

1-1 By: Shapiro, West S.B. No. 1228
1-2 (In the Senate - Filed March 9, 2005; March 21, 2005, read
1-3 first time and referred to Subcommittee on Higher Education;
1-4 April 12, 2005, reported adversely, with favorable Committee
1-5 Substitute to Committee on Education; April 18, 2005, reported
1-6 adversely, with favorable Committee Substitute from Committee on
1-7 Education by the following vote: Yeas 8, Nays 0; April 18, 2005,
1-8 sent to printer.)

1-9 COMMITTEE SUBSTITUTE FOR S.B. No. 1228 By: West

1-10 A BILL TO BE ENTITLED
1-11 AN ACT

1-12 relating to a statewide assessment and accountability system for
1-13 public institutions of higher education and to an annual analysis
1-14 and report by the Texas Higher Education Coordinating Board
1-15 regarding financial information submitted by those institutions.

1-16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-17 SECTION 1. Chapter 61, Education Code, is amended by adding
1-18 Subchapter EE to read as follows:

1-19 SUBCHAPTER EE. STATEWIDE ASSESSMENT AND ACCOUNTABILITY SYSTEM

1-20 Sec. 61.9751. DEVELOPMENT AND IMPLEMENTATION OF SYSTEM;
1-21 SYSTEM COMPONENTS. (a) The board shall develop and implement a
1-22 statewide assessment and accountability system to measure the
1-23 performance of each institution of higher education, including the
1-24 institution's progress in achieving performance goals, in the
1-25 following areas:

1-26 (1) the number of students to whom the institution
1-27 provides higher education services;

1-28 (2) the number of students succeeding in higher
1-29 education at the institution, as measured at least in part by the
1-30 number of degrees or certificates awarded;

1-31 (3) institutional research, as measured at least in
1-32 part by the level of federal science or engineering research
1-33 funding awarded to the institution;

1-34 (4) the overall excellence of the institution, as
1-35 measured at least in part by the number of the institution's
1-36 programs or services that are nationally recognized;

1-37 (5) the institution's effectiveness in managing and
1-38 using money available to the institution from appropriations,
1-39 tuition charges, or any other source; and

1-40 (6) any other area determined by the board to be
1-41 necessary to effectively evaluate the performance of a particular
1-42 type of institution.

1-43 (b) As part of the system, the board, in consultation with
1-44 appropriate officers of each institution, shall place each
1-45 institution in an institutional peer group with like institutions
1-46 of higher education in this state and other states, as determined by
1-47 the primary role or mission of the institutions, such as research,
1-48 teaching, or the provision of graduate education. At least
1-49 biennially, the board shall review the institutions assigned to
1-50 each peer group and modify the peer group as necessary to reflect
1-51 changes in the role or mission of one or more institutions.

1-52 (c) The board by rule shall adopt a method to assess and rate
1-53 the performance, including progress in achieving performance
1-54 goals, of each institution of higher education in each area
1-55 identified under Subsection (a) and to use the assessments and
1-56 ratings for each area to assess and rate the overall performance of
1-57 each institution. The board may adopt different ratings methods
1-58 for different institutional peer groups. The board may provide for
1-59 ratings in any form, including in the form of a ranking or score,
1-60 except that the ratings method must provide a clear indication of
1-61 whether an institution's performance is acceptable or unacceptable
1-62 and must allow an assessment based on the specific context and
1-63 circumstances associated with each institution. The board may also

2-1 provide for a rating that indicates a need for improvement or that
 2-2 recognizes the degree of change in an institution's performance
 2-3 from one year to the next or over a period of years specified by the
 2-4 board.

2-5 (d) The board shall develop and implement a method to
 2-6 recognize each institution of higher education assigned the highest
 2-7 rating in overall performance under Section 61.9752.

2-8 Sec. 61.9752. ANNUAL ASSESSMENT. (a) Each year the board
 2-9 shall assess and rate the performance of each institution of higher
 2-10 education using the assessment and accountability system developed
 2-11 under this subchapter and determine whether to change an
 2-12 institution's current performance rating.

