

## **Legislative wrap-up 2010 session**

April 22, 2010

The 26th Alaska State Legislature adjourned 'sine die' at 12:30 a.m. Monday. A number of university issues came to the forefront this year, including the funding for UA capital projects, consideration of merit- and need-based scholarship programs, the long debated university land grant issue, as well as the yearly operating budget. The following information is a brief summary of UA-related budget and legislative issues this session.

### **FY11 OPERATING BUDGET**

The Legislature passed the FY 2011 state operating budget the last day of the session. The state general fund portion of UA's budget represents a 3.9 percent increase in state money over the current fiscal year and \$433,000 over the governor's request.

The six-member conference committee (Sens. Hoffman, Stedman and Thomas; and Reps. Hawker, Stoltze and Gara) approved a budget that includes a \$452,000 reduction in personal services, but added in \$575,000 for other fixed costs not included in the House proposal and partially funded in the governor's budget

There was little program funding approved by the governor or the Legislature in the FY11 budget, and none for health related programs, climate, or high demand workforce programs.

The conference committee approved the governor's recommendation for \$950,000 for UAF Energy programs, including the Cooperative Extension Service provided with one-time funds in FY10. The conference committee added \$300,000 for the UAF Marine Advisory Program and \$225,000 for summer science and math camps at UAF.

Also included in the conference committee version of the budget was a House proposal to provide funding for the Alaska Native Science and Engineering Program (ANSEP) at \$940,000 in the state Department of Education and Early Development budget (See UA Budget, <http://www.alaska.edu/files/state/UA-Budget-Summary-Conference-Committee04132010.pdf>).

This successful and innovative program has had a significant impact on increasing college readiness and success for students from small, rural high schools entering programs in science and engineering. The House Finance members are hopeful a closer relationship with DEED will result in more rapid adoption by the schools of ANSEP's successful instructional models.

The conference committee adopted House intent language regarding a suggested ratio that is aimed at setting next year's general fund appropriation at 129 percent of UA's non-general fund revenues (not including federal receipts). The general fund portion of UA's budget has increased as a percentage of the total budget from 40.5 percent in FY05 to 44.2 percent in FY09. The intent language is meant to reinforce the need for reversing this trend.

The conference committee budget remains at the current seven appropriations. In recognition of the lack of flexibility provided by this appropriation structure, funding equal to 3 percent of unrestricted general fund, federal and university receipts was moved from each appropriation into a systemwide appropriation for distribution by the Board of Regents.

The operating budget now goes to Gov. Sean Parnell for consideration. The governor has 30 days after receiving the operating budget to make any vetoes.

## **FY11 CAPITAL BUDGET**

The final version of SB 230, the state capital budget, included the following general fund dollars for these UA projects:

- \* \$37.5 million for deferred maintenance across the UA system
- \* \$10 million for UAF engineering & technology project design and development
- \* \$5 million for UAA engineering facility planning and design
- \* \$1.8 million for Kenai Peninsula College Student Housing
- \* \$1.4 million for community campus planning
- \* \$400,000 for Southeast campus mining machinery simulators
- \* \$250,000 for Kachemak Bay Campus – New Facility Completion

Also receipt authority for:

- \* \$20.6 million for Life Sciences Facility
- \* \$15 million general receipt authority

see: SB 230, [http://www.legis.state.ak.us/basis/get\\_bill.asp?bill=SB%20230&session=26](http://www.legis.state.ak.us/basis/get_bill.asp?bill=SB%20230&session=26)

## **General Obligation (GO) Bond Bill:**

The Legislature proposed to pay for a number of UA projects, including the Board of Regents' only request for new construction, the UAF Life Sciences Classroom and Lab Facility, with general obligation bonds. The bond proposal (contained in SB 230 and HB 424) would go before voters on the November general election ballot. The bond proposal would include \$60 million toward a new sports center at UAA, which the UA Board of Regents is currently reviewing prior to final design approval.

SB 230, [http://www.legis.state.ak.us/basis/get\\_bill.asp?bill=SB%20230&session=26](http://www.legis.state.ak.us/basis/get_bill.asp?bill=SB%20230&session=26)  
HB 424, [http://www.legis.state.ak.us/basis/get\\_bill.asp?bill=HB%20424&session=26](http://www.legis.state.ak.us/basis/get_bill.asp?bill=HB%20424&session=26)

## **GO bond projects for UA Include:**

\$88 million	UAF Life Sciences Classroom and Lab Facility
\$60 million	UAA Community Arena and Athletic Facility
\$14.5 million	Kenai campus career and technical education center
\$16 million	Kenai campus student housing
\$23.5 million	Mat-Su Campus Valley Center for Art and Learning
\$5 million	Prince William Sound Community College campus R&R

Also included in the GO Bond bill is:

