

By: Shapiro, et al.

S.B. No. 1228

A BILL TO BE ENTITLED

AN ACT

1
2 relating to a statewide assessment and accountability system for
3 public institutions of higher education, to an annual analysis and
4 report by the Texas Higher Education Coordinating Board regarding
5 financial information submitted by those institutions, and to
6 tuition deregulation with regard to those institutions.

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

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

10 SUBCHAPTER EE. STATEWIDE ASSESSMENT AND ACCOUNTABILITY SYSTEM

11 Sec. 61.9751. DEVELOPMENT AND IMPLEMENTATION OF SYSTEM;
12 SYSTEM COMPONENTS. (a) The board shall develop and implement a
13 statewide assessment and accountability system to measure the
14 performance of each institution of higher education, including the
15 institution's progress in achieving performance goals, in the
16 following areas:

17 (1) the number of students to whom the institution
18 provides higher education services;

19 (2) the number of students succeeding in higher
20 education at the institution, as measured at least in part by the
21 number of degrees or certificates awarded, retention rates, and
22 graduation rates;

23 (3) institutional research, as measured at least in
24 part by the level of federal science or engineering research

1 funding awarded to the institution;

2 (4) the overall excellence of the institution, as
3 measured at least in part by the number of the institution's
4 programs or services that are nationally recognized;

5 (5) the institution's effectiveness in managing and
6 using money available to the institution from appropriations,
7 tuition charges, or any other source; and

8 (6) any other area determined by the board to be
9 necessary to effectively evaluate the performance of a particular
10 type of institution.

11 (b) As part of the system, the board, in consultation with
12 appropriate officers of each institution, shall place each
13 institution in an institutional peer group with like institutions
14 of higher education in this state and other states, as determined by
15 the primary role or mission of the institutions, such as research,
16 teaching, or the provision of graduate education. At least
17 biennially, the board shall review the institutions assigned to
18 each peer group and modify the peer group as necessary to reflect
19 changes in the role or mission of one or more institutions.

20 (c) The board by rule shall adopt a method to assess and rate
21 the performance, including progress in achieving performance
22 goals, of each institution of higher education in each area
23 identified under Subsection (a) and to use the assessments and
24 ratings for each area to assess and rate the overall performance of
25 each institution. The board may adopt different ratings methods
26 for different institutional peer groups. The board may provide for
27 ratings in any form, including in the form of a ranking or score,

1 except that the ratings method must provide a clear indication of
2 whether an institution's performance is acceptable or unacceptable
3 and must allow an assessment based on the specific context and
4 circumstances associated with each institution. The board may also
5 provide for a rating that indicates a need for improvement or that
6 recognizes the degree of change in an institution's performance
7 from one year to the next or over a period of years specified by the
8 board.

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

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

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

23 Sec. 61.9753. REPORTS; LEGISLATIVE OVERSIGHT. (a) Not
24 later than January 15 of each year, the board shall report
25 assessment results to each institution of higher education and to
26 the legislative oversight committee on higher education
27 established under Section 54.0515. The board shall also report the

1 results of the annual assessments on the board's Internet website.

2 (b) Not later than February 15 of each odd-numbered year,
3 the legislative oversight committee shall make any recommendations
4 the committee considers necessary for legislative action
5 concerning the assessment and accountability system or the
6 assessment results.

7 Sec. 61.9754. INFORMATION FOR ASSESSMENTS. To the extent
8 practicable, the board shall obtain the information necessary for
9 the board to perform its duties under this subchapter from other
10 agencies or from reports submitted to the board for other purposes
11 by institutions of higher education. Each institution of higher
12 education shall provide to the board, at the time and in the form
13 required by the board, any other information necessary for the
14 board to perform its duties under this subchapter.

15 Sec. 61.9755. TUITION INCREASE PROHIBITED. If for any
16 academic year an institution of higher education receives a rating
17 under the assessment and accountability system that indicates
18 unacceptable overall performance, for a subsequent academic year
19 the institution may not increase the rate of tuition charged under
20 Section 54.0513 or any other law granting the institution or its
21 governing board discretion to set the tuition rate, except as
22 necessary to reflect cost-of-living increases as determined by the
23 board, until the institution receives a rating that indicates
24 acceptable overall performance.

25 Sec. 61.9756. RULES. The board shall adopt rules as
26 necessary to implement this subchapter.

27 Sec. 61.9757. INITIAL REPORTS, COMMENTS, RECOMMENDATIONS,

1 AND IMPLEMENTATION. (a) Not later than November 1, 2005, the
2 board shall submit to the legislative oversight committee on higher
3 education an initial report on the board's proposed statewide
4 higher education assessment and accountability system for
5 institutions of higher education other than public junior colleges.
6 Not later than December 1, 2005, the committee shall provide its
7 comments and recommendations to the board concerning the proposed
8 system for those institutions of higher education. The board shall
9 consider the committee's comments and recommendations in adopting
10 and implementing the system.

