, USU-Tooele, SLCC, and MATC. The Legislature also appropriated \$73.1 million for capital improvements to be allocated by the State Building Board. Typically, at least half of these funds are spent on USHE facilities.

Legislation. The Commissioner's staff and legislative liaisons of USHE institutions tracked, monitored, and, where appropriate, spoke out on numerous bills introduced and considered. Every USHE 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 36 S2, Income Tax Additions and Subtractions for Higher Education Savings,*** sponsored by Rep. Fred Hunsaker, co-sponsored by Rep. Sheryl Allen, also ultimately incorporated by amendment **SB 242, Income Tax Credit for Educational Savings Plans**, by Sen. Greg Bell. This bill changes contributions to UESP accounts from a deduction to a credit (in keeping with changes in the income tax to a single rate system without deductions but some credits), allows trusts to take the credit for their 2006 contributions on their 2007 tax return, allows married couples filing jointly to claim the full credit amount without having to open separate accounts, and makes other technical and clarifying changes. This was a very important bill to help maintain UESP's strong program. Passed House 64-0 (59-13 in concurrence to Senate amendment) and Senate 27-0.
- **HB 79 S2, Concurrent Enrollment Amendments,*** sponsored by Rep. Kory Holdaway, is a priority bill of the K-16 alliance, to move funding for concurrent enrollment to be included as a formula within the minimum school program (as amended, now "below the line"). Under this bill the Legislature is to increase concurrent enrollment funding each year based on the percentage growth of the Weighted Pupil Unit (WPU) and growth in the program. Passed House 73-0, and Senate 26-0.
- **HB 118 S1, Residency Requirements for In-State Tuition,*** sponsored by Rep. Jack Draxler, allows each USHE institution to set a residency policy no less strict than one-year residency and no more strict than the current 60 semester hours or three years. Originally, the bill included a provision making children and grandchildren of USHE graduates immediately eligible for resident tuition of the institution where their parent or grandparent graduated, but this was amended out of the bill. Another amendment grants the children of persons lawfully in the U.S. on a work visa an exemption from non-resident tuition if they graduated from a Utah high school after attending three years. Passed the House 68-1, and Senate 23-3. Effective date is July 1.
- **HB 125, Centers of Excellence Amendments,** sponsored by Rep. John Dougall, amends the Centers of Excellence program to allow grants to also be given to companies working in partnership with a college or university to commercialize their technology. Passed House 68-1, and Senate 23-3.
- **HB 185 S1, Higher Education Partnerships Appropriation,** sponsored by Rep. Gordon Snow, appropriates nearly \$4.8 million to Utah State University to offer four-year programs at Snow College and the College of Eastern Utah, and new or expanded programs at USU's Tooele, Uintah Basin, and Brigham City campuses. Passed House 73-0, and Senate 26-0.
- **HB 195, Higher Education Tuition Assistance Amendments,*** sponsored by Rep. Scott Wyatt, was initiated by UHEAA and repeals some obsolete language in the code. It will enable UHEAA to disburse about an additional \$400,000 in targeted financial aid one-time, and then \$50,000 a year thereafter, by removing a requirement that the money be matched by private donations to create an endowment. Passed House 72-0 and Senate 26-0.
- **HB 196 S1, Higher Education Criminal Background Checks,** sponsored by Rep. Ronda Menlove. The substitute bill requires the State Board of Regents to adopt rules phasing in criminal background checks of new employees who have contact with students under age 21. Budget provides \$250,000 in one-time funding to implement. Passed House 72-0, and Senate 27-0.

- **HB 241, Appropriation for TH Bell Program,*** by Rep. Ronda Menlove, mirrored the Regents' budget request for an additional \$692,300 in ongoing funding for the TH Bell program. Rep. Ron Bigelow was successful in securing additional funding as part of the budget, so it was amended to provide \$1.2 million in new ongoing funding. Passed the House 70-0, Senate on 2nd Reading 27-0.
- **HB 309 S1, Scott B. Lundell Tuition Waiver for Military Members' Surviving Dependents,** by Rep. Greg Hughes, waives the undergraduate tuition at USHE institutions for surviving dependents of Utah resident military members killed on federal active duty. The bill includes a provision that the Board of Regents may seek a reimbursement from the Legislature for the costs incurred in providing the tuition waiver. (As of the end of the legislative session, it is estimated that there are 81 dependents potentially and eventually eligible for this benefit.) Passed House 68-0, Senate 29-0.
- **HB 314 S2, Amendments to Dedicated Sales Tax for Transportation,** by Rep. Becky Lockhart. This bill went through various iterations, ranging from earmarking an additional \$167 million in sales tax revenue for highways, to a low of \$36.9 million. As it passed, it earmarks \$90 million a year starting in FY 2009 (\$19 million in FY 2008) to pay for a \$1 billion highway bond. Passed House 49-18, and Senate 26-3.
- **HB 371 S1, Applied Technology Amendments,*** by Rep. Ron Bigelow, makes the statutory change necessary to merge the South East Applied Technology College with the College of Eastern Utah as approved by the Board of Regents. The bill originally failed on a vote of 32-40, but was passed upon reconsideration 46-23. Senate passed 25-2.
- **HB 396, Higher Education Task Force,** by Rep. Kory Holdaway, surfaced literally on the last day of the session. This bill creates a legislative task force, comprised of five senators and seven representatives, to look at a variety of higher education issues and report to the Education Interim Committee by November 30, 2007. It provides an opportunity for USHE to help legislators better understand our system, our challenges, and our priorities. House passed 68-0, Senate passed 24-2.
- **SB 53, Higher Education Engineering Partnership,*** by Sen. Greg Bell, authorizes partnership between USU and WSU to offer a bachelor's degree in electrical engineering to meet the needs of Hill AFB. As amended, it provides a total of \$710,000 in ongoing funds to USU and WSU and \$865,400 in one-time money. Senate passed 28-0, House passed 70-1.
- **SB 70, Utah Valley University Institutional Name Change,*** by Senator John Valentine, changes the name of Utah Valley State College to Utah Valley University (effective 2008) and appropriates \$8 million in ongoing funding. Senate passed 28-0, House passed 72-0.
- **SB 90, Higher Education Enhancements,*** by Sen. Bill Hickman. The original bill exempted USHE institutions from the state spending limit; however, this was removed in the House. The bill appropriated \$10.5 million to the nine USHE institutions for high priorities, \$3 million for UVSC which duplicated funding in SB 70. As passed, provides \$7.5 million for eight USHE institutions for their high priorities. Passed Senate, 25-0 (28-0 on concurrence), passed House 74-0.
- **SB 128, Withdrawal from Education Compact,** by Sen. Margaret Dayton, withdraws Utah as a member of the Compact for Education overseen by the Education Commission of the States. Passed Senate 26-0; House Education Committee rejected it 6-5; however, it was revived on the House floor and passed 45-27.
- **SB 251, Higher Education—Concealed Weapons Restrictions, *** by Sen. Greg Bell, is the result of a working group of legislators and higher education officials. Originally as passed by the Senate 17-12, it would have allowed students in dormitories to request to live with a roommate who is not a concealed weapons permit holder, and allow for restrictions in faculty and staff offices. When it became clear that there were not sufficient votes in the House to pass this version, House floor sponsor Rep. Mel Brown and Speaker Curtis forged a compromise that removed the portion dealing with faculty/staff offices. House passed 52-13 and Senate 24-4.