2-13 (b) In assessing and rating an institution's performance,
 2-14 the board shall compare an institution's performance for each area
 2-15 identified under Section 61.9751(a) to standards established under
 2-16 state law, including standards adopted by the board, and to the
 2-17 performance of other in-state and out-of-state institutions of
 2-18 higher education in the same institutional peer group.

2-19 Sec. 61.9753. REPORTS; LEGISLATIVE OVERSIGHT. (a) Not
 2-20 later than January 15 of each year, the board shall report
 2-21 assessment results to each institution of higher education and to
 2-22 the legislative oversight committee on higher education
 2-23 established under Section 54.0515. The board shall also report the
 2-24 results of the annual assessments on the board's Internet website.

2-25 (b) Not later than February 15 of each odd-numbered year,
 2-26 the legislative oversight committee shall make any recommendations
 2-27 the committee considers necessary for legislative action
 2-28 concerning the assessment and accountability system or the
 2-29 assessment results.

2-30 Sec. 61.9754. INFORMATION FOR ASSESSMENTS. To the extent
 2-31 practicable, the board shall obtain the information necessary for
 2-32 the board to perform its duties under this subchapter from other
 2-33 agencies or from reports submitted to the board for other purposes
 2-34 by institutions of higher education. Each institution of higher
 2-35 education shall provide to the board, at the time and in the form
 2-36 required by the board, any other information necessary for the
 2-37 board to perform its duties under this subchapter.

2-38 Sec. 61.9755. TUITION INCREASE PROHIBITED. If for any
 2-39 academic year an institution of higher education receives a rating
 2-40 under the assessment and accountability system that indicates
 2-41 unacceptable overall performance, for a subsequent academic year
 2-42 the institution may not increase the rate of tuition charged under
 2-43 Section 54.0513 or any other law granting the institution or its
 2-44 governing board discretion to set the tuition rate, except as
 2-45 necessary to reflect cost-of-living increases as determined by the
 2-46 board, until the institution receives a rating that indicates
 2-47 acceptable overall performance.

2-48 Sec. 61.9756. RULES. The board shall adopt rules as
 2-49 necessary to implement this subchapter.

2-50 Sec. 61.9757. INITIAL REPORTS, COMMENTS, RECOMMENDATIONS,
 2-51 AND IMPLEMENTATION. (a) Not later than November 1, 2005, the
 2-52 board shall submit to the legislative oversight committee on higher
 2-53 education an initial report on the board's proposed statewide
 2-54 higher education assessment and accountability system for
 2-55 institutions of higher education other than public junior colleges.
 2-56 Not later than December 1, 2005, the committee shall provide its
 2-57 comments and recommendations to the board concerning the proposed
 2-58 system for those institutions of higher education. The board shall
 2-59 consider the committee's comments and recommendations in adopting
 2-60 and implementing the system.

2-61 (b) Not later than March 1, 2006, the board shall implement
 2-62 the assessment and accountability system and make the initial
 2-63 institutional assessments of institutions of higher education
 2-64 other than public junior colleges.

2-65 (c) Not later than November 1, 2006, the board shall submit
 2-66 to the legislative oversight committee an initial report on the
 2-67 board's proposed statewide higher education assessment and
 2-68 accountability system for public junior colleges. Not later than
 2-69 December 1, 2006, the committee shall provide its comments and

3-1 recommendations to the board concerning the proposed system for
 3-2 public junior colleges. The board shall consider the committee's
 3-3 comments and recommendations in adopting and implementing the
 3-4 system.

3-5 (d) Not later than March 1, 2007, the board shall implement
 3-6 the assessment and accountability system for public junior colleges
 3-7 and make the initial institutional assessments of the junior
 3-8 colleges.

3-9 (e) The board as it considers appropriate may apply this
 3-10 section to public state colleges and public technical institutes
 3-11 according to the provisions applicable to public junior colleges.

3-12 (f) This section expires June 1, 2007.

3-13 Sec. 61.9758. COMPOSITION OF PEER GROUPS: INCLUSION OF
 3-14 OUT-OF-STATE INSTITUTIONS. Notwithstanding Section 61.9751(b) or
 3-15 61.9752(b), the board is not required to include institutions of
 3-16 higher education in other states in institutional peer groups or to
 3-17 use those institutions as part of the statewide higher education
 3-18 assessment and accountability system until September 1, 2007. This
 3-19 section expires January 1, 2008.

