



Fiscal Year 2026 Institutional Strategic Reinvestment Guidelines & Resources

The purpose of this guidance is to provide direction and resources to help institutions develop strategic reinvestment plans that meet legislative intent, that the approving authorities will endorse, and that also effectively communicate with the institutions' community stakeholders.

In simple terms, stakeholders should be able to review an institution's reinvestment plan and easily understand the rationale for why budgets in certain areas were cut—such as lower priority administrative costs, low program enrollment, or waning industry demand, and likewise identify and understand the value proposition for where funds are invested—for example, programs that support high growth industries, courses that develop durable skills, services that increase student retention, or high demand programs that meet strategic state needs.

However, in addition to the community stakeholders, the cut and reinvestment rationales should also provide enough specificity to satisfy the inherent levels of scrutiny from the approving authorities. In other words, the reinvestment plans should be designed to impart confidence that the Legislature is investing in areas of higher education that demonstrably provide increased value for the student, the taxpayer and the State. In all cases, the rationale should demonstrate a verifiable nexus between the statutorily established evaluation criteria and the targeted cut or the strategic investment.

Although these plans are intended to articulate the entire three-year blueprint, the law provides flexibility for institutions to revise the plans as new circumstances or insight develops. Institutions may submit substantive changes to their plans to the approving authorities for endorsement in future years.

This guidance is a resource but is not comprehensive. The law intentionally preserved a level of discretion for each institution to develop a reinvestment plan that is unique to its mission and role, its service region, and its unique student body. The Commissioner's Office will provide ongoing support and resources as needed to help institutions beyond what this guidance provides. Ultimately, this is a process of first impression. Elements of this approach that seem workable now may, with future information, be imperfect and need to be revised. Institutions may identify improved approaches not contemplated in this guidance. We encourage and welcome ongoing feedback and help. The law directs the Board and the institutions to collaborate on developing these plans—to work as partners for the success of the

institutions individually and higher education broadly. That collaboration and partnership will continue to be the guiding principle of this initiative.

Strategic Reinvestment Plan Legislation and Appropriations

In the 2025 General Session of the Utah State Legislature, House Bill 265, *Higher Education Strategic Reinvestment*, was passed and subsequently signed into law by the Governor. Most notably, HB 265 requires Utah System of Higher Education (USHE) degree-granting institutions to reallocate state funding and associated institutional resources corresponding to institutional base budget reductions found in Item 92 of House Bill 1, *Higher Education Base Budget*. To recoup these reductions, institutions will develop and propose strategic reinvestment plans for Utah Board of Higher Education and legislative approval. Upon securing these approvals, the Board will transfer the set-aside funds back to institutions.

First-year strategic reallocation amounts must represent at least 30% of institutional withheld base budget funding in Fiscal Year 2026, increasing to 70% in Fiscal Year 2027 and 100% in Fiscal Year 2028, when the strategic reinvestment plan is fully implemented. This document and attached materials are intended to provide institution Presidents and Boards of Trustees with implementation guidance and resources for strategic reallocation decision-making, form templates, timelines, and other information for consideration as institutions move forward in constructing strategic reinvestment plan proposals. By statute, the Board must review and approve initial institutional strategic reinvestment plans before June 30, 2025. As such, preliminary plan and form submissions must be received by the Office of the Commissioner of Higher Education by May 9, 2025, and final submissions must be received by May 23, 2025, for consideration in the June 6, 2025 Board meeting.

Strategic Reinvestment Activities and Plan Development Resources

HB 265, provision 53B-7-107(3)(b), requires that an institutional reinvestment plan identify areas for reinvestment that include *programs, courses, degrees, departments, colleges, or other divisions of the institution, operational efficiencies, and other components of that institution's instruction and administrative functions, including dean positions and other administrative positions*, with those same areas considered for disinvestment. This provision further requires that strategic reinvestment plans *retain core general education curricula that enables students to acquire critical thinking, problem solving, citizenship, communication and other durable skills*.

