

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 9  
By: Branch et al. (Zaffirini)  
Higher Education  
5/20/2011  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

C.S.H.B. 9 amends current law relating to student success-based funding for and reporting regarding public institutions of higher education.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 3 (Section 61.0593, Education Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Requires that this Act be known as the Higher Education Outcomes-Based Funding Act.

SECTION 2. Amends Section 61.059, Education Code, by amending Subsections (a) and (c) and adding Subsection (b-1), as follows:

(a) Requires that funding policies:

(1)-(3) Makes no changes to these subdivisions; and

(4) emphasize an alignment with education goals established by the Texas Higher Education Coordinating Board (THECB). Makes nonsubstantive changes.

(b-1) Requires a committee under Subsection (b) to be composed of representatives of a cross-section of institutions representing each of the institutional groupings under THECB's accountability system. Requires the commissioner of higher education to solicit recommendations for the committee's membership from the chancellor of each university system and from the president of each institution of higher education that is not a component of a university system. Requires the chancellor of a university system to recommend to the commissioner at least one institutional representative for each institutional grouping to which a component of the university system is assigned. Provides that the president of an institution of higher education that is not a component of a university system to recommend to the commissioner at least one institutional representative for the institutional grouping to which the institution is assigned.

(c) Requires that formulas for basic funding:

(1) Makes nonsubstantive changes to these subdivisions; and

(4) incorporate, as THECB considers appropriate, goals identified in THECB's long-range statewide plan developed under Section 61.051 (Coordination of Institutions of Public Higher Education).

SECTION 3. Amends Subchapter C, Chapter 61, Education Code, by adding Section 61.0593, as follows:

Sec. 61.0593. STUDENT SUCCESS-BASED FUNDING RECOMMENDATIONS. (a) Provides that the legislature finds that it is in the state's highest public interest to evaluate student achievement at institutions of higher education and to develop higher education funding policy based on that evaluation. Provides that funding policies that promote postsecondary educational success based on objective indicators of relative performance, such as degree completion rates, are critical to maintaining the state's competitiveness in the national and global economy and supporting the general welfare of this state. Provides that, therefore, the purpose of this section is to ensure that institutions of higher education produce student outcomes that are directly aligned with the state's education goals and economic development needs.

(b) Defines in this section, "at-risk student" and "critical field."

(c) Provides that except as otherwise provided under Subdivision (2), the fields of engineering, computer science, mathematics, physical science, allied health, nursing, and teaching certification in the field of science or mathematics are critical fields. Provides that beginning September 1, 2012, THECB, based on THECB's determination of those fields of study in which the support and development of postsecondary education programs at the bachelor's degree level are most critically necessary for serving the needs of this state, by rule may:

(1) designate as a critical field a field of study that is not currently designated by this subsection or by THECB as a critical field; or

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

(d) Provides that this subsection applies only to a general academic teaching institution other than a public state college. Requires THECB, in the manner and to the extent THECB considers appropriate and in consultation with those institutions, in devising its funding formulas and making its recommendations to the legislature relating to institutional appropriations of funds under Section 61.059 and Subchapter D (Performance Incentive Funding), Chapter 62 (Constitutional and Statutory Funds to Support Institutions of Higher Education), for institutions to which this subsection applies, to incorporate the consideration of undergraduate student success measures achieved during the preceding state fiscal biennium by each of the institutions. Authorizes the success measures considered by THECB under this subsection to include:

(1) the total number of bachelor's degrees awarded by the institution;

(2) the total number of bachelor's degrees in critical fields awarded by the institution;

(3) the total number of bachelor's degrees awarded by the institution to at-risk students; and

(4) as determined by THECB, the six-year graduation rate of undergraduate students of the institution who initially enrolled in the institution in the fall semester immediately following their graduation from a public high school in this state as compared to the six-year graduation rate predicted for those students based on the composition of the institution's student body.

(e) Provides that notwithstanding Subsection (d):

(1) not more than 10 percent of the total amount of general revenue appropriations of base funds for undergraduate education recommend by THECB for all institutions to which subsection (d) applies for state fiscal biennium is authorized to be based on student success measures; and

(2) THECB's recommendation for base funding for undergraduate education based on student success measures does not reduce or otherwise affect funding recommendations for graduate education.

(f) Provides that this subsection applies only to public junior colleges, public state colleges, and public technical institutes. Requires THECB, in devising its funding formulas and making its recommendations to the legislature relating to institutional appropriations of incentive funds for institutions to which this subsection applies, in the manner and to the extent THECB considers appropriate and in consultation with those institutions, to incorporate the consideration of the undergraduate student success measures achieved during the preceding state fiscal biennium by each of the institutions. Authorizes the success measures considered by THECB under this subsection to include:

(1) the following academic progress measures achieved by students at the institution:

(A) successful completion of developmental education in mathematics; developmental education in English; the first college-level mathematics course with a grade of "C" or higher; the first college-level English course with a grade of "C" or higher; and the first 30 semester credit hours at the institution; and

(B) transfer to a four-year college or university after successful completion of at least 15 semester credit hours at the institution; and

(2) the total number of the following awarded by the institution:

(A) associate's degrees;

(B) bachelor's degrees under Section 130.0012 (Baccalaureate Degree Programs); and

(C) certificates identified by THECB for purposes of this section as effective measures of student success.

(g) Requires THECB, biennially, in consultation with institutions to which Subsections (d) and (f) apply, to review the student success measures considered by THECB under those subsections.

(h) Requires THECB to include in its findings and recommendations to the legislature under Section 61.059:

(1) an evaluation of the effectiveness of the student success measures described by this section in achieving the purpose of this section during the preceding state fiscal biennium; and

(2) any related recommendation THECB considers appropriate.

(i) Requires THECB to adopt rules for the administration of this section, including rules requiring each institution of higher education to submit to THECB any student data or other information THECB considers necessary for THECB to carry out its duties under this section.

SECTION 4. Amends Subchapter C, Chapter 61, Education Code, by adding Section 61.0905, as follows:

Sec. 61.0905. REPORTS TO JOINT OVERSIGHT COMMITTEE. (a) Requires THECB, not later than September 30, 2011, and subsequently not later than July 1, 2012, to submit to the Joint Oversight Committee on Higher Education Governance, Excellence, and Transparency a written report reviewing, comparing, and highlighting national and global best practices on:

(1) improving student outcomes, including student retention, graduations, and graduation rates; and

(2) higher education governance, administration, and transparency.

(b) Provides that this section expires August 31, 2013.

SECTION 5. Effective date: upon passage or September 1, 2011.