

HIGHER EDUCATION PERFORMANCE FUNDING

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Stephen H. Urquhart

House Sponsor: Keith Grover

LONG TITLE

General Description:

This bill amends and enacts provisions related to higher education funding.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ amends provisions related to mission based funding for higher education institutions;
- ▶ directs the State Board of Regents to establish performance funding for higher education institutions;
- ▶ requires the State Board of Regents and higher education institutions to annually report to the Higher Education Appropriations Subcommittee on the use of performance funding; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

53B-7-101, as last amended by Laws of Utah 2011, Chapter 73

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:

35 (a) (i) "Higher education institution" or "institution" means an institution of higher
36 education listed in Section 53B-1-102.

37 (ii) "Higher education institution" or "institution" does not include the Utah College of
38 Applied Technology.

39 (b) "Research university" means the University of Utah or Utah State University.

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

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

43 (i) employee compensation;

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

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

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

47 ~~[(iv)]~~ (v) statewide and institutional priorities, including scholarships, financial aid,
48 and technology infrastructure; and

49 ~~[(v)]~~ (vi) unfunded historic growth.

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

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

57 ~~[(2)]~~ (3) (a) The board shall establish mission based funding.

- 58 (b) Mission based funding shall include:
- 59 (i) enrollment growth; and
- 60 (ii) up to three strategic priorities.
- 61 (c) The strategic priorities described in Subsection ~~[(2)]~~ (3)(b)(ii) shall be:
- 62 (i) approved by the board; and
- 63 (ii) designed to improve the availability, effectiveness, or quality of higher education in
- 64 the state.

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

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

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

- 74 (4) (a) The board shall establish performance funding.
- 75 (b) Performance funding shall include metrics approved by the board, including:
- 76 (i) degrees and certificates granted;
- 77 (ii) services provided to traditionally underserved populations;
- 78 (iii) responsiveness to workforce needs;
- 79 (iv) institutional efficiency; and
- 80 (v) for a research university, graduate research metrics.

- 81 (c) The board shall:
- 82 (i) award performance funding appropriated by the Legislature to institutions based on
83 the institution's success in meeting the metrics described in Subsection (4)(b); and
- 84 (ii) reallocate funding that is not awarded to an institution under Subsection (4)(c)(i)
85 for distribution to other institutions that meet the metrics described in Subsection (4)(b).

86 ~~[(3)]~~ (5) (a) Institutional operating budgets shall be submitted to the board at least 90
87 days prior to the convening of the Legislature in accordance with procedures established by the
88 board.

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

91 ~~[(4)]~~ (6) (a) The budget recommendations of the board shall be accompanied by full
92 explanations and supporting data.

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

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

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

99 ~~[(5)]~~ (7) (a) The board shall request a hearing with the governor on the recommended
100 appropriations.

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

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

108 ~~[(6)]~~ (8) The board may devise, establish, periodically review, and revise formulas for
109 its use and for the use of the governor and the committees of the Legislature in making
110 appropriation recommendations.

111 ~~[(7)]~~ (9) (a) The board shall recommend to each session of the Legislature the
112 minimum tuitions, resident and nonresident, for each institution which it considers necessary to
113 implement the budget recommendations.

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

116 ~~[(8)]~~ (10) (a) Money allocated to each institution by legislative appropriation may be
117 budgeted in accordance with institutional work programs approved by the board, provided that
118 the expenditures funded by appropriations for each institution are kept within the
119 appropriations for the applicable period.

120 (b) A president of an institution shall:

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

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

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

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

125 ~~[(9)]~~ (11) The dedicated credits, including revenues derived from tuitions, fees, federal
126 grants, and proceeds from sales received by the institutions are appropriated to the respective
127 institutions and used in accordance with institutional work programs.

128 ~~[(10)]~~ (12) Each institution may do its own purchasing, issue its own payrolls, and
129 handle its own financial affairs under the general supervision of the board.

130 ~~[(11)]~~ (13) (a) If the Legislature appropriates money in accordance with this section, it
131 shall be distributed to the ~~[State Board of Regents]~~ board and higher education institutions to
132 fund the items described in Subsection ~~[(1)]~~ (2)(b).

133 (b) During each general session of the Legislature following a fiscal year in which the
134 Legislature provides an appropriation for mission based funding or performance funding, the
135 board and institutions shall report to the Legislature's Higher Education Appropriations
136 Subcommittee on the use of the previous year's mission based funding~~[-]~~ and performance
137 funding, including performance outcomes relating to the strategic initiatives approved by the
138 board.