HB 265, provision 53B-7-107(3)(a), requires institutional reinvestment plans be prepared based on *demonstrated enrollment data; completion rate and timely completion; discipline-related professional outcomes including placement, employment, licensure, and wage outcomes - current and future localized and statewide workforce demands; program-level cost; and the institution's mission and role within the statewide system*.

The above statutory provisions highlight the intent for institutional strategic reinvestments to advance curriculum and instructional activities that produce strong workforce outcomes, fulfill state economic development objectives and prepare USHE graduates with durable skills. Strategic reinvestments in operational efficiencies and administrative return on investment should be in direct support of those instructional activities, and may also contemplate efforts that improve systemwide coordination and cohesion (e.g. institutional partnerships and collaborations for new programs or instructional delivery). Conversely, areas of disinvestment include existing expenditures assessed to be relatively weaker along these dimensions, such as courses or programs with low enrollment, high costs per student and less favorable workforce outcomes, untargeted and nonstrategic administrative activities, and practices and offerings that increase institutional siloing.

To assist institutions with strategic reinvestment plan development, the Board and Commissioner's Office have created and assembled the following resources:

- **USHE Workforce/Program Evaluation Dashboard:** Staff from the Commissioner's Office have developed a dashboard that compiles program data into an online tool that allows institutions and the board to evaluate their programs based on the measures called out in 53B-7-107(3)(a). Functionality in the tool displays programs ranked by various dimensions, and considers not just point-in-time status of programs, but also trends over the most current 5-year window. For reference purposes, programs can also be compared across institutions.
- **Gray DI Market & Program Data:** The Commissioner's Office has procured a system-level license to a Program Evaluation System (PES) from the vendor GRAY DI. This license allows the Commissioner's Office to produce and share data that describe the market environments for institutional programs across key metrics such as student demand, competitive intensity and post-graduation employment ratings.
- **Talent Ready Utah Priority Occupations for Workforce Development:** Talent Ready Utah leaders identified occupations of interest for accelerated workforce development efforts using data on projected growth, wage levels, and hires to openings ratios provided by the Utah Department of Workforce Services. Talent Ready Utah Advisory Councils further validated this list of occupations by nominating more than half of them as a top priority for workforce development to fill industry needs.
- **FY 2024 Cost Study:** The USHE Cost Study provides cost of instruction estimates for each degree-granting institution by college, department and program, with different levels of aggregation depending on institutional reporting ability. Institutions can use these data to evaluate instructional activities on an average cost per full-time-equivalent student basis and average cost per completion (using standard years-to-completion estimates) in the development of strategic reinvestment plans. Moreover, these data can be paired with metrics from other

resources above (recognizing instances of course-graining and averaging) to map institutional costs to workforce outcomes as another dimension of strategic reinvestment evaluation.

Strategic Reinvestment Plan Proposal Template

HB 265 provision 53B-7-107(3)(b)(iv), requires institutions to include an accounting demonstration of the reallocation of resources from reduced or eliminated items to the strategic reinvestments as proposed in the institutions' strategic reinvestment plan. Institutions should use the attached form template, *USHE 2025 B-6 Strategic Reinvestment Plan*, to partially satisfy this statutory requirement and to provide the Board with proposal details necessary for approval. Primary elements of the form include the following:

