

Higher Education Strategic Reinvestment

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Karen M. Peterson

Senate Sponsor: Ann Millner

LONG TITLE**General Description:**

This bill enacts and amends provisions regarding the strategic approach of and investment in certain programs in the higher education system.

Highlighted Provisions:

This bill:

- defines terms;
- requires certain reporting to and a study by the Higher Education Appropriations Subcommittee;
- provides for disbursement of certain reinvestment funds that are dedicated to a given degree-granting institution for reallocation to certain strategic investments under certain circumstances;
- requires each degree-granting institution to create a strategic reinvestment plan to reallocate funding from certain programs and divisions of the institution to certain programs and divisions that merit additional investment;
- requires the Utah Board of Higher Education (board) to report to the Higher Education Appropriations Subcommittee and the Executive Appropriations Subcommittee regarding each institution's strategic reinvestment plan and execution of the plan over the upcoming three fiscal years;
- authorizes declining use of reinvestment funds to phase out reduced or eliminated programs or divisions of institutions over the upcoming three fiscal years;
- limits the number of credit hours a degree-granting institution may require between general education and degree-specific requirements;
- requires the board to develop a process to grant conditional approval of accelerated three-year degrees;
- allows the board to transfer certain appropriations as an exception to the prohibition on line-item transfers in the Budgetary Procedures Act; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:**AMENDS:**

53B-1-301, as last amended by Laws of Utah 2024, Chapter 3

53B-16-102, as last amended by Laws of Utah 2024, Chapter 378

63J-1-206, as last amended by Laws of Utah 2024, Chapter 268

ENACTS:

53B-7-107, Utah Code Annotated 1953

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

Section 29. Section **53B-1-301** is amended to read:

53B-1-301 . Reports to and actions of the Higher Education Appropriations

Subcommittee.

(1) In accordance with applicable provisions and Section 68-3-14, the following recurring reports are due to the Higher Education Appropriations Subcommittee:

- (a) the reports described in Sections 53B-1-116, 53B-1-117, and 53B-1-118;
- (b) the reports described in Sections 34A-2-202.5, 53B-30-206, and 59-9-102.5 by the Rocky Mountain Center for Occupational and Environmental Health;
- (c) the report described in Section 53B-7-101 by the board on recommended appropriations for higher education institutions, including the report described in Section 53B-8-104 by the board on the effects of offering nonresident partial tuition scholarships;
- (d) the report described in Section 53B-7-704 by the Department of Workforce Services and the Governor's Office of Economic Opportunity on targeted jobs;
- (e) the reports described in Section 53B-7-705 by the board on performance;
- (f) the report described in Section 53B-8-201 by the board on the Opportunity Scholarship Program;
- (g) the report described in Section 53B-8d-104 by the Division of Child and Family Services on tuition waivers for wards of the state;
- (h) the report described in Section 53B-13a-103 by the board on the Utah Promise Program;

- (i) the report described in Section 53B-17-201 by the University of Utah regarding the Miners' Hospital for Disabled Miners;
- (j) the report described in Section 53B-26-202 by the Medical Education Council on projected demand for nursing professionals;
- (k) the report described in Section 53B-35-202 regarding the Higher Education and Corrections Council; and
- (l) the report described in Section 53E-10-308 by the State Board of Education and board on student participation in the concurrent enrollment program.
- (2) In accordance with applicable provisions and Section 68-3-14, the following occasional reports are due to the Higher Education Appropriations Subcommittee:
- (a) upon request, the information described in Section 53B-8a-111 submitted by the Utah Educational Savings Plan;
- (b) a proposal described in Section 53B-26-202 by an eligible program to respond to projected demand for nursing professionals; and
- (c) the board's report regarding each institution's strategic reinvestment plan described in Section 53B-7-107.
- ~~[(c) a report in 2023 from Utah Valley University and the Utah Fire Prevention Board on the fire and rescue training program described in Section 53B-29-202.]~~
- (3) In accordance with applicable provisions, the Higher Education Appropriations Subcommittee shall complete the following:
- (a) an appropriation recommendation described in Section 53B-1-118 regarding compliance with Subsections 53B-1-118(5) and (14);
- (b) as required by Section ~~[53B-7-703]~~ 53B-7-706, the review of performance funding described in Section ~~[53B-7-703]~~ 53B-7-706;
- (c) an appropriation recommendation described in Section 53B-26-202 to fund a proposal responding to projected demand for nursing professionals; and
- (d) review of the report described in Section 63B-10-301 by the University of Utah on the status of a bond and bond payments specified in Section 63B-10-301.
- (4) Beginning in the 2025 legislative interim, in consultation with the board, the Higher Education Appropriations Subcommittee shall study a re-design of:
- (a) the performance funding model described in Chapter 7, Part 7, Performance Funding, to better ensure:
- (i) institutional alignment with the statewide system of higher education and the institution's mission within the statewide system; and

