



28 (1) As used in this section:

29 (a) "Arts and cultural" means visual arts, film, performing arts, sculpture, literature,  
30 music, theater, dance, digital arts, video-game arts, cultural vitality, archaeology, anthropology,  
31 and history.

32 (b) "Basic program" does not include:

33 (i) weighted pupil units for students with disabilities described in Section  
34 53A-17a-111;

35 (ii) weighted pupil units for career and technical education described in Sections  
36 53A-17a-113 and 53A-17a-116; or

37 (iii) the appropriation for class size reduction described in Section 53A-17a-124.5.

38 (2) A school district shall spend 3% of the following funds on arts and cultural  
39 education:

40 (a) the state contribution to the school district for the basic program; and

41 (b) the state contribution to the school district for a guarantee program described in  
42 Section 53A-17a-133 or 53A-17a-164.

43 (3) A charter school shall spend 3% of the following funds on arts and cultural  
44 education:

45 (a) the state contribution to the charter school for the basic program; and

46 (b) the state and local contributions to the charter school, as described in Subsection  
47 53A-1a-513(4), less expenditures for capital facilities.

48 (4) A school district or charter school shall account for arts and cultural education  
49 expenditures in an accounting report submitted to the state auditor in accordance with Section  
50 53A-3-404.

51 Section 2. Section **53B-7-101** is amended to read:

52 **53B-7-101. Combined requests for appropriations -- Board review of operating**  
53 **budgets -- Submission of budgets -- Recommendations -- Hearing request --**  
54 **Appropriation formulas -- Allocations -- Dedicated credits -- Financial affairs.**

55 (1) As used in this section:

56 (a) "Arts and cultural" means visual arts, film, performing arts, sculpture, literature,  
57 music, theater, dance, digital arts, video-game arts, cultural vitality, archaeology, anthropology,  
58 and history.

59           ~~[(a)]~~ (b) (i) "Higher education institution" or "institution" means an institution of  
60 higher education listed in Section 53B-1-102.

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

63           ~~[(b)]~~ (c) "Research university" means the University of Utah or Utah State University.

64           (2) (a) The board shall recommend a combined appropriation for the operating budgets  
65 of higher education institutions for inclusion in a state appropriations act.

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

67           (i) employee compensation;

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

69           (iii) mission based funding described in Subsection (3);

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

71           (v) statewide and institutional priorities, including scholarships, financial aid, ~~[and]~~  
72 technology infrastructure, and arts and cultural education; and

73           (vi) unfunded historic growth.

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

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

81           (3) (a) The board shall establish mission based funding.

82           (b) Mission based funding shall include:

83           (i) enrollment growth; and

84           (ii) up to three strategic priorities.

85           (c) The strategic priorities described in Subsection (3)(b)(ii) shall be:

86           (i) approved by the board; and

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

89           (d) Concurrent with recommending mission based funding, the board shall also

90 recommend to the Legislature ways to address funding any inequities for institutions as  
91 compared to institutions with similar missions.

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

93 (b) Performance funding shall include metrics approved by the board, including:

94 (i) degrees and certificates granted;

95 (ii) services provided to traditionally underserved populations;

96 (iii) responsiveness to workforce needs;

97 (iv) institutional efficiency; and

98 (v) for a research university, graduate research metrics.

99 (c) The board shall:

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

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

104 (5) (a) Institutional operating budgets shall be submitted to the board at least 90 days  
105 prior to the convening of the Legislature in accordance with procedures established by the  
106 board.

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

109 (6) (a) The budget recommendations of the board shall be accompanied by full  
110 explanations and supporting data.

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

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

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

117 (7) (a) The board shall request a hearing with the governor on the recommended  
118 appropriations.

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

121 Legislature.

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

126 (8) The board may devise, establish, periodically review, and revise formulas for its  
127 use and for the use of the governor and the committees of the Legislature in making  
128 appropriation recommendations.

129 (9) (a) The board shall recommend to each session of the Legislature the minimum  
130 tuitions, resident and nonresident, for each institution which it considers necessary to  
131 implement the budget recommendations.

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

134 (10) (a) Notwithstanding Subsection (11), an institution shall spend 3% of the money  
135 allocated by legislative appropriation for education and general expenses on arts and cultural  
136 education.

137 (b) An institution shall account for arts and cultural education expenditures in an  
138 accounting report submitted to the state auditor in accordance with Section [51-2a-201](#).

139 ~~[(10)]~~ (11) (a) Money allocated to each institution by legislative appropriation may be  
140 budgeted in accordance with institutional work programs approved by the board, provided that  
141 the expenditures funded by appropriations for each institution are kept within the  
142 appropriations for the applicable period.

143 (b) A president of an institution shall:

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

145 (A) aligned with the strategic priorities described in Subsection (3); and

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

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

148 ~~[(11)]~~ (12) The dedicated credits, including revenues derived from tuitions, fees,  
149 federal grants, and proceeds from sales received by the institutions are appropriated to the  
150 respective institutions and used in accordance with institutional work programs.

151 ~~[(12)]~~ (13) Each institution may do its own purchasing, issue its own payrolls, and

152 handle its own financial affairs under the general supervision of the board.

153           ~~[(13)]~~ (14) (a) If the Legislature appropriates money in accordance with this section, it  
154 shall be distributed to the board and higher education institutions to fund the items described in  
155 Subsection (2)(b).

156           (b) During each general session of the Legislature following a fiscal year in which the  
157 Legislature provides an appropriation for mission based funding or performance funding, the  
158 board and institutions shall report to the Legislature's Higher Education Appropriations  
159 Subcommittee on the use of the previous year's mission based funding and performance  
160 funding, including performance outcomes relating to the strategic initiatives approved by the  
161 board.

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**Legislative Review Note**  
**Office of Legislative Research and General Counsel**