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29 *Be it enacted by the Legislature of the state of Utah:*30 Section 1. Section **53B-7-101** is amended to read:

31 **53B-7-101. Combined requests for appropriations -- Board review of operating**
 32 **budgets -- Submission of budgets -- Recommendations -- Hearing request --**
 33 **Appropriation formulas -- Allocations -- Dedicated credits -- Financial affairs.**

34 (1) As used in this section ~~§~~ [5] :

34a (a) ~~§~~ (i) ~~←§ ←§~~ " ~~§~~ [higher] **Higher** ~~←§~~ education institution" or "institution" means an
 35 institution of higher education listed in Section [53B-1-102](#).

35a1 ~~§~~ (ii) **"Higher education institution" or "institution" does not include the Utah College of**
 35a2 **Applied Technology.** ~~←§~~

35a ~~§~~ (b) **"Research university" means the University of Utah or Utah State University.** ~~←§~~

36 [(+)] (2) (a) The board shall recommend a combined appropriation for the operating
 37 budgets of higher education institutions for inclusion in a state appropriations act.

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

39 (i) employee compensation;

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

41 (iii) mission based funding described in Subsection [(2)] (3);

42 (iv) performance funding described in Subsection (4);

43 [(iv)] (v) statewide and institutional priorities, including scholarships, financial aid,
 44 and technology infrastructure; and

45 [(v)] (vi) unfunded historic growth.

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

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

53 [(2)] (3) (a) The board shall establish mission based funding.

54 (b) Mission based funding shall include:

55 (i) enrollment growth; and

56 (ii) up to three strategic priorities.

57 (c) The strategic priorities described in Subsection [(2)] (3)(b)(ii) shall be:

58 (i) approved by the board; and

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

61 ~~[(d) When recommending an allocation of mission based funding to a~~
62 ~~doctorate-granting university, as defined by the board, or Southern Utah University, the board~~
63 ~~shall place greater emphasis on the university's fulfillment of the strategic priorities described~~
64 ~~in Subsection (2)(b)(ii).]~~

65 ~~[(e) Notwithstanding Subsection (2)(d), the board may allocate funding for a modest~~
66 ~~amount of growth to doctorate-granting institutions and Southern Utah University.]~~

67 ~~[(f)]~~ (d) Concurrent with recommending mission based funding, the board shall also
68 recommend to the Legislature ways to address funding any inequities for institutions as
69 compared to institutions with similar missions.

70 (4) (a) The board shall establish performance funding.

71 (b) Performance funding shall include ~~§~~→ **metrics approved by the board,**

71a **including** ←~~§~~ :

72 ~~§~~→ **[(i) three systemwide metrics, approved by the board; and**

73 ~~—~~ **(ii) up to two institutional metrics, approved by the board.]**

73a **(i) degrees and certificates granted;**

73b **(ii) services provided to traditionally underserved populations;**

73c **(iii) responsiveness to workforce needs;**

73d **(iv) institutional efficiency; and**

73e **(v) for a research university, graduate research metrics.** ←~~§~~

74 (c) The board shall:

75 (i) award performance funding appropriated by the Legislature to institutions based on
76 the institution's success in meeting the metrics described in Subsection (4)(b); and

77 (ii) reallocate funding that is not awarded to an institution under Subsection (4)(c)(i)
78 for distribution to other institutions that meet the metrics described in Subsection (4)(b).

79 ~~[(3)]~~ (5) (a) Institutional operating budgets shall be submitted to the board at least 90
80 days prior to the convening of the Legislature in accordance with procedures established by the
81 board.

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

84 ~~[(4)]~~ (6) (a) The budget recommendations of the board shall be accompanied by full
85 explanations and supporting data.

86 (b) The appropriations recommended by the board shall be made with the dual