- (ii) investment in meeting localized and statewide workforce demands and securing post-graduation employment outcomes; and
- (b) enrollment-based funding $\hat{H} \rightarrow [\cdot]$, including, for technical colleges, funding distribution models that:
- (i) include equivalent funding value for secondary and adult students; and
- (ii) reflect the full responsibility of the technical college's statutorily-required services. $\leftarrow \hat{H}$

Section 13. Section 53B-7-107 is enacted to read:

53B-7-107 . Higher education strategic reinvestment.

(1) As used in this section:

- (a) "Reinvestment funds" means the amount of money the Legislature appropriates to the board for strategic reinvestment in accordance with this section.
- (b) "Strategic reinvestment plan" means a plan described in Subsection (3) that each degree-granting institution develops to reallocate reinvestment funds to certain strategic investments.

(2) The board may transfer to a degree-granting institution the reinvestment funds dedicated to the institution if:

(a) for the 2026 fiscal year:

- (i) the respective degree-granting institution provides to the board the institution's strategic reinvestment plan;
- (ii) the board approves the institution's strategic reinvestment plan; and
- (iii) after receiving a report from the board regarding the strategic reinvestment plan in the meeting of the Executive Appropriations Committee in September 2025, the Executive Appropriations Committee makes a determination that the relevant institution's strategic reinvestment plan satisfies the requirements of this section;
- and

(b) for each of the 2027 and 2028 fiscal years:

- (i) the respective degree-granting institution provides to the board a report on the institution's progress in executing the institution's strategic reinvestment plan; and
- (ii) after receiving a report from the board regarding the institution's execution of the strategic reinvestment plan in the meeting of the Executive Appropriations Committee in September of 2026 and 2027, respectively, the Executive Appropriations Committee makes a determination that the relevant institution has progressed in executing the institution's strategic reinvestment plan in accordance

- 129 with this section.
- 130 (3) Each degree-granting institution shall:
- 131 (a) prepare and submit the institution's strategic reinvestment plan in accordance with
- 132 Subsections (3)(b) and (c) based on:
- 133 (i) demonstrated enrollment data;
- 134 (ii) completion rate and timely completion;
- 135 (iii) discipline-related professional outcomes, including placement, employment,
- 136 licensure, and wage outcomes;
- 137 (iv) current and future localized and statewide workforce demands;
- 138 (v) program-level cost; and
- 139 (vi) the institution's mission and role within the statewide system;
- 140 (b) in consultation with the board, develop a strategic reinvestment plan that:
- 141 (i) identifies programs, courses, degrees, departments, colleges, or other divisions of
- 142 the institution, operational efficiencies, and other components of the institution's
- 143 instruction and administrative functions, including dean positions and other
- 144 administration positions, that merit further investment;
- 145 (ii) identifies programs, courses, degrees, departments, colleges or other divisions of
- 146 the institution, operational inefficiencies, and other components of the institution's
- 147 instruction and administrative functions, including dean positions and other
- 148 administration positions, that the institution will reduce or eliminate to shift
- 149 resources, in an amount at least equal to the amount of reinvestment funds
- 150 dedicated to the institution, to the strategic investments described in Subsection
- 151 (3)(b)(i); and
- 152 (iii) includes an accounting demonstrating the reallocation of resources from the
- 153 reduced or eliminated items described in Subsection (3)(b)(ii) to the strategic
- 154 investments described in Subsection (3)(b)(i) in the following amounts:
- 155 (A) for fiscal year 2026, at least 30% of the total of the reinvestment funds
- 156 dedicated to the institution;
- 157 (B) for fiscal year 2027, at least 70% of the total of the amount of reinvestment
- 158 funds dedicated to the institution; and
- 159 (C) for fiscal year 2028, 100% of the total of the reinvestment funds dedicated to
- 160 the institution; and
- 161 (c) before a date that the board identifies in each of 2026 and 2027, submit to the board a
- 162 report on the institution's progress in executing the institution's strategic reinvestment

plan, which may include modifications to the plan if the modified plan meets the requirements of this section.

