

Ann Millner proposes the following substitute bill:

Higher Education Strategic Reinvestment

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Karen M. Peterson

Senate Sponsor: Ann Millner

LONG TITLE

General Description:

This bill enacts and amends provisions regarding the strategic approach of and investment in certain programs in the higher education system.

Highlighted Provisions:

This bill:

- defines terms;

- requires certain reporting to and a study by the Higher Education Appropriations Subcommittee;

- provides for disbursement of certain reinvestment funds that are dedicated to a given degree-granting institution for reallocation to certain strategic investments under certain circumstances;

- requires each degree-granting institution to create a strategic reinvestment plan to reallocate funding from certain programs and divisions of the institution to certain programs and divisions that merit additional investment;

- requires the Utah Board of Higher Education (board) to report to the Higher Education Appropriations Subcommittee and the Executive Appropriations Subcommittee regarding each institution's strategic reinvestment plan and execution of the plan over the upcoming three fiscal years;

- authorizes declining use of reinvestment funds to phase out reduced or eliminated programs or divisions of institutions over the upcoming three fiscal years;

- limits the number of credit hours a degree-granting institution may require between general education and degree-specific requirements;

- requires the board to develop a process to grant conditional approval of accelerated three-year degrees;

- allows the board to transfer certain appropriations as an exception to the prohibition on

29 line-item transfers in the Budgetary Procedures Act;
 30 ▸ coordinates with H.B. 51, Higher Education Reporting Amendments, to address
 31 subcommittee reports; and
 32 ▸ makes technical and conforming changes.

33 **Money Appropriated in this Bill:**

34 None

35 **Other Special Clauses:**

36 This bill provides a special effective date.

37 This bill provides a coordination clause.

38 **Utah Code Sections Affected:**

39 AMENDS:

40 **53B-1-301**, as last amended by Laws of Utah 2024, Chapter 3

41 **53B-16-102**, as last amended by Laws of Utah 2024, Chapter 378

42 **63J-1-206**, as last amended by Laws of Utah 2024, Chapter 268

43 ENACTS:

44 **53B-7-107**, Utah Code Annotated 1953

45 **Utah Code Sections affected by Coordination Clause:**

46 **53B-1-301**, as last amended by Laws of Utah 2024, Chapter 3

48 *Be it enacted by the Legislature of the state of Utah:*

49 *The following section is affected by a coordination clause at the end of this bill.*

50 Section 1. Section **53B-1-301** is amended to read:

51 **53B-1-301 . Reports to and actions of the Higher Education Appropriations**

52 **Subcommittee.**

53 (1) In accordance with applicable provisions and Section 68-3-14, the following recurring
 54 reports are due to the Higher Education Appropriations Subcommittee:

55 (a) the reports described in Sections 53B-1-116, 53B-1-117, and 53B-1-118;

56 (b) the reports described in Sections 34A-2-202.5, 53B-30-206, and 59-9-102.5 by the
 57 Rocky Mountain Center for Occupational and Environmental Health;

58 (c) the report described in Section 53B-7-101 by the board on recommended
 59 appropriations for higher education institutions, including the report described in
 60 Section 53B-8-104 by the board on the effects of offering nonresident partial tuition
 61 scholarships;

62 (d) the report described in Section 53B-7-704 by the Department of Workforce Services

