

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1228
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S/C on Higher Education
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Committee Report (Substituted)

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Increased tuition rates have caused many Texans and legislators concern. However, the fact of tuition rate increases alone is not an acceptable measure of whether tuition deregulation was a positive or negative solution.

The increase in tuition rates does not provide adequate information in terms of measuring the effectiveness of tuition deregulation. Therefore, it is necessary to gauge the performance of Texas institutions against other state institutions and on a national scale.

C.S.S.B. 1228 directs the Texas Higher Education Coordinating Board to develop composite or similar measures for each of the four "Closing the Gaps by 2015" goals, as well as create efficiency and effectiveness measures to better track the progress of state institutions.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 (Sections 61.9751 and 61.9756, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 61, Education Code, by adding Subchapter EE, as follows:

SUBCHAPTER EE. STATEWIDE ASSESSMENT AND ACCOUNTABILITY SYSTEM

Sec. 61.9751. DEVELOPMENT AND IMPLEMENTATION OF SYSTEM; SYSTEM COMPONENTS. (a) Requires the Texas Higher Education Coordinating Board (board) to develop and implement a statewide assessment and accountability system to measure the performance of each institution of higher education, including the institution's progress in achieving performance goals, in certain areas.

(b) Requires the board, as part of the system, in consultation with appropriate officers of each institution, to place each institution in an institutional peer group with like institutions of higher education in this state and other states, as determined by the primary role or mission of the institutions, such as research, teaching, or the provision of graduate education. Requires the board, at least biennially, to review the institutions assigned to each peer group and modify the peer group as necessary to reflect changes in the role or mission of one or more institutions.

(c) Requires the board by rule to adopt a method to assess and rate the performance, including progress in achieving performance goals, of each institution of higher education in each area identified under Subsection (a) and to use the assessments and ratings for each area to assess and rate the overall performance of each institution. Authorizes the board to adopt different ratings methods for different institutional peer groups. Authorizes the board to provide for ratings in any form, including in the form of a ranking or score, except that the ratings method must provide a clear indication of whether an institution's performance is acceptable or unacceptable and must allow an assessment based on the specific context and circumstances associated with each institution. Authorizes the board to also provide for a rating that indicates a need for

improvement or that recognizes the degree of change in an institution's performance from one year to the next or over a period of years specified by the board.

(d) Requires the board to develop and implement a method to recognize each institution of higher education assigned to the highest rating in overall performance under Section 61.9752.

Sec. 61.9752. ANNUAL ASSESSMENT. (a) Requires the board, each year, to assess and rate the performance of each institution of higher education using the assessment and accountability system developed under this subchapter and determine whether to change an institution's current performance rating.

(b) Requires the board, in assessing and rating an institution's performance, to compare an institution's performance for each area identified under Section 61.9751(a) to standards established under state law, including standards adopted by the board, and to the performance of other in-state and out-of-state institutions of higher education in the same institutional peer group.

Sec. 61.9753. REPORTS; LEGISLATIVE OVERSIGHT. (a) Requires the board, not later than January 15 of each year, to report assessment results to each institution of higher education and to the legislative oversight committee on higher education (committee) established under Section 54.0515. Requires the board also to report the results of the annual assessment on the board's Internet website.

(b) Requires the committee, not later than February 15 of each odd-numbered year, to make any recommendations the committee considers necessary for legislative action concerning the assessment and accountability system or the assessment results.

Sec. 61.9754. INFORMATION FOR ASSESSMENTS. Requires the board, to the extent practicable, to obtain the information necessary for the board to perform its duties under this subchapter from other agencies or from reports submitted to the board for other purposes by institutions of higher education. Requires each institution of higher education to provide the board, at the time and in the form required by the board, any other information necessary for the board to perform its duties under this subchapter.