3-20 SECTION 2. Subsections (b) and (f), Section 54.0515,
 3-21 Education Code, are amended to read as follows:

3-22 (b) The legislative oversight committee on higher education
 3-23 is composed of 12 members as follows:

3-24 (1) the presiding officer of each legislative standing
 3-25 committee and subcommittee with primary jurisdiction over higher
 3-26 education;

3-27 (2) the presiding officer of the Senate Finance
 3-28 Committee or its successor and of the House Appropriations
 3-29 Committee or its successor;

3-30 (3) three additional [~~six~~] members of the senate
 3-31 appointed by the lieutenant governor; and

3-32 (4) four additional [~~(2) six~~] members of the house of
 3-33 representatives appointed by the speaker of the house of
 3-34 representatives.

3-35 (f) The committee shall:

3-36 (1) meet at the call of either chair;

3-37 (2) monitor and regularly report to the legislature on
 3-38 each institution of higher education's compliance with the
 3-39 requirements of Subsection (e); ~~and~~

3-40 (3) receive and review information concerning the
 3-41 affordability and accessibility of higher education, including the
 3-42 impact of tuition deregulation; and

3-43 (4) perform duties prescribed by Subchapter EE,
 3-44 Chapter 61, concerning the statewide higher education assessment
 3-45 and accountability system.

3-46 SECTION 3. Section 61.065, Education Code, is amended by
 3-47 amending Subsection (a) and adding Subsections (c) and (d) to read
 3-48 as follows:

3-49 (a) The comptroller of public accounts and the board jointly
 3-50 shall prescribe and periodically update a uniform system of annual
 3-51 financial accounting and reporting for institutions of higher
 3-52 education, including definitions of the elements of cost on the
 3-53 basis of which appropriations shall be made and financial records
 3-54 shall be maintained. The board may require institutions to report
 3-55 additional financial information as the board considers necessary.
 3-56 In order that the uniform system of financial accounting and
 3-57 reporting shall provide for maximum consistency with the national
 3-58 reporting system for higher education, the uniform system shall
 3-59 incorporate insofar as possible the provisions of the financial
 3-60 accounting and reporting manual published by the National
 3-61 Association of College and University Business Officers. The
 3-62 accounts of the institutions shall be maintained and audited in
 3-63 accordance with the approved reporting system.

3-64 (c) The board shall review, analyze, and summarize the
 3-65 financial information reported annually by each institution of
 3-66 higher education under this section and, not later than May 1 of
 3-67 each year, shall report its analysis and summary of that
 3-68 information for the preceding year to each legislative standing
 3-69 committee and subcommittee with primary jurisdiction over higher

4-1 education.

4-2 (d) A report by the board under Subsection (c) must
4-3 accurately provide all of the sources and uses of the money received
4-4 by each institution of higher education and must reflect the unique
4-5 mission, structure, resources, and other circumstances of each
4-6 category of institution.

4-7 SECTION 4. (a) On October 15, 2005, the presiding officer
4-8 of each legislative standing committee and subcommittee with
4-9 primary jurisdiction over higher education and the presiding
4-10 officer of the Senate Finance Committee or its successor and of the
4-11 House Appropriations Committee or its successor shall begin serving
4-12 as members of the legislative oversight committee on higher
4-13 education in accordance with Subsection (b), Section 54.0515,
4-14 Education Code, as amended by this Act.

4-15 (b) As soon as practicable after this Act takes effect, the
4-16 lieutenant governor and the speaker of the house of representatives
4-17 shall modify the composition of the legislative oversight committee
4-18 on higher education as necessary to comply with Subsection (b),
4-19 Section 54.0515, Education Code, as amended by this Act.

4-20 SECTION 5. This Act takes effect immediately if it receives
4-21 a vote of two-thirds of all the members elected to each house, as
4-22 provided by Section 39, Article III, Texas Constitution. If this
4-23 Act does not receive the vote necessary for immediate effect, this
4-24 Act takes effect September 1, 2005.

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