- 63 and the Governor's Office of Economic Opportunity on targeted jobs;
- 64 (e) the reports described in Section 53B-7-705 by the board on performance;
- 65 (f) the report described in Section 53B-8-201 by the board on the Opportunity
- 66 Scholarship Program;
- 67 (g) the report described in Section 53B-8d-104 by the Division of Child and Family
- 68 Services on tuition waivers for wards of the state;
- 69 (h) the report described in Section 53B-13a-103 by the board on the Utah Promise
- 70 Program;
- 71 (i) the report described in Section 53B-17-201 by the University of Utah regarding the
- 72 Miners' Hospital for Disabled Miners;
- 73 (j) the report described in Section 53B-26-202 by the Medical Education Council on
- 74 projected demand for nursing professionals;
- 75 (k) the report described in Section 53B-35-202 regarding the Higher Education and
- 76 Corrections Council; and
- 77 (l) the report described in Section 53E-10-308 by the State Board of Education and
- 78 board on student participation in the concurrent enrollment program.
- 79 (2) In accordance with applicable provisions and Section 68-3-14, the following occasional
- 80 reports are due to the Higher Education Appropriations Subcommittee:
- 81 (a) upon request, the information described in Section 53B-8a-111 submitted by the
- 82 Utah Educational Savings Plan;
- 83 (b) a proposal described in Section 53B-26-202 by an eligible program to respond to
- 84 projected demand for nursing professionals; and
- 85 (c) the board's report regarding each institution's strategic reinvestment plan described in
- 86 Section 53B-7-107.
- 87 [~~(e) a report in 2023 from Utah Valley University and the Utah Fire Prevention Board on~~
- 88 ~~the fire and rescue training program described in Section 53B-29-202.]~~
- 89 (3) In accordance with applicable provisions, the Higher Education Appropriations
- 90 Subcommittee shall complete the following:
- 91 (a) an appropriation recommendation described in Section 53B-1-118 regarding
- 92 compliance with Subsections 53B-1-118(5) and (14);
- 93 (b) as required by Section [~~53B-7-703~~] 53B-7-706, the review of performance funding
- 94 described in Section [~~53B-7-703~~] 53B-7-706;
- 95 (c) an appropriation recommendation described in Section 53B-26-202 to fund a
- 96 proposal responding to projected demand for nursing professionals; and

97 (d) review of the report described in Section 63B-10-301 by the University of Utah on
 98 the status of a bond and bond payments specified in Section 63B-10-301.

99 (4) Beginning in the 2025 legislative interim, in consultation with the board, the Higher
 100 Education Appropriations Subcommittee shall study a re-design of:

101 (a) the performance funding model described in Chapter 7, Part 7, Performance Funding,
 102 to better ensure:

103 (i) institutional alignment with the statewide system of higher education and the
 104 institution's mission within the statewide system; and

105 (ii) investment in meeting localized and statewide workforce demands and securing
 106 post-graduation employment outcomes; and

107 (b) enrollment-based funding, including, for technical colleges, funding distribution
 108 models that:

109 (i) include equivalent funding value for secondary and adult students; and

110 (ii) reflect the full responsibility of the technical college's statutorily-required
 111 services.

112 Section 2. Section **53B-7-107** is enacted to read:

113 **53B-7-107 . Higher education strategic reinvestment.**

114 (1) As used in this section:

115 (a) "Reinvestment funds" means the amount of money the Legislature appropriates to
 116 the board for strategic reinvestment in accordance with this section.

117 (b) "Strategic reinvestment plan" means a plan described in Subsection (3) that each
 118 degree-granting institution develops to reallocate reinvestment funds to certain
 119 strategic investments.

120 (2) The board may transfer to a degree-granting institution the reinvestment funds dedicated
 121 to the institution if:

122 (a) for the 2026 fiscal year:

123 (i) the respective degree-granting institution provides to the board the institution's
 124 strategic reinvestment plan;

125 (ii) the board approves the institution's strategic reinvestment plan; and

126 (iii) after receiving a report from the board regarding the strategic reinvestment plan
 127 in the meeting of the Executive Appropriations Committee in September 2025, the
 128 Executive Appropriations Committee makes a determination that the relevant
 129 institution's strategic reinvestment plan satisfies the requirements of this section;
 130 and

