

## **BILL ANALYSIS**

Senate Research Center

H.B. 3828  
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Education  
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Engrossed

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

Currently, institutions of higher education in this state are not rewarded for working to fulfill the state's goals. The state has many goals for improving higher education, such as increasing graduation rates and increasing enrollment of high-risk students. These institutions need to strive to reach the state's goals while ensuring they maintain high quality education. Legislation was previously passed in 1987 to provide incentives and special initiative funding, but funding was never provided. Furthermore, 18 different measures for determining performance were provided, making such a determination too complex.

H.B. 3828 funds a performance incentive program. This bill encourages higher education institutions to focus on reaching the goals the legislature finds most important and encourages an increase in graduation rates by rewarding those institutions that graduate more students while maintaining the highest level of quality. Furthermore, this bill provides additional rewards for graduates in critical fields such as engineering, computer science, math, physical science, allied health, nursing, and teacher certification in math and science, as well as for graduating high-risk students. This bill provides a points system approach for funding.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 (Sections 61.9802, 61.9803, 61.9804, 61.9805, and 61.9806, Education Code) and SECTION 3 of this bill.

### **SECTION BY SECTION ANALYSIS**

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

#### **SUBCHAPTER EE. PERFORMANCE INCENTIVE FUNDING**

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

(b) Defines "advanced degree," "at-risk student," and "critical field."

(c) Sets forth certain fields that are considered critical fields, except as otherwise provided under Subdivision (2).

(d) Requires the Texas Higher Education Coordinating Board (THECB), for each state fiscal year and except as otherwise provided by rules adopted under Section 61.9806, to distribute any performance incentive funds appropriated by the legislature for the purposes of this section, and any other funds made available for the purposes of this section, to institutions to which this section applies in proportion to the number of points assigned to each institution under the tables prescribed by Subsections (f) and (g).

(e) Provides that a number of points is assigned in accordance with Subsections (f) and (g) only on the basis of a degree awarded during the state fiscal year preceding the year for which the distribution of funds under this section is made.

Prohibits points from being assigned for any degree awarded to an international student.

(f) Provides a table listing the number of points assigned for a bachelor's degree awarded to a student by an institution to which this section applies.

(g) Provides a table listing the number of points assigned for an advanced degree awarded to a student by an institution to which this section applies based on the type of advanced degree awarded.

Sec. 61.9802. PERFORMANCE INCENTIVE FUNDING FOR COMMUNITY COLLEGES, PUBLIC TECHNICAL INSTITUTES, AND PUBLIC STATE COLLEGES. (a) Provides that this section applies only to community colleges, public technical institutes, and public state colleges.

(b) Defines "at-risk student" and "critical field."

(c) Sets forth certain fields that are considered critical fields, except as otherwise provided under Subdivision (2). Authorizes THECB by rule, beginning September 1, 2010, and based on THECB's determination of those fields of study in which the support and development of postsecondary education programs at the lower-division level are most critically necessary for serving the needs of this state, to 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 to remove a field of study from the list of fields currently designated by this subsection or by THECB as critical fields.

(d) Requires THECB to distribute any performance incentive funds appropriated by the legislature for the purposes of this section, and any other funds made available for the purposes of this section, to institutions to which this section applies in proportion to the number of points assigned to each institution under the tables prescribed by Subsections (f) and (g), except as otherwise provided by rules adopted under Section 61.9806.

(e) Provides that a number of points is assigned in accordance with Subsections (f) and (g) only on the basis of a degree or certificate awarded or a student transfer made during the state fiscal year preceding the year for which the distribution of funds under this section is made. Prohibits points from being assigned for certain degrees or certificates.

(f) Provides a table listing the number of points assigned for an associate degree or certificate awarded to a student by an institution to which this section applies.

(g) Provides a table listing the number of points 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 THECB under Section 51.807 (Rulemaking) before transferring to a general academic teaching institution other than a public state college.

Sec. 61.9803. PERFORMANCE INCENTIVE FUNDING FOR MEDICAL AND DENTAL UNITS. (a) Provides that this section applies only to medical and dental units and the Baylor College of Medicine.

(b) Requires THECB to distribute any performance incentive funds appropriated by the legislature for the purposes of this section, and any other funds made available for the purposes of this section, to institutions to which this section applies in proportion to the number of points assigned to each institution under the tables prescribed by Subsection (d), except as otherwise provided by rules adopted under Section 61.9806.

(c) Provides that a number of points is assigned in accordance with Subsection (d) only on the basis of a degree or certificate awarded or a first residency completed during the state fiscal year preceding the year for which the distribution of funds under this section is made. Prohibits points from being assigned for any degree awarded to an international student.

(d) Provides a table listing the number of points assigned for a degree awarded to a student by an institution to which this section applies based on the type of degree awarded or a first residency completed.

(e) Authorizes a number of points to be assigned under this section for a degree awarded or a first-year residency completed by a student of the Baylor College of Medicine only if the student was awarded the degree or completed the residency in a program at the college for which the college receives state funding under Subchapter D (Contracts with Baylor College of Medicine and Baylor University College of Dentistry) or Subchapter I (Contracts for Medical Residency Programs), notwithstanding any other provision of this section.

Sec. 61.9804. RULES. Requires THECB to adopt rules for the administration of this subchapter.

Sec. 61.9805. REPORT BY INSTITUTIONS TO BOARD. Requires each institution of higher education or other postsecondary educational institution to which this subchapter applies, not later than September 1 of each year, to compile and send to THECB, in accordance with rules adopted by THECB, a report that includes certain data regarding each student who was awarded a degree or certificate by the institution, completed a first residency with the institution, or transferred from the institution to a general academic teaching institution other than a public state college, during the preceding state fiscal year.

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

(b) Sets forth certain requirements for the methodology adopted under this section.

(c) Authorizes the minimum standards required under Subsection (b)(2) to be established per graduate, per department, per institution, or based on any other unit of measurement THECB considers appropriate.

(d) Authorizes THECB to consider for purposes of this section certain indicators to measure the quality of degrees or certificates.

(d-1) Prohibits a student's performance on a standardized test from being required for graduation from an institution of higher education, used as a measure of an institution's accountability, or used as an indicator or criterion under this section.

(e) Requires THECB, not later than January 31 of each even-numbered year, to adopt the methodology required by this section applicable to the distribution of funds under this subchapter in the state fiscal biennium that begins in the following odd-numbered year. Requires THECB, upon adoption, to submit a copy of the methodology to certain elected officials.

(f) Requires THECB to adopt rules for the administration of this section.

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

SECTION 2. Repealer: Section 61.0591 (Incentive and Special Initiative Funding), Education Code.

SECTION 3. Requires THECB to adopt rules relating to the administration of Subchapter EE, Chapter 61, Education Code, as added by this Act, as soon as practicable after the effective date of this Act.

SECTION 4. Effective date: September 1, 2008.