

HIGHER EDUCATION MISSION BASED FUNDING

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Stephen H. Urquhart

House Sponsor: Don L. Ipson

LONG TITLE

General Description:

This bill modifies provisions of the State System of Higher Education code relating to higher education appropriations.

Highlighted Provisions:

This bill:

- ▶ requires the State Board of Regents to include the mission of each institution in the master plan for higher education;

- ▶ modifies higher education appropriations provisions, including:

- specifying the required components of the board's combined budget recommendation;

- establishing mission based funding; and

- requiring reporting to the Higher Education Appropriations Subcommittee on the use of the previous year's mission based funding;

- ▶ requires the president of each institution of higher education to:

- establish institutional initiatives each year aligned with the board's strategic priorities; and

- allocate mission based funding to each initiative; and

- ▶ makes technical amendments.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides an immediate effective date.

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **53B-6-101**, as last amended by Laws of Utah 2009, Chapter 346

33 **53B-7-101**, as enacted by Laws of Utah 1987, Chapter 167



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

36 Section 1. Section **53B-6-101** is amended to read:

37 **53B-6-101. Additional responsibilities of the board -- Studies and evaluations --**
38 **Master plan for higher education -- Productivity -- Institutional student assessment --**
39 **Biennial accountability report to the Legislature.**

40 (1) The board shall conduct continuing studies and evaluations of the facilities,
41 grounds, buildings, and equipment at the higher education institutions under its jurisdiction and
42 use space utilization and other studies conducted by the State Building Board.

43 (2) The board shall establish and maintain an up-to-date master plan which shall
44 include:

45 (a) providing for statewide planning of public higher education in terms of a mission,
46 aims, purposes, and objectives of the system as a whole;

47 (b) establishing and defining the mission, role, and programs of each institution within
48 the system;

49 (c) establishing criteria for and determination of the future needs and requirements for
50 new programs and new institutions and the elimination, curtailment, or consolidation of
51 existing programs and facilities;

52 (d) providing for the initiation and financing of projects as considered necessary to
53 meet and satisfy the projected patterns of growth and maintenance;

54 (e) establishing criteria for and determination of the operating and capital budgetary
55 needs of each institution and the system as a whole;

56 (f) recommending the methods and sources of future financial support of the higher
57 education system;

58 (g) establishing procedures for the development of maximum utilization of existing
59 facilities as suggested by space utilization studies conducted by the State Building Board; and

60 (h) securing an adequate and coordinated program for the community colleges and
61 career and technical education programs in the institutions and departments in the state system
62 of higher education.

63 (3) (a) The board may do all things necessary for the effective implementation of the
64 statewide master plan as adopted and revised by the board from time to time.

65 (b) The State Board of Education and the Utah College of Applied Technology shall
66 provide career and technical education staff assistance to the State Board of Regents in support
67 of master planning activities related to career and technical education in higher education.

68 (4) (a) The board shall adopt rules and initiate programs to promote and increase
69 productivity in the state system of higher education.

70 (b) The board shall require each college and university in the system to establish
71 multiple measures of institutional and student assessment in order to improve student
72 instruction, academic programs, and learning opportunities.

73 (c) The board shall submit a biennial accountability report to the Legislature, which
74 shall include such factors as:

75 (i) space utilization, faculty productivity, and other similar measures of the
76 management of institutional resources at each institution; and

77 (ii) student assessment at entry to each institution, at critical midway points, and at
78 exit.

79 (d) The board shall establish a systemwide committee to address assessment and
80 accountability issues and propose essential elements to be included in the biennial report.

81 Section 2. Section **53B-7-101** is amended to read:

82 **53B-7-101. Combined requests for appropriations -- Board review of operating**
83 **budgets -- Submission of budgets -- Recommendations -- Hearing request --**
84 **Appropriation formulas -- Allocations -- Dedicated credits -- Financial affairs.**

85 (1) (a) The board shall recommend a combined appropriation for the operating budgets

86 of higher education institutions for inclusion in ~~the~~ a state appropriations act.

87 (b) The board's combined budget recommendation shall include:

88 (i) employee compensation;

89 (ii) mandatory costs, including building operations and maintenance, fuel, and power;

90 (iii) mission based funding described in Subsection (2);

91 (iv) statewide and institutional priorities, including scholarships, financial aid, and

92 technology infrastructure; and

93 (v) unfunded historic growth.

94 (c) The board's recommendations shall be available for presentation to the governor

95 and to the Legislature at least 30 days prior to the convening of the Legislature, and shall

96 include schedules showing the recommended amounts for each institution, including separately

97 funded programs or divisions.

