

BILL ANALYSIS

C.S.H.B. 3790
By: Morrison
Higher Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill creates performance incentive programs for institutions of higher education to encourage them to focus on reaching the goals the legislature has found to be most critical. To promote increased graduation rates, the bill rewards those institutions that graduate more students while maintaining the highest degree of quality. The 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 at-risk students. The bill awards incentive funding based on a point system that places weights on the designated criteria and critical fields and student characteristics.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTIONS 1 and 3 of this bill.

ANALYSIS

C.S.H.B. 3790 amends the Education Code to establish performance incentive funding provisions that are applicable only to general academic teaching institutions other than public state colleges. The bill, for purposes of incentive funding provisions for such institutions, defines "advanced degree" to mean a graduate or professional degree for which a baccalaureate degree is usually required as a prerequisite to admission into the degree program. The bill defines "at-risk student" to mean a student of an institution to which these provisions apply:

- whose score on the Scholastic Assessment Test (SAT) or the American College Test (ACT) is less than the national mean score of students' scores on that test;
- who has been awarded a grant under the federal Pell Grant program;
- who was 20 years of age or older on the date the student initially enrolled in the institution;
- who initially enrolled in the institution for less than 12 semester credit hours during a fall or spring semester;
- who did not receive a high school diploma but received a high school equivalency certificate;
- who may not be claimed by any other person as a dependent for federal income tax purposes but may claim at least one other person as a dependent for federal income tax purposes; or
- who is a single parent.

The bill defines "critical field" to mean one of the following fields of study: engineering, computer science, mathematics, physical science, allied health, nursing, and teaching certification in the field of science or mathematics. The bill authorizes the Texas Higher Education Coordinating Board, beginning September 1, 2011, by rule, and based on the board's determination of those fields of study in which the support and development of postsecondary

education programs at the bachelor's degree or advanced degree level are most critically necessary for serving Texas' needs, to designate a field of study not currently designated above as a critical field or to remove a field of study from the list of fields designated as critical fields.

C.S.H.B. 3790 requires the board, for each state fiscal year, to distribute any performance incentive funds appropriated by the legislature for the purposes of these provisions, and any other funds made available for such purposes, to institutions to which this provision applies as follows: 50 percent in proportion to the increase, if any, in the average number of degrees awarded annually by each institution in the two most recent fiscal years from the average number of degrees awarded annually by that institution in the two fiscal years immediately preceding those fiscal years, using the weights assigned to each degree under the table prescribed below and the remaining 50 percent in proportion to the average number of degrees awarded annually by each institution in the three most recent fiscal years, using the weights assigned to each degree under the table prescribed below. The bill assigns a number of points for each degree awarded by an eligible institution, other than a degree awarded to an international student, according to the following table:

POINTS	
Noncritical Field/Not At-Risk Student	1.0
Noncritical Field/At-Risk Student	2.0
Critical Field/Not At-Risk Student	2.0
Critical Field/At-Risk Student	3.0

C.S.H.B. 3790 establishes performance incentive funding provisions that are applicable only to public junior colleges, public technical institutes, and public state colleges. The bill, for purposes of incentive funding provisions for such institutions, defines "at-risk student" to mean a student of an institution to which these provisions apply:

- who graduated from high school with a cumulative grade point average of less than 2.5 on a four-point scale or the equivalent;
- who has been awarded a grant under the federal Pell Grant program;
- who was 20 years of age or older on the date the student enrolled in the institution for the first time;
- who initially enrolled in the institution for less than 12 semester credit hours during a fall or spring semester;
- who did not receive a high school diploma but received a high school equivalency certificate;
- who may not be claimed by any other person as a dependent for federal income tax purposes but may claim at least one other person as a dependent for federal income tax purposes; or
- who is a single parent.

The bill defines "critical field" to mean one of the following fields of study: engineering technology, computer science, mathematics, physical science, allied health, and nursing. The bill authorizes the board, beginning September 1, 2011, by rule, and based on the board'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 Texas' needs, to designate a field of study not currently designated above as a critical field or to remove a field of study from the list of fields designated as critical fields.

C.S.H.B. 3790 requires the board, for each state fiscal year, to distribute any performance incentive funds appropriated by the legislature for the purposes of these provisions, and any other funds made available for such purposes, to institutions to which these provisions apply as follows: 50 percent in proportion to the increase, if any, in the average number of student transfers from each institution that occur each year plus the average number of degrees and certificates awarded annually by the institution in the two most recent fiscal years from the average number of student transfers from the institution that occur each year plus the average number of degrees and certificates awarded annually by the institution in the two fiscal years immediately preceding those fiscal years, using the weights assigned to each student transfer or to each degree or certificate under the following table and the remaining 50 percent in proportion to the average number of student transfers from each institution that occur each year plus the average number of degrees and certificates awarded annually by the institution in the three most recent fiscal years, using the weights assigned to each student transfer or degree or certificate under the following table. The bill prohibits points being assigned for any degree or certificate awarded in a program on a topic or at a level that the board determines does not merit funding under these provisions or to an international student. The bill prohibits points being assigned for both a student's certificate or degree and the student's transfer. The bill requires points to be assigned for the student only in the table category in which the highest number of points will be assigned. The bill authorizes points to be assigned for a student transfer only for a student who completed at least 30 but not more than 70 semester credit hours at the institution, with a grade point average of at least 2.5 on a four-point scale or the equivalent, before transferring to a general academic teaching institution other than a public state college. The bill assigns a number of points for each degree awarded or student transfer by an eligible institution according to the following table:

