

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 1. 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.

Section 2. 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 with this section.

(3) Each degree-granting institution shall:

(a) prepare and submit the institution's strategic reinvestment plan in accordance with 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
163 plan, which may include modifications to the plan if the modified plan meets the
164 requirements of this section.
165 (4) The board shall:
166 (a) during the 2025 fiscal year:

- 167 (i) establish standards for the reallocations described in the strategic reinvestment
168 plans; and
- 169 (ii) provide guidance to the institutions of higher education on metrics and evaluative
170 processes for the institutions to use in analyzing programs and budgets to develop
171 the strategic reinvestment plan;
- 172 (b) review each institution's strategic reinvestment plan and approve plans that meet the
173 requirements of this section; and
- 174 (c) report on each institution's strategic reinvestment plan to:
- 175 (i) in August of 2025, 2026, and 2027, the Higher Education Appropriations
176 Subcommittee; and
- 177 (ii) in September of 2025, 2026, and 2027, the Executive Appropriations Committee.
- 178 (5)(a) Each year, after receiving the board report described in Subsection (4)(c)(i), the
179 Higher Education Appropriations Subcommittee shall make a recommendation to the
180 Executive Appropriations Committee regarding each institution's strategic
181 reinvestment plan and compliance with this section.
- 182 (b) Each year, after receiving the board report described in Subsection (4)(c)(ii), the
183 Executive Appropriations Committee shall make a determination, for each institution
184 individually, regarding:
- 185 (i) for fiscal year 2026, whether the institution's strategic reinvestment plan satisfies
186 the requirements of this section; and
- 187 (ii) for each of fiscal years 2027 and 2028, whether the institution has progressed in
188 executing the institution's strategic reinvestment plan in accordance with this
189 section.
- 190 (6)(a) A degree-granting institution may use reinvestment funds:
- 191 (i) for the strategic investments described in Subsection (3)(b)(i); and
- 192 (ii) for the reduced or eliminated items described in Subsection (3)(b)(ii) in the
193 following amounts:
- 194 (A) for fiscal year 2026, no more than 70% of the total of the reinvestment funds
195 dedicated to the institution; and
- 196 (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

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

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

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

Section 3. Section **53B-16-102** is amended to read:

53B-16-102 . Changes in curriculum -- Substantial alterations in institutional operations -- Program approval -- Periodic review of programs -- Career and technical education curriculum changes.

(1) As used in this section:

(a) "Institution of higher education" means an institution described in Section 53B-1-102.

(b) "Program of instruction" means a program of curriculum that leads to the completion of a degree, diploma, certificate, or other credential.

(2)(a) Under procedures and policies approved by the board and developed in consultation with each institution of higher education, each institution of higher education may make such changes in the institution of higher education's curriculum as necessary to better effectuate the institution of higher education's primary role; and

(b) subject to Subsection (2)(a), an institution of higher education's faculty shall establish and have primary responsibility for the curriculum of a course within a program of instruction at the institution.

(3) The board shall establish criteria for whether an institution of higher education may approve a new program of instruction, including criteria related to whether:

(a) the program of instruction meets identified workforce needs;

(b) the institution of higher education is maximizing collaboration with other institutions of higher education to provide for efficiency in offering the program of instruction;

(c) the new program of instruction is within the institution of higher education's mission and role; and

(d) the new program of instruction meets other criteria determined by the board.

- (4)(a) Except as board policy permits, an institution of higher education may not establish a branch, extension center, college, or professional school.
- (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, ensuring that the board conducts a review of all disciplines within the system at least once every ~~[seven]~~ five years.
- (d) Following a review described in this Subsection (7) that finds that a program is underperforming, as the board defines, across the system of higher education or at an individual institution, and after providing the relevant institution of higher education an opportunity to respond to the board's review of a given program of instruction, the board~~[may]~~ :
- (i) shall modify, consolidate, or terminate the program of instruction~~[-]~~ ; and
- (ii) may require an institution to develop a performance improvement plan and annually report back to the board regarding the plan.
- (e) The board shall:
- (i) develop qualitative and quantitative standards for program review under this Subsection (7); and
- (ii) ensure the application of the standards the board develops under Subsection (7)(e)(i) in each program review.
- (8) In making decisions related to career and technical education curriculum changes, the board shall coordinate on behalf of the boards of trustees of higher education institutions a review of the proposed changes by the State Board of Education to ensure an orderly and systematic career and technical education curriculum that eliminates overlap and duplication of course work with high schools and technical colleges.
- (9) The board shall demonstrate compliance with Subsection (7) by:
- (a) creating a list of programs and corresponding review schedules;
- (b) upon request of the Higher Education Appropriations Subcommittee, providing the list described in Subsection (9)(a); and
- (c) providing a written report on or before October 1 to the Higher Education Appropriations Subcommittee of each year regarding relevant findings from the reviews conducted under Subsection (7).
- (10) On or before October 1, 2026, if the Higher Education Appropriations Subcommittee finds the board to be out of compliance with Subsection (9), the Legislature shall:
- (a) deduct 10% of the appropriation described in Section 53B-7-703 for the following fiscal year; and

(b) deduct an additional 10% of the appropriation described in Section 53B-7-703 for each subsequent year of noncompliance up to a maximum deduction of 30%.

Section 4. 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 revise its budget execution plan as provided in Section 63J-1-209.

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

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

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

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

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

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

Section 5. **Effective Date.**

This bill takes effect:

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

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

(a) upon approval by the governor;

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

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