98 (d) The recommended appropriations shall be determined by the board only after it has

99 reviewed the proposed institutional operating budgets, and has consulted with the various

100 institutions and board staff in order to make appropriate adjustments.

101 (2) (a) The board shall establish mission based funding.

102 (b) Mission based funding shall include:

103 (i) enrollment growth; and

104 (ii) up to three strategic priorities.

105 (c) The strategic priorities described in Subsection (2)(b)(ii) shall be:

106 (i) approved by the board; and

107 (ii) designed to improve the availability, effectiveness, or quality of higher education in

108 the state.

109 (d) When recommending an allocation of mission based funding to a

110 doctorate-granting university, as defined by the board, or Southern Utah University, the board

111 shall place greater emphasis on the university's fulfillment of the strategic priorities described

112 in Subsection (2)(b)(ii).

113 (e) Notwithstanding Subsection (2)(d), the board may allocate funding for a modest

114 amount of growth to doctorate-granting institutions and Southern Utah University.

115 (f) Concurrent with recommending mission based funding, the board shall also
116 recommend to the Legislature ways to address funding any inequities for institutions as
117 compared to institutions with similar missions.

118 [~~2~~] (3) (a) Institutional operating budgets shall be submitted to the board at least 90
119 days prior to the convening of the Legislature in accordance with procedures established by the
120 board.

121 (b) Funding requests pertaining to capital facilities and land purchases shall be
122 submitted in accordance with procedures prescribed by the State Building Board.

123 [~~3~~] (4) (a) The budget recommendations of the board shall be accompanied by full
124 explanations and supporting data.

125 (b) The appropriations recommended by the board shall be made with the dual
126 objective of:

127 [~~a~~] (i) justifying for higher educational institutions appropriations consistent with their
128 needs, and consistent with the financial ability of the state; and

129 [~~b~~] (ii) determining an equitable distribution of funds among the respective
130 institutions in accordance with the aims and objectives of the statewide master plan for higher
131 education.

132 [~~4~~] (5) (a) The board shall request a hearing with the governor on the recommended
133 appropriations.

134 (b) After the governor delivers his budget message to the Legislature, the board shall
135 request hearings on the recommended appropriations with the appropriate committees of the
136 Legislature.

137 (c) If either the total amount of the state appropriations or its allocation among the
138 institutions as proposed by the Legislature or its committees is substantially different from the
139 recommendations of the board, the board may request further hearings with the Legislature or
140 its appropriate committees to reconsider both the total amount and the allocation.

141 [~~5~~] (6) The board may devise, establish, periodically review, and revise formulas for

142 its use and for the use of the governor and the committees of the Legislature in making
143 appropriation recommendations.

144 ~~[(6)]~~ (7) (a) The board shall recommend to each session of the Legislature the
145 minimum tuitions, resident and nonresident, for each institution which it considers necessary to
146 implement the budget recommendations.

147 (b) The board may fix the tuition, fees, and charges for each institution at levels it finds
148 necessary to meet budget requirements.

149 ~~[(7)]~~ (8) (a) Money allocated to each institution by legislative appropriation may be
150 budgeted in accordance with institutional work programs approved by the board, provided that
151 the expenditures funded by appropriations for each institution are kept within the
152 appropriations for the applicable period.

153 (b) A president shall:

154 (i) establish initiatives for the president's institution each year that are:

155 (A) aligned with the strategic priorities described in Subsection (2); and

156 (B) consistent with the institution's mission and role; and

157 (ii) allocate the institution's mission based funding to the initiatives.

158 ~~[(8)]~~ (9) The dedicated credits, including revenues derived from tuitions, fees, federal
159 grants, and proceeds from sales received by the institutions are appropriated to the respective
160 institutions and used in accordance with institutional work programs.

161 ~~[(9)]~~ (10) Each institution may do its own purchasing, issue its own payrolls, and
162 handle its own financial affairs under the general supervision of the board.

163 (11) (a) If the Legislature appropriates money in accordance with this section, it shall
164 be distributed to the State Board of Regents and higher education institutions to fund the items
165 described in Subsection (1)(b).

166 (b) During each general session of the Legislature following a fiscal year in which the
167 Legislature provides an appropriation for mission based funding, the board and institutions
168 shall report to the Legislature's Higher Education Appropriations Subcommittee on the use of
169 the previous year's mission based funding, including performance outcomes relating to the

170 strategic initiatives approved by the board.

171 Section 3. **Effective date.**

172 If approved by two-thirds of all the members elected to each house, this bill takes effect

173 upon approval by the governor, or the day following the constitutional time limit of Utah

174 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,

175 the date of veto override.