Sec. 61.9755. TUITION INCREASE PROHIBITED. Prohibits an institution of higher education, if for any academic year the institution receives a rating under the assessment and accountability system that indicates unacceptable overall performance, from increasing the rate of tuition charged under Section 54.0513 or any other law granting the institution or its governing board the discretion to set the tuition rate for a subsequent academic year, except as necessary to reflect cost-of-living increases as determined by the board, until the institution receives a rating that indicates acceptable overall performance.

Sec. 61.9756. RULES. Requires the board to adopt rules as necessary to implement this subchapter.

Sec. 61.9757. INITIAL REPORTS, COMMENTS, RECOMMENDATIONS, AND IMPLEMENTATION. (a) Requires the board, not later than November 1, 2005, to submit to the committee an initial report on the board's proposed statewide higher education assessment and accountability system for institutions of higher education other than public junior colleges. Requires the committee, not later than December 1, 2005, to provide its comments and recommendations to the board concerning the proposed system for those institutions of higher education. Requires the board to consider the committee's comments and recommendations in adopting and implementing the system.

(b) Requires the board, not later than March 1, 2006, to implement the assessment and accountability system and make the initial institutional assessments of institutions of higher education other than public junior colleges.

(c) Requires the board, not later than November 1, 2006, to submit to the committee an initial report on the board's proposed statewide higher education assessment and accountability system for public junior colleges. Requires the committee, not later than December 1, 2006, to provide its comments and recommendations to the board concerning the proposed system for public junior colleges. Requires the board to consider the committee's comments and recommendations in adopting and implementing the system.

(d) Requires the board, not later than March 1, 2007, to implement the assessment and accountability system for public junior colleges and make the initial institutional assessments of the junior colleges.

(e) Authorizes the board, as it considers appropriate, to apply this section to public state colleges and public technical institutes according to the provisions applicable to public junior colleges.

(f) Provides that this section expires June 1, 2007.

Sec. 61.9758. COMPOSITION OF PEER GROUPS: INCLUSION OF OUT-OF-STATE INSTITUTIONS. Provides that, notwithstanding Section 61.9751(b) or 61.9752(b), the board is not required to include institutions of higher education in other states in institutional peer groups or to use those institutions as part of the statewide higher education assessment and accountability system until September 1, 2007. Provides that this section expires January 1, 2008.

SECTION 2. Amends Sections 54.0515(b) and (f), Education Code, as follows:

(b) Sets forth and amends the composition of the 12-member committee.

(f) Includes the performance of duties prescribed by Subchapter EE, Chapter 61, concerning the statewide higher education assessment and accountability system as a required function of the committee.

SECTION 3. Amends Section 61.065, Education Code, by amending Subsection (a) and adding Subsections (c) and (d), as follows:

(a) Requires the comptroller of public accounts and the board jointly to prescribe and periodically update a uniform system of annual financial accounting and reporting for institutions of higher education, including definitions of the elements of cost on the basis of which appropriations required to be made and financial records to be maintained.

(c) Requires the board to review, analyze, and summarize the financial information reported annually by each institution of higher education under this section and, not later than May 1 of each year, to report its analysis and summary of that information for the preceding year to each legislative standing committee and subcommittee with primary jurisdiction over higher education.

(d) Requires a report by the board under Subsection (c) to accurately provide all of the sources and uses of the money received by each institution of higher education and to reflect the unique mission, structure, resources, and other circumstances of each category of institution.

SECTION 4. (a) Requires, on October 15, 2005, the presiding officer of the standing committee of each house of the legislature with primary jurisdiction over higher education and the presiding officer of the Senate Finance Committee or its successor and of the House Appropriations Committee or its successor to begin serving as members of the legislative oversight committee on higher education in accordance with Section 54.0515(b), Education Code, as amended by this Act.

(b) Requires the lieutenant governor and the speaker of the house of representatives, as soon as practicable after this Act takes effect, to modify the composition of the committee as necessary to comply with Section 54.0515(b), Education Code, as amended by this Act.

SECTION 5. Effective date: upon passage or September 1, 2005.