

By: Morrison

H.B. No. 3828

A BILL TO BE ENTITLED

AN ACT

relating to performance incentive funding for institutions of higher education.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 61, Education Code, is amended by adding Subchapter EE to read as follows:

SUBCHAPTER EE. PERFORMANCE INCENTIVE FUNDING

Sec. 61.9801. PERFORMANCE INCENTIVE FUNDING FOR CERTAIN GENERAL ACADEMIC TEACHING INSTITUTIONS. (a) This section applies only to general academic teaching institutions other than public state colleges.

(b) In this section:

(1) "Advanced degree" means a graduate or professional degree for which a baccalaureate degree is usually required as a prerequisite to admission into the degree program.

(2) "At-risk student" means a student of an institution to which this section applies:

(A) whose score on the Scholastic Assessment Test or the American College Test is less than the national mean score of students' scores on that test;

(B) who has been awarded a grant under the federal Pell Grant program;

(C) who was 20 years of age or older but younger than 60 years of age on the date the student initially enrolled in

1 the institution;

2 (D) who initially enrolled in the institution for  
3 less than 12 semester credit hours during a fall or spring semester;

4 (E) who did not receive a high school diploma but  
5 received a high school equivalency certificate;

6 (F) who may not be claimed by any other person as  
7 a dependent for federal income tax purposes but may claim at least  
8 one other person as a dependent for federal income tax purposes; or

9 (G) who is a single parent.

10 (3) "Critical field" means a field of study designated  
11 as a critical field under Subsection (c).

12 (c) Except as otherwise provided under Subdivision (2), the  
13 fields of engineering, computer science, mathematics, physical  
14 science, allied health, nursing, and teaching certification in the  
15 field of science or mathematics are critical fields.

16 (d) Except as otherwise provided by rules adopted under  
17 Section 61.9806, for each state fiscal year, the board shall  
18 distribute any performance incentive funds appropriated by the  
19 legislature for the purposes of this section, and any other funds  
20 made available for the purposes of this section, to institutions to  
21 which this section applies in proportion to the number of points  
22 assigned to each institution under the tables prescribed by  
23 Subsections (f) and (g).

24 (e) A number of points is assigned in accordance with  
25 Subsections (f) and (g) only on the basis of a degree awarded during  
26 the state fiscal year preceding the year for which the distribution  
27 of funds under this section is made. Points may not be assigned for

1 any degree awarded to an international student.

2 (f) A number of points is assigned for a bachelor's degree  
3 awarded to a student by an institution to which this section applies  
4 according to the following table:

	<u>POINTS</u>
5 <u>Non-critical Field/Not At-Risk</u>	<u>1.0</u>
6 <u>Non-critical Field/At-Risk</u>	<u>2.0</u>
7 <u>Critical Field/Not At-Risk</u>	<u>2.0</u>
8 <u>Critical Field/At-Risk</u>	<u>3.0</u>

10 (g) A number of points is assigned for an advanced degree  
11 awarded to a student by an institution to which this section applies  
12 based on the type of advanced degree awarded according to the  
13 following table:

<u>TYPE OF DEGREE AWARDED</u>	<u>POINTS</u>
14 <u>Master's</u>	<u>1.0</u>
15 <u>Doctoral</u>	<u>1.0</u>
16 <u>Professional</u>	<u>1.0</u>

18 Sec. 61.9802. PERFORMANCE INCENTIVE FUNDING FOR COMMUNITY  
19 COLLEGES, PUBLIC TECHNICAL INSTITUTES, AND PUBLIC STATE COLLEGES.

20 (a) This section applies only to the following institutions of  
21 higher education:

- 22 (1) community colleges;
- 23 (2) public technical institutes; and
- 24 (3) public state colleges.

25 (b) In this section:

26 (1) "At-risk student" means a student of an  
27 institution to which this section applies:

1           (A) who graduated from high school with a  
2 cumulative grade point average of less than 2.5 on the grading scale  
3 established by the board by rule under Section 51.807;

4           (B) who has been awarded a grant under the  
5 federal Pell Grant program;

6           (C) who was 20 years of age or older but younger  
7 than 60 years of age on the date the student enrolled in the  
8 institution for the first time;

9           (D) who initially enrolled in the institution for  
10 less than 12 semester credit hours during a fall or spring semester;

11           (E) who did not receive a high school diploma but  
12 received a high school equivalency certificate;

13           (F) who may not be claimed by any other person as  
14 a dependent for federal income tax purposes but may claim at least  
15 one other person as a dependent for federal income tax purposes; or

16           (G) who is a single parent.

17           (2) "Critical field" means a field of study designated  
18 as a critical field under Subsection (c).