(4) The board shall:

(a) during the 2025 fiscal year:

(i) establish standards for the reallocations described in the strategic reinvestment plans; and

(ii) provide guidance to the institutions of higher education on metrics and evaluative processes for the institutions to use in analyzing programs and budgets to develop the strategic reinvestment plan;

(b) review each institution's strategic reinvestment plan and approve plans that meet the requirements of this section; and

(c) report on each institution's strategic reinvestment plan to:

(i) in August of 2025, 2026, and 2027, the Higher Education Appropriations Subcommittee; and

(ii) in September of 2025, 2026, and 2027, the Executive Appropriations Committee.

(5)(a) Each year, after receiving the board report described in Subsection (4)(c)(i), the Higher Education Appropriations Subcommittee shall make a recommendation to the Executive Appropriations Committee regarding each institution's strategic reinvestment plan and compliance with this section.

(b) Each year, after receiving the board report described in Subsection (4)(c)(ii), the Executive Appropriations Committee shall make a determination, for each institution individually, regarding:

(i) for fiscal year 2026, whether the institution's strategic reinvestment plan satisfies the requirements of this section; and

(ii) for each of fiscal years 2027 and 2028, whether the institution has progressed in executing the institution's strategic reinvestment plan in accordance with this section.

(6)(a) A degree-granting institution may use reinvestment funds:

(i) for the strategic investments described in Subsection (3)(b)(i); and

(ii) for the reduced or eliminated items described in Subsection (3)(b)(ii) in the following amounts:

(A) for fiscal year 2026, no more than 70% of the total of the reinvestment funds dedicated to the institution; and

(B) for fiscal year 2027, no more than 30% of the total of the reinvestment funds

197 dedicated to the institution.

198 (b) A degree-granting institution may not supplant or supplement the cost of a reduced
 199 or eliminated item described in Subsection (3)(b)(ii):

200 (i) through a tuition increase; or

201 (ii) with any state funds, except in fiscal year 2028, to the extent necessary to allow a
 202 student to complete the students' academic program as outlined in the institution's
 203 approved strategic reinvestment plan.

204 (7) If a degree-granting institution fails to reallocate resources in accordance with the
 205 institution's reinvestment plan and this section, in preparing the higher education budgets
 206 immediately following the institution's failure, the Executive Appropriations Committee
 207 shall reduce appropriations for the institution's instruction and administration in an
 208 amount equal to the amount the institution failed to properly reallocate.

209 ~~H→ [(8) A reduction or closure of a program, department, college, or position in accordance~~
 209a ~~with~~
 210 ~~an institution's strategic reinvestment plan constitutes a financial exigency as described~~
 211 ~~in Section 53B-2-106.1 and other personnel and staffing decisions.]~~

211a **(8)(a) Each degree-granting institution shall:**

211b **(i) establish policies specifically to effectuate the strategic reinvestment plan, and**
 211c **that address the following:**

211d **(A) reduction or elimination of positions and other personnel decisions; and**

211e **(B) internal institutional procedures regarding the reduction, elimination,**
 211f **creation, or modification of programs, courses, degrees, departments, colleges,**
 211g **or other divisions of the institution;**

211h **(ii) ensure that the policies described in Subsection (8)(a):**

211i **(A) create operational efficiencies in carrying out the strategic reinvestment**
 211j **plan;**

211k **(B) assist the institution to meet the timeframes described in this section and**
 211l **the strategic reinvestment plan; and**

211m **(C) are consistent with the guidance the board provides in accordance with**
 211n **Subsection (4)(a); and**

211o **(iii) prepare the policies described in Subsection (8)(a) in consultation with the**
 211p **board.**

211q **(b) An institution's policies described in Subsection (8)(a) may supersede the**
 211r **following that are inconsistent with the strategic reinvestment plan or the goals of the**