- **To/From:** An indicator for whether the proposed reallocation transaction is a Reinvestment (To) or Disinvestment (From).
- **NACUBO Category:** Reallocations should apply to institutions' Education and General line item, and from within the NACUBO categories of Academic Support, Institutional Support, Instruction, Student Services, and Research, with Research reallocation eligibility restricted to the University of Utah and Utah State University.
- **Reallocation Targets and Base/Incremental New Funding:** Reallocation targets are stratified by source and timing of funds. In Fiscal Year 2026, institutions must reallocate at least 30% of the state tax dollar appropriations redirected to the Board in the 2025 GS base budget bill. Additionally, since HB 265, provision 53B-7-107(6)(b) disallows the *supplanting or supplementing of funding reallocated away from reduced or eliminated items*, incremental new state tax appropriations (e.g. compensation) or other state tax appropriations that would have otherwise gone to support areas of disinvestment should be estimated, with corresponding reallocations reported. Institutions should further describe how they will establish that tuition and fee revenue has not supplanted or supplemented areas of disinvestment under the strategic reallocation plan. Finally, in areas of expenditure supported by multiple revenue streams, only the state tax dollar portion of the expenditures are eligible for assignment to the state tax dollar reallocation targets.
- **One-Time and Ongoing Reallocation:** The FY 2026 ongoing reallocation amount should capture 100% of the total known reallocation amounts upon full phase-in, with the FY 2026 one-time back-out amount ensuring that at least 30% of the FY 2026 ongoing amount is reallocated away from areas of disinvestment in FY 2026 and at least 30% of the FY 2026 ongoing amount is reallocated to areas of reinvestment in FY 2026. Recognizing that better opportunities for reallocations may emerge in FY 2027 and FY 2028 as more information becomes available, institutions may provide less detail for specific disinvestment and reinvestment items that may be implemented later in the strategic reinvestment cycle. However, institutions should provide

enough information such that the UBHE and Legislature can comprehensively approve the proposed strategic reinvestment plan.

- **Reallocation Item Detail:** Institutions should populate reallocation item detail forms for each proposed reallocation item as found in the attached form template. If preferred, institutions may submit narrative/text responses to form questions in an alternative format (e.g. word processing document, PDF, etc.). In any case, reallocation items should be rigorously vetted and substantiated prior to inclusion in institutional strategic reallocation plans.

Institutional budget monitoring and additional reporting will be necessary in order to ensure that strategic reinvestment plans are progressing in future years and that plans are compliant with the statutory prohibition on supplanting or supplementing areas of disinvestment. Institutions will also be required to submit modified versions of A-1 Operating Revenue and Expenditure Budgets and Actuals that recognize strategic reinvestment plan reallocations concurrent with traditional A-1 form reporting. Additional budget and fiscal reporting connected to strategic reinvestment plans may also be required in the future, such as program-level revenues and expenditures, cost allocation methodologies, etc.

Under HB 265, institutions may adopt policies specific to their strategic reinvestment plans that supersede existing Board policies and institutional policies, procedures, or timeframes that are inconsistent with the strategic reinvestment plan or goals of the plan in place of policies that are consistent with the bill. While principles related to personnel reduction adopted and promulgated by the American Association of University Professors (AAUP) may be instructive, they are not binding and the policies institutions develop regarding personnel reduction under HB 265 are not required to follow such standards.

The Office of the Commissioner of Higher Education is available for consultation and collaboration as institutions develop strategic reinvestment plans.

2025 Strategic Reinvestment Plan Key Dates & Deliverables

- March 27, 2025: USHE Strategic Reinvestment Guidance Adopted
- May 9, 2025: Preliminary Institutional Strategic Reinvestment Plans Due to OCHE
- May 23, 2025: Final Institutional Strategic Reinvestment Plans Due to OCHE
- June 6, 2025: Institutional Strategic Reinvestment Plans to UBHE for Approval
- August 2025: Institutional Strategic Reinvestment Plans to Higher Education Appropriations Subcommittee for Approval
- September 2025: Institutional Strategic Reinvestment Plans to Executive Appropriations Committee for Approval. Upon approval, UBHE transfers strategic investment funding to institutions.

FY 2026 Strategic Reinvestment Resources

The below resources for strategic reinvestment plan development can be found in the directory *Box/Strategic Reinvestment Plan Resources* or through contacting the Commissioner's Office directly.

- USHE Workforce/Program Evaluation Dashboard
- Gray DI Market & Program Data
- Talent Ready Utah Priority Occupations for Workforce Development
- FY 2024 Cost Study