11 (b) Not later than March 1, 2006, the board shall implement
12 the assessment and accountability system and make the initial
13 institutional assessments of institutions of higher education
14 other than public junior colleges.

15 (c) Not later than November 1, 2006, the board shall submit
16 to the legislative oversight committee an initial report on the
17 board's proposed statewide higher education assessment and
18 accountability system for public junior colleges. Not later than
19 December 1, 2006, the committee shall provide its comments and
20 recommendations to the board concerning the proposed system for
21 public junior colleges. The board shall consider the committee's
22 comments and recommendations in adopting and implementing the
23 system.

24 (d) Not later than March 1, 2007, the board shall implement
25 the assessment and accountability system for public junior colleges
26 and make the initial institutional assessments of the junior
27 colleges.

1 (e) The board as it considers appropriate may apply this
2 section to public state colleges and public technical institutes
3 according to the provisions applicable to public junior colleges.

4 (f) This section expires June 1, 2007.

5 Sec. 61.9758. COMPOSITION OF PEER GROUPS: INCLUSION OF
6 OUT-OF-STATE INSTITUTIONS. Notwithstanding Section 61.9751(b) or
7 61.9752(b), the board is not required to include institutions of
8 higher education in other states in institutional peer groups or to
9 use those institutions as part of the statewide higher education
10 assessment and accountability system until September 1, 2007. This
11 section expires January 1, 2008.

12 SECTION 2. Subsections (b) and (f), Section 54.0515,
13 Education Code, are amended to read as follows:

14 (b) The legislative oversight committee on higher education
15 is composed of 12 members as follows:

16 (1) the presiding officer of each legislative standing
17 committee and subcommittee with primary jurisdiction over higher
18 education;

19 (2) the presiding officer of the Senate Finance
20 Committee or its successor and of the House Appropriations
21 Committee or its successor;

22 (3) three additional [~~six~~] members of the senate
23 appointed by the lieutenant governor; and

24 (4) four additional [~~(2) six~~] members of the house of
25 representatives appointed by the speaker of the house of
26 representatives.

27 (f) The committee shall:

1 (1) meet at the call of either chair;

2 (2) monitor and regularly report to the legislature on
3 each institution of higher education's compliance with the
4 requirements of Subsection (e); ~~and~~

5 (3) receive and review information concerning the
6 affordability and accessibility of higher education, including the
7 impact of tuition deregulation; and

8 (4) perform duties prescribed by Subchapter EE,
9 Chapter 61, concerning the statewide higher education assessment
10 and accountability system.

11 SECTION 3. Section 61.065, Education Code, is amended by
12 amending Subsection (a) and adding Subsections (c) and (d) to read
13 as follows:

14 (a) The comptroller of public accounts and the board jointly
15 shall prescribe and periodically update a uniform system of annual
16 financial accounting and reporting for institutions of higher
17 education, including definitions of the elements of cost on the
18 basis of which appropriations shall be made and financial records
19 shall be maintained. The board may require institutions to report
20 additional financial information as the board considers necessary.
21 In order that the uniform system of financial accounting and
22 reporting shall provide for maximum consistency with the national
23 reporting system for higher education, the uniform system shall
24 incorporate insofar as possible the provisions of the financial
25 accounting and reporting manual published by the National
26 Association of College and University Business Officers. The
27 accounts of the institutions shall be maintained and audited in

1 accordance with the approved reporting system.

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

9 (d) A report by the board under Subsection (c) must
10 accurately provide all of the sources and uses of the money received
11 by each institution of higher education and must reflect the unique
12 mission, structure, resources, and other circumstances of each
13 category of institution.

14 SECTION 4. (a) The legislative oversight committee on
15 higher education shall review tuition deregulation and make
16 recommendations to the 80th Legislature for its continuation or
17 repeal. The report shall be submitted by January 1, 2007, to the
18 legislature.

19 (b) Section 54.0513, Education Code, shall be repealed on
20 September 1, 2008, unless the legislature passes legislation to
21 continue its existence.

22 SECTION 5. (a) On October 15, 2005, the presiding officer
23 of each legislative standing committee and subcommittee with
24 primary jurisdiction over higher education and the presiding
25 officer of the Senate Finance Committee or its successor and of the
26 House Appropriations Committee or its successor shall begin serving
27 as members of the legislative oversight committee on higher

1 education in accordance with Subsection (b), Section 54.0515,
2 Education Code, as amended by this Act.

3 (b) As soon as practicable after this Act takes effect, the
4 lieutenant governor and the speaker of the house of representatives
5 shall modify the composition of the legislative oversight committee
6 on higher education as necessary to comply with Subsection (b),
7 Section 54.0515, Education Code, as amended by this Act.

8 SECTION 6. This Act takes effect immediately if it receives
9 a vote of two-thirds of all the members elected to each house, as
10 provided by Section 39, Article III, Texas Constitution. If this
11 Act does not receive the vote necessary for immediate effect, this
12 Act takes effect September 1, 2005.