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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 ~~§~~ [§] :

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 ~~Ŝ~~→ **metrics approved by the board,**  
71a **including** ←Ŝ :

72 ~~Ŝ~~→ **[(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.** ←Ŝ

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

87 objective of:

88 (i) justifying for higher educational institutions appropriations consistent with their  
89 needs, and consistent with the financial ability of the state; and

90 (ii) determining an equitable distribution of funds among the respective institutions in  
91 accordance with the aims and objectives of the statewide master plan for higher education.

92 [~~(5)~~] (7) (a) The board shall request a hearing with the governor on the recommended  
93 appropriations.

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

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

101 [~~(6)~~] (8) The board may devise, establish, periodically review, and revise formulas for  
102 its use and for the use of the governor and the committees of the Legislature in making  
103 appropriation recommendations.

104 [~~(7)~~] (9) (a) The board shall recommend to each session of the Legislature the  
105 minimum tuitions, resident and nonresident, for each institution which it considers necessary to  
106 implement the budget recommendations.

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

109 [~~(8)~~] (10) (a) Money allocated to each institution by legislative appropriation may be  
110 budgeted in accordance with institutional work programs approved by the board, provided that  
111 the expenditures funded by appropriations for each institution are kept within the  
112 appropriations for the applicable period.

113 (b) A president of an institution shall:

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

115 (A) aligned with the strategic priorities described in Subsection [~~(2)~~] (3); and

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

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

118 [~~(9)~~] (11) The dedicated credits, including revenues derived from tuitions, fees, federal  
119 grants, and proceeds from sales received by the institutions are appropriated to the respective  
120 institutions and used in accordance with institutional work programs.

121            [(+)] (12) Each institution may do its own purchasing, issue its own payrolls, and  
122 handle its own financial affairs under the general supervision of the board.

123            [(+)] (13) (a) If the Legislature appropriates money in accordance with this section, it  
124 shall be distributed to the [~~State Board of Regents~~] board and higher education institutions to  
125 fund the items described in Subsection [(+)] (2)(b).

126            (b) During each general session of the Legislature following a fiscal year in which the  
127 Legislature provides an appropriation for mission based funding[;] or performance funding the  
128 board and institutions shall report to the Legislature's Higher Education Appropriations  
129 Subcommittee on the use of the previous year's mission based funding[;] and performance  
130 funding, including performance outcomes relating to the strategic initiatives approved by the  
131 board.

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**Legislative Review Note**  
as of 2-19-15 7:46 AM

**Office of Legislative Research and General Counsel**