

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



28 **Other Special Clauses:**

29 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); and
 91 (iv) statewide and institutional priorities, including scholarships, financial aid, and
 92 technology infrastructure.

93 (c) The board's recommendations shall be available for presentation to the governor
 94 and to the Legislature at least 30 days prior to the convening of the Legislature, and shall
 95 include schedules showing the recommended amounts for each institution, including separately
 96 funded programs or divisions.

97 (d) The recommended appropriations shall be determined by the board only after it has
 98 reviewed the proposed institutional operating budgets, and has consulted with the various
 99 institutions and board staff in order to make appropriate adjustments.

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

101 (b) Mission based funding shall include:

102 (i) enrollment growth; and

103 (ii) up to three strategic priorities.

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

105 (i) approved by the board; and

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

108 [~~2~~] (3) (a) Institutional operating budgets shall be submitted to the board at least 90
 109 days prior to the convening of the Legislature in accordance with procedures established by the
 110 board.

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

113 [~~3~~] (4) (a) The budget recommendations of the board shall be accompanied by full
 114 explanations and supporting data.

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

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

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

121 education.

122 ~~[(4)]~~ (5) (a) The board shall request a hearing with the governor on the recommended
123 appropriations.

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

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

131 ~~[(5)]~~ (6) The board may devise, establish, periodically review, and revise formulas for
132 its use and for the use of the governor and the committees of the Legislature in making
133 appropriation recommendations.

134 ~~[(6)]~~ (7) (a) The board shall recommend to each session of the Legislature the
135 minimum tuitions, resident and nonresident, for each institution which it considers necessary to
136 implement the budget recommendations.

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

139 ~~[(7)]~~ (8) (a) Money allocated to each institution by legislative appropriation may be
140 budgeted in accordance with institutional work programs approved by the board, provided that
141 the expenditures funded by appropriations for each institution are kept within the
142 appropriations for the applicable period.

143 (b) A president shall:

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

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

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

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

148 ~~[(8)]~~ (9) The dedicated credits, including revenues derived from tuitions, fees, federal
149 grants, and proceeds from sales received by the institutions are appropriated to the respective
150 institutions and used in accordance with institutional work programs.

151 ~~[(9)]~~ (10) Each institution may do its own purchasing, issue its own payrolls, and

152 handle its own financial affairs under the general supervision of the board.

153 (11) (a) The Legislature shall provide an annual combined budget appropriation to the
154 State Board of Regents to fund the items described in Subsection (1)(b).

155 (b) During each general session of the Legislature following a fiscal year in which the
156 Legislature provides an appropriation for mission based funding, the board and institutions
157 shall report to the Legislature's Higher Education Appropriations Subcommittee on the use of
158 the previous year's mission based funding, including performance outcomes relating to the
159 strategic initiatives approved by the board.

160 Section 3. **Effective date.**

161 If approved by two-thirds of all the members elected to each house, this bill takes effect
162 upon approval by the governor, or the day following the constitutional time limit of Utah
163 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,
164 the date of veto override.

Legislative Review Note
as of 10-6-10 12:04 PM

Office of Legislative Research and General Counsel