19           (c) Except as otherwise provided under Subdivision (2), the  
20 fields of engineering, technology, computer science, mathematics,  
21 physical science, allied health, and nursing are critical fields.  
22 Beginning September 1, 2010, the board, based on the board's  
23 determination of those fields of study in which the support and  
24 development of postsecondary education programs at the  
25 lower-division level are most critically necessary for serving the  
26 needs of this state, by rule may:

27           (1) designate as a critical field a field of study that

1 is not currently designated by this subsection or by the board as a  
2 critical field; or

3 (2) remove a field of study from the list of fields  
4 currently designated by this subsection or by the board as critical  
5 fields.

6 (d) Except as otherwise provided by rules adopted under  
7 Section 61.9806, for each state fiscal year, the board shall  
8 distribute any performance incentive funds appropriated by the  
9 legislature for the purposes of this section, and any other funds  
10 made available for the purposes of this section, to institutions to  
11 which this section applies in proportion to the number of points  
12 assigned to each institution under the tables prescribed by  
13 Subsections (f) and (g).

14 (e) A number of points is assigned in accordance with  
15 Subsections (f) and (g) only on the basis of a degree or certificate  
16 awarded or a student transfer made during the state fiscal year  
17 preceding the year for which the distribution of funds under this  
18 section is made. Points may not be assigned for any degree or  
19 certificate awarded:

20 (1) in a program on a topic or at a level that the board  
21 determines does not merit funding under this section; or

22 (2) to an international student.

23 (f) A number of points is assigned for an associate degree  
24 or certificate awarded to a student by an institution to which this  
25 section applies according to the following tables:

TABLE 1

	<u>POINTS</u>
<u>Associate Degree/Non-critical Field/Not At-Risk</u>	<u>2.0</u>
<u>Associate Degree/Non-critical Field/At-Risk</u>	<u>4.0</u>
<u>Associate Degree/Critical Field/Not At-Risk</u>	<u>4.0</u>
<u>Associate Degree/Critical Field/At-Risk</u>	<u>6.0</u>

TABLE 2

	<u>POINTS</u>
<u>Certificate Program/Non-critical Field/Not At-Risk</u>	<u>1.0</u>
<u>Certificate Program/Non-critical Field/At-Risk</u>	<u>2.0</u>
<u>Certificate Program/Critical Field/Not At-Risk</u>	<u>2.0</u>
<u>Certificate Program/Critical Field/At-Risk</u>	<u>3.0</u>

(g) A number of points is assigned to an institution to which this section applies for each student of the institution who, in the preceding state fiscal year, completed at least 30 semester credit hours at the institution with a grade point average of at least 2.5 on the grading scale established by the board under Section 51.807 before transferring to a general academic teaching institution other than a public state college and determined according to the following table:

	<u>POINTS PER TRANSFER STUDENT</u>
<u>Not At-Risk</u>	<u>2.0</u>
<u>At-Risk</u>	<u>4.0</u>

Sec. 61.9803. PERFORMANCE INCENTIVE FUNDING FOR MEDICAL AND DENTAL UNITS. (a) This section applies only to:

- (1) medical and dental units; and
- (2) the Baylor College of Medicine.

1       (b) Except as otherwise provided by rules adopted under  
 2 Section 61.9806, for each state fiscal year, the board shall  
 3 distribute any performance incentive funds appropriated by the  
 4 legislature for the purposes of this section, and any other funds  
 5 made available for the purposes of this section, to institutions to  
 6 which this section applies in proportion to the number of points  
 7 assigned to each institution under the table prescribed by  
 8 Subsection (d).

9       (c) A number of points is assigned in accordance with  
 10 Subsection (d) only on the basis of a degree awarded or a first  
 11 residency completed during the state fiscal year preceding the year  
 12 for which the distribution of funds under this section is made.  
 13 Points may not be assigned for any degree awarded to an  
 14 international student.

15       (d) A number of points is assigned for a degree awarded to a  
 16 student by an institution to which this section applies based on the  
 17 type of degree awarded or a first residency completed according to  
 18 the following table:

<u>TYPE OF DEGREE</u>	<u>POINTS PER DEGREE</u>
<u>Bachelor's</u>	<u>1.0</u>
<u>Master's</u>	<u>1.0</u>
<u>Doctoral</u>	<u>1.0</u>
<u>First Residency Completed</u>	<u>1.0</u>

24       (e) Notwithstanding any other provision of this section, a  
 25 number of points may be assigned under this section for a degree  
 26 awarded or a first-year residency completed by a student of the  
 27 Baylor College of Medicine only if the student was awarded the

1 degree or completed the residency in a program at the college for  
2 which the college receives state funding under Subchapter D or I.

