

**SECTION 21. SYSTEMWIDE FUNDING POOLS - TRANSFER AUTHORITY - LEGISLATIVE MANAGEMENT REPORT.** The following line items contained in subdivision 1 of section 1 of this Act include funding that may be transferred in full or in part for the period beginning with the effective date of this Act and ending June 30, 2015, by the state board of higher education to the institutions and entities under its control based on the recommendations of the commissioner of higher education as follows:

1. The deferred maintenance funding pool line item includes funding that must be used to address deferred maintenance and other infrastructure needs at institutions based on the university system master plan and space utilization study. However, the state board of higher education may distribute up to one-half of the funds in the pool to institutions prior to the completion of the master plan and space utilization study.
2. The education incentive programs line item includes funding that may be allocated to education incentive programs based on program eligibility criteria and the reduction or elimination of specific programs as determined by the board.
3. The performance funding pool line item includes funding that may be allocated to institutions based on the institution meeting specified goals or other performance measures as determined by the board. The funding in the performance funding pool may not be used for the operations or any function of the university system office. The state board of higher education shall consider any allocations from the oil and gas impact grant fund to higher education institutions when determining allocations to institutions from the performance funding pool. During the 2013-14 interim, the state board of higher education shall provide a report to the legislative management regarding the distribution of funds from the performance funding pool.