- 131 (b) for each of the 2027 and 2028 fiscal years:
- 132 (i) the respective degree-granting institution provides to the board a report on the
- 133 institution's progress in executing the institution's strategic reinvestment plan; and
- 134 (ii) after receiving a report from the board regarding the institution's execution of the
- 135 strategic reinvestment plan in the meeting of the Executive Appropriations
- 136 Committee in September of 2026 and 2027, respectively, the Executive
- 137 Appropriations Committee makes a determination that the relevant institution has
- 138 progressed in executing the institution's strategic reinvestment plan in accordance
- 139 with this section.
- 140 (3) Each degree-granting institution shall:
- 141 (a) prepare and submit the institution's strategic reinvestment plan in accordance with
- 142 Subsections (3)(b) and (c) based on:
- 143 (i) demonstrated enrollment data;
- 144 (ii) completion rate and timely completion;
- 145 (iii) discipline-related professional outcomes, including placement, employment,
- 146 licensure, and wage outcomes;
- 147 (iv) current and future localized and statewide workforce demands;
- 148 (v) program-level cost; and
- 149 (vi) the institution's mission and role within the statewide system;
- 150 (b) in consultation with the board, develop a strategic reinvestment plan that:
- 151 (i) identifies programs, courses, degrees, departments, colleges, or other divisions of
- 152 the institution, operational efficiencies, and other components of the institution's
- 153 instruction and administrative functions, including dean positions and other
- 154 administration positions, that merit further investment;
- 155 (ii) identifies programs, courses, degrees, departments, colleges or other divisions of
- 156 the institution, operational inefficiencies, and other components of the institution's
- 157 instruction and administrative functions, including dean positions and other
- 158 administration positions, that the institution will reduce or eliminate to shift
- 159 resources, in an amount at least equal to the amount of reinvestment funds
- 160 dedicated to the institution, to the strategic investments described in Subsection
- 161 (3)(b)(i);
- 162 (iii) retains a core general education curricula that enables students to acquire critical
- 163 thinking, problem solving, citizenship, communication, and other durable skills;
- 164 and

- 165 (iv) includes an accounting demonstrating the reallocation of resources from the
166 reduced or eliminated items described in Subsection (3)(b)(ii) to the strategic
167 investments described in Subsection (3)(b)(i) in the following amounts:
168 (A) for fiscal year 2026, at least 30% of the total of the reinvestment funds
169 dedicated to the institution;
170 (B) for fiscal year 2027, at least 70% of the total of the amount of reinvestment
171 funds dedicated to the institution; and
172 (C) for fiscal year 2028, 100% of the total of the reinvestment funds dedicated to
173 the institution; and
174 (c) before a date that the board identifies in each of 2026 and 2027, submit to the board a
175 report on the institution's progress in executing the institution's strategic reinvestment
176 plan, which may include modifications to the plan if the modified plan meets the
177 requirements of this section.
- 178 (4) The board shall:
179 (a) during the 2025 fiscal year:
180 (i) establish standards for the reallocations described in the strategic reinvestment
181 plans; and
182 (ii) provide guidance to the institutions of higher education on metrics and evaluative
183 processes for the institutions to use in analyzing programs and budgets to develop
184 the strategic reinvestment plan;
185 (b) review each institution's strategic reinvestment plan and approve plans that meet the
186 requirements of this section; and
187 (c) report on each institution's strategic reinvestment plan to:
188 (i) in August of 2025, 2026, and 2027, the Higher Education Appropriations
189 Subcommittee; and
190 (ii) in September of 2025, 2026, and 2027, the Executive Appropriations Committee.
- 191 (5)(a) Each year, after receiving the board report described in Subsection (4)(c)(i), the
192 Higher Education Appropriations Subcommittee shall make a recommendation to the
193 Executive Appropriations Committee regarding each institution's strategic
194 reinvestment plan and compliance with this section.
195 (b) Each year, after receiving the board report described in Subsection (4)(c)(ii), the
196 Executive Appropriations Committee shall make a determination, for each institution
197 individually, regarding:
198 (i) for fiscal year 2026, whether the institution's strategic reinvestment plan satisfies