Key Legislation of Interest to USHE--Failed

- **HB 224, Repeal of Exemption from Nonresident Tuition,**** sponsored by Rep. Glen Donnelson, is the annual effort to repeal the bill which allows students who attended for 3 years and graduated from a Utah high school an exemption from out of state tuition. This was defeated in the House on a tie vote, 37-37, and then an effort to revive it failed 36-38. Its language was then amended into **HB 437 S2** by Rep. Herrod, approved by House Law Enforcement and Criminal Justice Committee, but did not receive a vote by the House.
- **HB 361, State Purchase of Real Properties,** by Rep. Bud Bowman, would have appropriated \$7.8 million for the purchase of property for two UCAT campuses in southern Utah—DXTAC and SWATC. Although the bill failed without a House vote, a portion of it, \$2,282,000, was included in the budget for the SWATC campus.
- **SB 62, College and University Tuition Tax Credits,** by Sen. Greg Bell, would have created a refundable tax credit of up to \$300 for taxpayers with an income of \$30,000 or less for tuition and fees paid to a USHE institution. Passed Senate 24-3. Was not considered by the House.
- **SB 111 S1, Free Exercise of Religion Without Government Interference,** Senator Buttars withdrew the bill to have time to resolve issues still being raised by concerned parties during the interim. Expect it to be reintroduced in some form in 2008.
- **SB 242, Income Tax Credit for Educational Savings Plan,*** by Sen. Greg Bell, provided for an income tax credit for UESP contributions in the single rate income tax. Passed Senate 25-1, then amended into HB 36 in the House. So while technically it failed, it actually passed as part of HB 36.

Bills were also passed amending the open meetings law and lobbyist disclosure requirements which may have impacts on the Board and Commissioner's Office. These will be carefully analyzed and any necessary adjustments will be made.

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

Lessons Learned. At the end of last year's legislative session we concluded with renewed clarity the "need for USHE 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 the future of Utah" (USHE Final Report on 2006 Legislative Session). Since then, we have developed a new tag-line, message, and theme: Building a Stronger State of Minds, with three areas of focus: Preparation, Participation, and Completion. Efforts were also expanded to reach out to the broader community including business and civic leaders and the public. These efforts are beginning to pay off, but must be sustained and increased so that we will be able to build upon the successes of 2007.

Now to be sure, the fact that Legislature had more money to spend than ever before was an enormous factor in our budgetary success. But as we have seen in previous "good years," this does not always translate into addressing even our most pressing needs in higher education. The Regents' budget in 2007 received strong support from presidents, and we did better in providing a united front. Again, this is critically important to success.

The Commissioner's Office worked closely with institutional legislative liaisons and the Utah Student Association, represented by Carrie Flamm, throughout the legislative session. The Commissioner personally, as well as his entire staff, was all involved to one degree or another in supporting the Board's legislative agenda. Kimberly Henrie and Amanda Covington worked closely together and with other staff members to make sure our presentations and documents were accurate and clearly communicated our issues and messages. Lynne Ward, as Executive Director of UESP, was particularly involved in

safeguarding the integrity of that agency and successfully negotiating through various versions of tax reform to protect benefits for college savers.

We continued to have tremendous support from the Co-Chairs of the Higher Education Appropriations Subcommittee, Sen. Greg Bell and Rep. Kory Holdaway, and from the Co-Chairs of the Executive Appropriations Committee, Sen. Lyle Hillyard and Rep. Ron Bigelow. Legislative leadership in both houses and on both sides of the aisle were also very supportive of USHE, our budget, and our issues. We had superb cooperation from Governor Huntsman and his staff.

The Utah System of Higher Education has gained some important legislative allies during the past few years, and there seems to be a growing recognition of our importance to the state. Obviously, our credibility, our ability to share a compelling message, and the relationships we forge must be constantly maintained and nourished, if we are to succeed in building a stronger state of minds.

*USHE has taken an official position in support; ** USHE has taken an official position in opposition.