- 211s **plan:**
- 211t **(i) an existing policy, procedure, or timeframe of the institution; and**
- 211u **(ii) a board policy, if the board determines that superseding the policy is**
- 211v **necessary or appropriate.**
- 211w **(c) Notwithstanding any other provision of this title, an institution may act in**
- 211x **accordance with the policies described in this Subsection (8).** ←H
- 212 Section 1. Section 53B-16-102 is amended to read:
- 213 **53B-16-102 . Changes in curriculum -- Substantial alterations in institutional**
- 214 **operations -- Program approval -- Periodic review of programs -- Career and technical**
- 215 **education curriculum changes.**
- 216 **(1)** As used in this section:
- 217 **{(2)}** (a) "Institution of higher education" means an institution described in Section
- 217a 53B-1-102.
- 218 **{(a)}** (b) "Program of instruction" means a program of curriculum that leads to the
- 218a completion
- 219 of a degree, diploma, certificate, or other credential.
- 220 **{(b)}** **(2){(c)}** (a) Under procedures and policies approved by the board and developed in
- 221 consultation with each institution of higher education, each institution of higher
- 222 education may make such changes in the institution of higher education's curriculum
- 223 as necessary to better effectuate the institution of higher education's primary role; and
- 224 (b) subject to Subsection (2)(a), an institution of higher education's faculty shall
- 225 establish and have primary responsibility for the curriculum of a course within a
- 226 program of instruction at the institution.
- 227 (3) The board shall establish criteria for whether an institution of higher education may
- 228 approve a new program of instruction, including criteria related to whether:
- 229 (a) the program of instruction meets identified workforce needs;
- 230 (b) the institution of higher education is maximizing collaboration with other institutions
- 231 of higher education to provide for efficiency in offering the program of instruction;
- 232 (c) the new program of instruction is within the institution of higher education's mission
- 233 and role; and
- 234 (d) the new program of instruction meets other criteria determined by the board.
- 235 (4)(a) Except as board policy permits, an institution of higher education may not
- 236 establish a branch, extension center, college, or professional school.
- 237 (b) The president of an institution of higher education may, with the approval of the

institution of higher education's board of trustees, establish a new program of instruction that meets the criteria described in Subsection (3), subject to board review for pathway articulation.

~~[(5)] (c)[(a)]~~ An institution of higher education shall notify the board of a proposed new program of instruction, including how the proposed new program of instruction meets the criteria described in Subsection (3).

~~[(b)] (d)~~ The board shall establish procedures and guidelines for institutional boards of trustees to consider an institutional proposal for a new program of instruction described in Subsection (4)(b).

(5)(a)(i) Except as provided in Subsection (5)(a)(ii), a degree-granting institution may not offer a degree with a credit-hour requirement, comprising general education and degree-specific requirements, that exceeds 120 total credit hours.

(ii) The board may authorize a degree-granting institution to exceed the credit-hour limit described in Subsection (5)(a)(i) by six additional credit hours to no more than 126 credit hours if the institution demonstrates to the board that a professional licensing or accrediting body requires additional coursework or credit hours in excess of the limit described in Subsection (5)(a)(i).

(b) The board shall develop a process to grant conditional approval of accelerated three-year degrees to allow for the implementation of an accelerated degree upon accreditation.

(6) The president of an institution of higher education may discontinue a program of instruction in accordance with criteria that the president and the institution of higher education's board of trustees establish.

(7)(a) The board shall conduct a periodic review of all new programs of instruction, including those funded by gifts, grants, and contracts, no later than two years after the first cohort to begin the program of instruction completes the program of instruction.

(b) The board may conduct a periodic review of any program of instruction at an institution of higher education, including a program of instruction funded by a gift, grant, or contract.

(c) The board shall conduct:

(i) at least once every ~~[seven]~~ five years, at least one review described in Subsection (7)(b) of each program of instruction at each institution; and

(ii) annually, a qualitative and quantitative review of academic disciplines across the system, including enrollment, graduation rates, and workforce placement,