- 199 the requirements of this section; and
- 200 (ii) for each of fiscal years 2027 and 2028, whether the institution has progressed in
- 201 executing the institution's strategic reinvestment plan in accordance with this
- 202 section.
- 203 (6)(a) A degree-granting institution may use reinvestment funds:
- 204 (i) for the strategic investments described in Subsection (3)(b)(i); and
- 205 (ii) for the reduced or eliminated items described in Subsection (3)(b)(ii) in the
- 206 following amounts:
- 207 (A) for fiscal year 2026, no more than 70% of the total of the reinvestment funds
- 208 dedicated to the institution; and
- 209 (B) for fiscal year 2027, no more than 30% of the total of the reinvestment funds
- 210 dedicated to the institution.
- 211 (b) A degree-granting institution may not supplant or supplement the cost of a reduced
- 212 or eliminated item described in Subsection (3)(b)(ii):
- 213 (i) through a tuition increase; or
- 214 (ii) with any state funds, except in fiscal year 2028, to the extent necessary to allow a
- 215 student to complete the students' academic program as outlined in the institution's
- 216 approved strategic reinvestment plan.
- 217 (7) If a degree-granting institution fails to reallocate resources in accordance with the
- 218 institution's reinvestment plan and this section, in preparing the higher education budgets
- 219 immediately following the institution's failure, the Executive Appropriations Committee
- 220 shall reduce appropriations for the institution's instruction and administration in an
- 221 amount equal to the amount the institution failed to properly reallocate.
- 222 (8)(a) Each degree-granting institution shall:
- 223 (i) establish policies specifically to effectuate the strategic reinvestment plan, and that
- 224 address the following:
- 225 (A) reduction or elimination of positions and other personnel decisions; and
- 226 (B) internal institutional procedures regarding the reduction, elimination, creation,
- 227 or modification of programs, courses, degrees, departments, colleges, or other
- 228 divisions of the institution;
- 229 (ii) ensure that the policies described in this Subsection (8)(a):
- 230 (A) create operational efficiencies in carrying out the strategic reinvestment plan;
- 231 (B) assist the institution to meet the timeframes described in this section and the
- 232 strategic reinvestment plan; and

- 233 (C) are consistent with the guidance the board provides in accordance with
 234 Subsection (4)(a); and
- 235 (iii) prepare the policies described in this Subsection (8)(a) in consultation with the
 236 board.
- 237 (b) An institution's policies described in Subsection (8)(a) may supersede the following
 238 that are inconsistent with the strategic reinvestment plan or the goals of the plan:
 239 (i) an existing policy, procedure, or timeframe of the institution; and
 240 (ii) a board policy, if the board determines that superseding the policy is necessary or
 241 appropriate.
- 242 (c) Notwithstanding any other provision of this title, an institution may act in accordance
 243 with the policies described in this Subsection (8).
- 244 Section 3. Section **53B-16-102** is amended to read:
- 245 **53B-16-102 . Changes in curriculum -- Substantial alterations in institutional**
 246 **operations -- Program approval -- Periodic review of programs -- Career and technical**
 247 **education curriculum changes.**
- 248 (1) As used in this section:
- 249 (a) "Institution of higher education" means an institution described in Section 53B-1-102.
 250 (b) "Program of instruction" means a program of curriculum that leads to the completion
 251 of a degree, diploma, certificate, or other credential.
- 252 (2)(a) Under procedures and policies approved by the board and developed in
 253 consultation with each institution of higher education, each institution of higher
 254 education may make such changes in the institution of higher education's curriculum
 255 as necessary to better effectuate the institution of higher education's primary role; and
 256 (b) subject to Subsection (2)(a), an institution of higher education's faculty shall
 257 establish and have primary responsibility for the curriculum of a course within a
 258 program of instruction at the institution.
- 259 (3) The board shall establish criteria for whether an institution of higher education may
 260 approve a new program of instruction, including criteria related to whether:
- 261 (a) the program of instruction meets identified workforce needs;
 262 (b) the institution of higher education is maximizing collaboration with other institutions
 263 of higher education to provide for efficiency in offering the program of instruction;
 264 (c) the new program of instruction is within the institution of higher education's mission
 265 and role; and
 266 (d) the new program of instruction meets other criteria determined by the board.

