

REVENUE: Revenue Statement Issued

FISCAL: May Have Fiscal Impact; Statement not yet Issued

Action: Do Pass and be referred to Ways and Means by prior reference

Vote: 6-1-2

Yeas: Bruun, Gelser, Read, Rosenbaum, Witt, Barnhart

Nays: Berger

Exc.: Butler, Olson

Prepared By: Mazen Malik, Economist

Meeting Dates: 2/7, 3/12

WHAT THE BILL DOES: Separates the Higher Education Account from the General Fund and allows the fund to be invested and interest to be accrued to the independent account.

ISSUES DISCUSSED:

- Sequester the amounts and move them out of the general fund.
- Tuition money (\$1 billion, Fees and other auxiliary amounts).
- A parallel reduction in the General Fund appropriations on the budget side.
- Leave the general fund appropriation as increased amounts to higher education.
- Students see it as a reverse in the disinvestment in education polices of the last few years.
- Students work many jobs to pay tuition.
- Streamline to about 10 accounts. Each campus will have a pool.
- Use the new funds for housing, instruction, etc.
- Retaining interest will provide incentives for campuses to offer discounts and find efficiencies.

EFFECT OF COMMITTEE AMENDMENTS: None

BACKGROUND:

The funds of Universities such as tuition are kept in the General Fund. The amounts that will be reconsidered into other funds will be about \$215 million. Interest of these funds currently accrue to and are a part of the general fund. The amounts of about \$19.1 million will be moved into an independent fund, which is interest bearing and is allowed to be explicitly invested. See SB 66.