- 272 ensuring that the board conducts a review of all disciplines within the system at
273 least once every ~~[seven]~~ five years.
- 274 (d) Following a review described in this Subsection (7) that finds that a program is
275 underperforming, as the board defines, across the system of higher education or at an
276 individual institution, and after providing the relevant institution of higher education
277 an opportunity to respond to the board's review of a given program of instruction, the
278 board~~[-may]~~ :
- 279 (i) shall modify, consolidate, or terminate the program of instruction[:]; and
280 (ii) may require an institution to develop a performance improvement plan and
281 annually report back to the board regarding the plan.
- 282 (e) The board shall:
- 283 (i) develop qualitative and quantitative standards for program review under this
284 Subsection (7); and
- 285 (ii) ensure the application of the standards the board develops under Subsection
286 (7)(e)(i) in each program review.
- 287 (8) In making decisions related to career and technical education curriculum changes, the
288 board shall coordinate on behalf of the boards of trustees of higher education institutions
289 a review of the proposed changes by the State Board of Education to ensure an orderly
290 and systematic career and technical education curriculum that eliminates overlap and
291 duplication of course work with high schools and technical colleges.
- 292 (9) The board shall demonstrate compliance with Subsection (7) by:
- 293 (a) creating a list of programs and corresponding review schedules;
- 294 (b) upon request of the Higher Education Appropriations Subcommittee, providing the
295 list described in Subsection (9)(a); and
- 296 (c) providing a written report on or before October 1 to the Higher Education
297 Appropriations Subcommittee of each year regarding relevant findings from the
298 reviews conducted under Subsection (7).
- 299 (10) On or before October 1, 2026, if the Higher Education Appropriations Subcommittee
300 finds the board to be out of compliance with Subsection (9), the Legislature shall:
- 301 (a) deduct 10% of the appropriation described in Section 53B-7-703 for the following
302 fiscal year; and
- 303 (b) deduct an additional 10% of the appropriation described in Section 53B-7-703 for
304 each subsequent year of noncompliance up to a maximum deduction of 30%.
- 305 Section 30. Section **63J-1-206** is amended to read:

63J-1-206 . Appropriations governed by chapter -- Restrictions on expenditures
-- Transfer of funds -- Exclusion.

(1)(a) Except as provided in Subsections (1)(b) and (2)(e), or where expressly exempted in the appropriating act:

(i) all money appropriated by the Legislature is appropriated upon the terms and conditions set forth in this chapter; and

(ii) any department, agency, or institution that accepts money appropriated by the Legislature does so subject to the requirements of this chapter.

(b) This section does not apply to:

(i) the Legislature and its committees; and

(ii) the Investigation Account of the Water Resources Construction Fund, which is governed by Section 73-10-8.

(2)(a) Each item of appropriation is to be expended subject to any schedule of programs and any restriction attached to the item of appropriation, as designated by the Legislature.

(b) Each schedule of programs or restriction attached to an appropriation item:

(i) is a restriction or limitation upon the expenditure of the respective appropriation made;

(ii) does not itself appropriate any money; and

(iii) is not itself an item of appropriation.

(c)(i) An appropriation or any surplus of any appropriation may not be diverted from any department, agency, institution, division, or line item to any other department, agency, institution, division, or line item.

(ii) If the money appropriated to an agency to pay lease payments under the program established in Section 63A-5b-703 exceeds the amount required for the agency's lease payments to the Division of Facilities Construction and Management, the agency may:

(A) transfer money from the lease payments line item to other line items within the agency; and

(B) retain and use the excess money for other purposes.

(d) The money appropriated subject to a schedule of programs or restriction may be used only for the purposes authorized.

(e) In order for a department, agency, or institution to transfer money appropriated to it from one program to another program, the department, agency, or institution shall

340 revise its budget execution plan as provided in Section 63J-1-209.

341 (f)(i) The procedures for transferring money between programs within a line item as
342 provided by Subsection (2)(e) do not apply to money appropriated to the State
343 Board of Education for the Minimum School Program or capital outlay programs
344 created in Title 53F, Chapter 3, State Funding -- Capital Outlay Programs.

345 (ii) The state superintendent may transfer money appropriated for the programs
346 specified in Subsection (2)(f)(i) only as provided by Section 53F-2-205.

347 (3) Notwithstanding Subsection (2)(c)(i):

348 (a) the state superintendent may transfer money appropriated for the Minimum School
349 Program between line items in accordance with Section 53F-2-205;[and]

350 (b) the Utah Board of Higher Education may transfer reinvestment funds, as defined in
351 Section 53B-7-107, to a degree-granting institution, in accordance with the process
352 described in Section 53B-7-107; and

353 [(b)] (c) the Department of Government Operations may transfer money appropriated to
354 another department, agency, institution, or division for the purpose of paying the
355 costs of pay for performance under Section 63A-17-112.

356 Section 28. **Effective Date.**

357 This bill takes effect:

358 (1) except as provided in Subsection (2), May 7, 2025; or

359 (2) if approved by two-thirds of all members elected to each house:

360 (a) upon approval by the governor;

361 (b) without the governor's signature, the day following the constitutional time limit of
362 Utah Constitution, Article VII, Section 8; or

363 (c) in the case of a veto, the date of veto override.