- 267 (4)(a) Except as board policy permits, an institution of higher education may not
268 establish a branch, extension center, college, or professional school.
- 269 (b) The president of an institution of higher education may, with the approval of the
270 institution of higher education's board of trustees, establish a new program of
271 instruction that meets the criteria described in Subsection (3), subject to board review
272 for pathway articulation.
- 273 ~~[(5)]~~ (c)~~[(a)]~~ An institution of higher education shall notify the board of a proposed new
274 program of instruction, including how the proposed new program of instruction
275 meets the criteria described in Subsection (3).
- 276 ~~[(b)]~~ (d) The board shall establish procedures and guidelines for institutional boards of
277 trustees to consider an institutional proposal for a new program of instruction
278 described in Subsection (4)(b).
- 279 (5)(a)(i) Except as provided in Subsection (5)(a)(ii), a degree-granting institution may
280 not offer a degree with a credit-hour requirement, comprising general education
281 and degree-specific requirements, that exceeds 120 total credit hours.
- 282 (ii) The board may authorize a degree-granting institution to exceed the credit-hour
283 limit described in Subsection (5)(a)(i) if the relevant degree:
- 284 (A) is required for professional licensure; or
- 285 (B) has a nationally recognized accreditation standard that mandates a higher
286 credit-hour minimum, including circumstances where additional coursework is
287 necessary to protect public health, safety, and welfare.
- 288 (b) The board shall develop a process to grant conditional approval of accelerated
289 three-year degrees to allow for the implementation of an accelerated degree upon
290 accreditation.
- 291 (6) The president of an institution of higher education may discontinue a program of
292 instruction in accordance with criteria that the president and the institution of higher
293 education's board of trustees establish.
- 294 (7)(a) The board shall conduct a periodic review of all new programs of instruction,
295 including those funded by gifts, grants, and contracts, no later than two years after the
296 first cohort to begin the program of instruction completes the program of instruction.
- 297 (b) The board may conduct a periodic review of any program of instruction at an
298 institution of higher education, including a program of instruction funded by a gift,
299 grant, or contract.
- 300 (c) The board shall conduct:

- 301 (i) at least once every [~~seven~~] five years, at least one review described in Subsection
302 (7)(b) of each program of instruction at each institution; and
- 303 (ii) annually, a qualitative and quantitative review of academic disciplines across the
304 system, including enrollment, graduation rates, and workforce placement,
305 ensuring that the board conducts a review of all disciplines within the system at
306 least once every [~~seven~~] five years.
- 307 (d) Following a review described in this Subsection (7) that finds that a program is
308 underperforming, as the board defines, across the system of higher education or at an
309 individual institution, and after providing the relevant institution of higher education
310 an opportunity to respond to the board's review of a given program of instruction, the
311 board[~~may~~] :
- 312 (i) shall modify, consolidate, or terminate the program of instruction[-] ; and
313 (ii) may require an institution to develop a performance improvement plan and
314 annually report back to the board regarding the plan.
- 315 (e) The board shall:
- 316 (i) develop qualitative and quantitative standards for program review under this
317 Subsection (7); and
- 318 (ii) ensure the application of the standards the board develops under Subsection
319 (7)(e)(i) in each program review.
- 320 (8) In making decisions related to career and technical education curriculum changes, the
321 board shall coordinate on behalf of the boards of trustees of higher education institutions
322 a review of the proposed changes by the State Board of Education to ensure an orderly
323 and systematic career and technical education curriculum that eliminates overlap and
324 duplication of course work with high schools and technical colleges.
- 325 (9) The board shall demonstrate compliance with Subsection (7) by:
- 326 (a) creating a list of programs and corresponding review schedules;
- 327 (b) upon request of the Higher Education Appropriations Subcommittee, providing the
328 list described in Subsection (9)(a); and
- 329 (c) providing a written report on or before October 1 to the Higher Education
330 Appropriations Subcommittee of each year regarding relevant findings from the
331 reviews conducted under Subsection (7).
- 332 (10) On or before October 1, 2026, if the Higher Education Appropriations Subcommittee
333 finds the board to be out of compliance with Subsection (9), the Legislature shall:
- 334 (a) deduct 10% of the appropriation described in Section 53B-7-703 for the following

335 fiscal year; and

336 (b) deduct an additional 10% of the appropriation described in Section 53B-7-703 for
337 each subsequent year of noncompliance up to a maximum deduction of 30%.

338 Section 4. Section **63J-1-206** is amended to read:

339 **63J-1-206 . Appropriations governed by chapter -- Restrictions on expenditures**
340 **-- Transfer of funds -- Exclusion.**

341 (1)(a) Except as provided in Subsections (1)(b) and (2)(e), or where expressly exempted
342 in the appropriating act:

343 (i) all money appropriated by the Legislature is appropriated upon the terms and
344 conditions set forth in this chapter; and

345 (ii) any department, agency, or institution that accepts money appropriated by the
346 Legislature does so subject to the requirements of this chapter.