\$20.0 million	Mount Edgecumbe High School aquatic facility
\$18.5 million	State Library/Archives/Museum facility
\$46.5 million	Alakanuk K-12 school replacement
\$49.9 million	Kipnuk K-12 school renovation/addition
\$32.1 million	Kwigillingok K-12 school renovation/addition
\$20.0 million	Dept. of Fish and Game Near Island Research Facility
\$ 3.2 million	City of Klawock for Prince of Wales Island Voc-Ed Center
\$4.77 million	Bond sale expenses

The total GO bond is \$397.2 million. If approved by voters, UA would receive authorization to sell bonds for a total of \$207 million for the above listed projects. All the regular approval levels will still be required for UA projects, including preliminary project approval through schematic design, selection of sites and all other approvals required by the Board of Regents. Final project design approvals are necessary prior to the sale of bonds. Language in the bond bill allows the Board of Regents to reallocate funding between projects as the board deems appropriate and necessary.

## LEGISLATION

A number of bills made it to the floor just in time for adjournment. Any bill not acted on by both bodies and passed 'died' on April 18 at midnight, the end of the two-year legislative session. The following is a brief summary of legislation that passed and will have an impact on UA.

**Higher Education Student Financial Aid** - SB 221 was the vehicle that turned into a 'compromise' bill to:

- \* establish an Alaska Merit Scholarship Program defining in law the curriculum required for students to successfully complete in order to be eligible for the scholarship;
- \* establish a short-term Joint Legislative Higher Education Scholarship Funding Task Force to examine higher education costs and identify the best approach in providing financial aid to assist Alaska students and report to Legislature by Dec. 1, 2010;
- \* establish a long-term Advisory Task Force on Higher Education and Career Readiness that will prepare for the Legislature a set of written recommendations to improve remediation, retention and graduation rates at colleges, universities and postsecondary vocational or technical training programs in the state;
- \* increase existing Alaska Advantage need-based grants from \$2,000/year to \$3,000/year.

SB 221, [http://www.legis.state.ak.us/basis/get\\_bill.asp?bill=HB%20424&session=26](http://www.legis.state.ak.us/basis/get_bill.asp?bill=HB%20424&session=26)

The Alaska Merit Scholarship program requires students to complete a specific high school curriculum that is tied to greater post-secondary success. The program will award scholarships from 50 percent to 100 percent of total tuition at Alaska higher education institutions based on a student's high school grade point average in the designated curriculum. There is considerable public support for this type of merit program, though

rural legislators expressed concern that the curriculum requirements are not currently available at many of the schools in their districts. Other concerns were raised by legislators who wanted equal focus on need-based aid. The compromise legislation includes a task force that is assigned the task of returning to the governor and to the Legislature with a plan that will address a comprehensive financial aid approach to accommodate both merit and need for Alaska's students.

**Higher Education Tax Credits** – SB 236 increases the amount of tax exemption given for contributions by Alaska state tax payers to an institution of higher education, with a cap of \$5 million per year. The current tax credit is \$300,000 and generates approximately \$5 million per year. The tax credit applies to all state taxes including corporate, fisheries, oil and gas. The bill was sponsored by the Doyon Corporation and their staff, led by VP Jim Johnsen and Doyon's lobbyist Kent Dawson, who successfully maneuvered this bill through a difficult process.

SB 236, [http://www.legis.state.ak.us/basis/get\\_bill.asp?bill=SB%20236&session=26](http://www.legis.state.ak.us/basis/get_bill.asp?bill=SB%20236&session=26)

**UPMIFA** (Uniform Prudent Management of Institutional Funds Act) – House Bill 416 replaces obsolete rules and concepts of investment and management of endowments and charitable funds currently in use. It provides current best practices guidelines essential to proper management.

HB 416, [http://www.legis.state.ak.us/basis/get\\_bill.asp?bill=HB%20416&session=26](http://www.legis.state.ak.us/basis/get_bill.asp?bill=HB%20416&session=26)

**UA Debt Authorization** - HB 184 provides an increase to debt authorization for UA from \$1 million to a new limit of \$2.5 million per year for specific projects.

HB 184, [http://www.legis.state.ak.us/basis/get\\_bill.asp?bill=HB%20184&session=26](http://www.legis.state.ak.us/basis/get_bill.asp?bill=HB%20184&session=26)

**State Energy Programs** - SB 220 and HB 306 articulate renewed commitment to a robust state energy policy. The bills include multiple energy programs including alternative energy, emerging energy technology, renewable energy fund, and the Southeast Alaska energy program. The Alaska Energy Authority will direct the program and funding for energy project grants. UA is expected to be primary partners in many of these proposals.

SB 220, [http://www.legis.state.ak.us/basis/get\\_bill.asp?bill=SB%20220&session=26](http://www.legis.state.ak.us/basis/get_bill.asp?bill=SB%20220&session=26)

HB 306, [http://www.legis.state.ak.us/basis/get\\_bill.asp?bill=HB%20306&session=26](http://www.legis.state.ak.us/basis/get_bill.asp?bill=HB%20306&session=26)