3 Sec. 61.9804. RULES. The board shall adopt rules for the  
4 administration of this subchapter.

5 Sec. 61.9805. REPORT BY INSTITUTIONS TO BOARD. Not later  
6 than September 1 of each year, each institution of higher education  
7 or other postsecondary educational institution to which this  
8 subchapter applies shall compile and submit to the board, in  
9 accordance with rules adopted by the board, a report that includes  
10 the following data regarding each student who was awarded a degree  
11 or certificate by the institution, completed a first residency with  
12 the institution, or transferred from the institution to a general  
13 academic teaching institution other than a public state college,  
14 during the preceding state fiscal year:

15 (1) the student's scores on the Scholastic Assessment  
16 Test and American College Test;

17 (2) the student's cumulative high school grade point  
18 average;

19 (3) the number of semester credit hours completed by  
20 the student at the institution;

21 (4) the student's grade point average on all  
22 coursework completed at the institution using the grading scale  
23 established by the board by rule under Section 51.807;

24 (5) whether the student received a grant under the  
25 federal Pell Grant program;

26 (6) the age of the student on the date the student  
27 initially enrolled in the institution;

1           (7) whether the student initially enrolled in the  
2 institution for less than 12 semester credit hours during a fall or  
3 spring semester;

4           (8) whether the student is an international student;

5           (9) whether any degree or certificate awarded to the  
6 student by the institution is in a field designated as a critical  
7 field under Section 61.9801 or Section 61.9802;

8           (10) whether the student did not receive a high school  
9 diploma but received a high school equivalency certificate;

10           (11) whether the student may not be claimed by any  
11 other person as a dependent for federal income tax purposes but may  
12 claim at least one other person as a dependent for federal income  
13 tax purposes;

14           (12) whether the student is a single parent; and

15           (13) any other information required by the board.

16           Sec. 61.9806. ADJUSTMENT OF FUNDING BASED ON QUALITY OF  
17 DEGREES AND CERTIFICATES AWARDED. (a) The board, in consultation  
18 with institutions of higher education or other postsecondary  
19 educational institutions to which this subchapter applies, by rule  
20 shall develop and adopt as an additional criteria by which points  
21 are assigned under Sections 61.9801, 61.9802, and 61.9803, or for  
22 which the points assigned under those sections are adjusted, a  
23 methodology designed to assess the quality of the degrees and  
24 certificates for which points are assigned under this subchapter.

25           (b) The methodology adopted under this section must:

26           (1) be designed to promote the maintenance or  
27 enhancement of the quality of degrees and certificates awarded by

1 the institutions; and

2 (2) include minimum standards of quality that a degree  
3 or certificate awarded by an institution must satisfy in order to  
4 qualify for an assignment of points under this subchapter.

5 (c) The minimum standards required under Subsection (b)(2)  
6 may be established per graduate, per department, per institution,  
7 or based on any other unit of measurement the board considers  
8 appropriate.

9 (d) The board may consider for purposes of this section the  
10 following indicators to measure the quality of degrees or  
11 certificates:

12 (1) end-of-degree and end-of-certificate  
13 examinations, except that the board may not require a student's  
14 performance on such an examination authorized by the board to be  
15 used for purposes of this section to be used to determine the  
16 student's eligibility for graduation;

17 (2) a peer review process;

18 (3) accreditation status; and

19 (4) any other factor the board considers appropriate  
20 relating to the participation goals in Closing the Gaps, the  
21 state's master plan for higher education.

22 (d-1) A student's performance on a standardized test may not  
23 be required for graduation from an institution of higher education,  
24 used as a measure of an institution's accountability, or used as an  
25 indicator or criterion under this section.

26 (e) Not later than January 31 of each even-numbered year,  
27 the board shall adopt the methodology required by this section

1 applicable to the distribution of funds under this subchapter in  
2 the state fiscal biennium that begins in the following odd-numbered  
3 year. Upon adoption, the board shall submit a copy of the  
4 methodology to the governor, lieutenant governor, speaker of the  
5 house of representatives, chair of the senate finance committee,  
6 chair of the house committee on appropriations, and members of each  
7 legislative standing committee or subcommittee with higher  
8 education oversight responsibility.

9 (f) The board shall adopt rules for the administration of  
10 this section.

11 Sec. 61.9807. REPORT TO BOARD AND LEGISLATURE BY EDUCATION  
12 RESEARCH CENTER REGARDING EVALUATION OF POINT ASSIGNMENTS. Each  
13 state fiscal biennium, the board shall provide for the evaluation  
14 by an education research center established under Section 1.005 of  
15 the points assigned under Sections 61.9801, 61.9802, and 61.9803 or  
16 under rules adopted by the board under Section 61.9806. Not later  
17 than November 1 of each even-numbered year, the education research  
18 center shall submit to the board and the legislature a written  
19 report regarding the center's evaluation under this section,  
20 including any recommendations for changes to the points assigned  
21 under those sections.

22 SECTION 2. Section 61.0591, Education Code, is repealed.

23 SECTION 3. The Texas Higher Education Coordinating Board  
24 shall adopt rules relating to the administration of Subchapter EE,  
25 Chapter 61, Education Code, as added by this Act, as soon as  
26 practicable after the effective date of this Act.

27 SECTION 4. This Act takes effect September 1, 2008.