347 (b) This section does not apply to:

348 (i) the Legislature and its committees; and

349 (ii) the Investigation Account of the Water Resources Construction Fund, which is
350 governed by Section 73-10-8.

351 (2)(a) Each item of appropriation is to be expended subject to any schedule of programs
352 and any restriction attached to the item of appropriation, as designated by the
353 Legislature.

354 (b) Each schedule of programs or restriction attached to an appropriation item:

355 (i) is a restriction or limitation upon the expenditure of the respective appropriation
356 made;

357 (ii) does not itself appropriate any money; and

358 (iii) is not itself an item of appropriation.

359 (c)(i) An appropriation or any surplus of any appropriation may not be diverted from
360 any department, agency, institution, division, or line item to any other department,
361 agency, institution, division, or line item.

362 (ii) If the money appropriated to an agency to pay lease payments under the program
363 established in Section 63A-5b-703 exceeds the amount required for the agency's
364 lease payments to the Division of Facilities Construction and Management, the
365 agency may:

366 (A) transfer money from the lease payments line item to other line items within
367 the agency; and

368 (B) retain and use the excess money for other purposes.

369 (d) The money appropriated subject to a schedule of programs or restriction may be used
370 only for the purposes authorized.

371 (e) In order for a department, agency, or institution to transfer money appropriated to it
372 from one program to another program, the department, agency, or institution shall
373 revise its budget execution plan as provided in Section 63J-1-209.

374 (f)(i) The procedures for transferring money between programs within a line item as
375 provided by Subsection (2)(e) do not apply to money appropriated to the State
376 Board of Education for the Minimum School Program or capital outlay programs
377 created in Title 53F, Chapter 3, State Funding -- Capital Outlay Programs.

378 (ii) The state superintendent may transfer money appropriated for the programs
379 specified in Subsection (2)(f)(i) only as provided by Section 53F-2-205.

380 (3) Notwithstanding Subsection (2)(c)(i):

381 (a) the state superintendent may transfer money appropriated for the Minimum School
382 Program between line items in accordance with Section 53F-2-205;[and]

383 (b) the Utah Board of Higher Education may transfer reinvestment funds, as defined in
384 Section 53B-7-107, to a degree-granting institution, in accordance with the process
385 described in Section 53B-7-107; and

386 [(b)] (c) the Department of Government Operations may transfer money appropriated to
387 another department, agency, institution, or division for the purpose of paying the
388 costs of pay for performance under Section 63A-17-112.

389 Section 5. **Effective Date.**

390 This bill takes effect:

391 (1) except as provided in Subsection (2), May 7, 2025; or

392 (2) if approved by two-thirds of all members elected to each house:

393 (a) upon approval by the governor;

394 (b) without the governor's signature, the day following the constitutional time limit of
395 Utah Constitution, Article VII, Section 8; or

396 (c) in the case of a veto, the date of veto override.

397 Section 6. **Coordinating H.B. 265 with H.B. 51.**

398 If H.B. 265, Higher Education Strategic Reinvestment, and H.B. 51, Higher Education
399 Reporting Amendments, both pass and become law, the Legislature intends that, on May 7,
400 2025, Subsection 53B-1-301(2) be amended to read:

401 "(2) In accordance with applicable provisions and Section 68-3-14, the following
402 occasional [reports are] report is due to the Higher Education Appropriations Subcommittee:

403 the board's report regarding each institution's strategic reinvestment plan described in Section
404 53B-7-107.
405 [~~(a) upon request, the information described in Section 53B-8a-111 submitted by the Utah~~
406 ~~Educational Savings Plan;~~]
407 [~~(b) a proposal described in Section 53B-26-202 by an eligible program to respond to~~
408 ~~projected demand for nursing professionals; and]~~
409 [~~(c) a report in 2023 from Utah Valley University and the Utah Fire Prevention Board on~~
410 ~~the fire and rescue training program described in Section 53B-29-202.] ".~~