	POINTS
Level 1 Certificate/Noncritical Field/Not At-Risk Student	1.0
Level 1 Certificate/Noncritical Field/At-Risk Student	1.5
Level 1 Certificate/Critical Field/Not At-Risk Student	1.5
Level 1 Certificate/Critical Field/At-Risk Student	2.0
Level 2 Certificate/Noncritical Field/Not At-Risk Student	1.5
Level 2 Certificate/Noncritical Field/At-Risk Student	2.0
Level 2 Certificate/Critical Field/Not At-Risk Student	2.0
Level 2 Certificate/Critical Field/At-Risk Student	2.5
Associate's Degree/Noncritical Field/Not At-Risk Student	2.0
Associate's Degree/Noncritical Field/At-Risk Student	2.5
Associate's Degree/Critical Field/Not At-Risk Student	2.5
Associate's Degree/Critical Field/At-Risk Student	3.0
Student Transfer	2.0

C.S.H.B. 3790 establishes performance incentive funding provisions that are applicable only to medical and dental units. The bill requires the board, for each state fiscal year, to distribute any performance incentive funds appropriated by the legislature for the purposes of these provisions, and any other funds made available for such purposes, to institutions to which these provisions apply as follows: 50 percent in proportion to the increase, if any, in the average number of degrees and certificates awarded by, and medical residencies completed at, each institution annually in the two most recent fiscal years from the average number of degrees and certificates awarded by, and medical residencies completed at, that institution annually in the two fiscal years immediately preceding those fiscal years, using the weights assigned to each degree, certificate, or medical residency completion under the following table and the remaining 50 percent in proportion to the average number of degrees and certificates awarded by, and medical residencies completed at, each institution annually in the three most recent fiscal years, using the weights assigned to each degree, certificate, or medical residency completion under the following table. The bill assigns a number of points for each degree or certificate awarded by, or medical residency completed at, an eligible institution, other than a degree or certificate awarded to or a medical residency completed by an international student, according to the following table:

TYPE OF DEGREE OR CERTIFICATE	POINTS
Certificate requiring 30-60 Semester Credit Hours	0.5
Bachelor's or Master's	1.0
Doctoral following a Master's	1.0
Doctoral following a Bachelor's	2.0
Medical or Dental	2.0
Completed Medical Residency	2.0

C.S.H.B. 3790 establishes the Texas Academic Excellence Award Program and defines terms for purposes of the program. The bill provides that "at-risk student" includes any student who is an at-risk student as defined in either of the preceding provisions. The bill provides that "critical field" includes any field of study designated as a critical field in either of the preceding provisions. The bill defines "end-of-degree examination" to mean an examination approved by the board for purposes of these provisions as an effective measure of the knowledge, skill, proficiency, and understanding achieved by a student on completion of a degree program. The bill defines "licensing examination" to mean an examination required for the issuance of a professional or occupational license, except that in regard to an examination required for a medical license, the term applies only to the first two sittings by a student for any examination administered or accepted for that purpose.

C.S.H.B. 3790 requires the board to administer the Texas Academic Excellence Award Program, under which the board annually presents a Texas Academic Excellence Award to each graduate of an institution of higher education whose licensing examination score or end-of-degree examination score exceeds the national average of students' scores on that examination or, if the examination is not administered nationally, exceeds the statewide average of students' scores on that examination and provides funds to the institutions of higher education from which the award recipients graduated. The bill requires the board, for each state fiscal year, to distribute any funds appropriated by the legislature for the purposes of these provisions, and any other funds made available for such purposes, to the institutions of higher education from which the Texas Academic Excellence Award recipients for that year graduated, in proportion to the number of degrees awarded by each institution to students receiving the award for that year, weighted according to the weights assigned to the degrees as prescribed by the tables above, as applicable, including any additional weights assigned to students who are at-risk students or who graduated with a degree in a critical field. The bill requires the board to hire consultants to assist the board in determining which end-of-degree examinations to approve for purposes of these provisions.

C.S.H.B. 3790 requires the board to adopt rules for the administration of the provisions set forth in this bill.

C.S.H.B. 3790 requires each institution of higher education, not later than September 1 of each year, to compile and submit to the board, in accordance with rules adopted by the board, a report that includes the following data regarding each student who was awarded a degree or certificate by the institution, completed a medical 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:

- the student's scores on the SAT and ACT;
- for a student who transferred from the institution without completing a degree or certificate, the number of semester credit hours completed by the student at the institution;
- the student's grade point average on all course work completed at the institution;
- whether the student received a grant under the federal Pell Grant program;
- the age of the student on the date the student initially enrolled in the institution;

- whether the student initially enrolled in the institution for less than 12 semester credit hours during a fall or spring semester;
- whether the student is an international student;
- whether any degree or certificate awarded to the student by the institution is in a field designated as a critical field under the preceding provisions of the bill; and
- any other information required by the board.

C.S.H.B. 3790 requires the board, each state fiscal biennium, to provide for the evaluation by an education research center of the points assigned under all of the above provisions. The bill requires the education research center, not later than June 1 of each even-numbered year, to submit to the board and the legislature a written report regarding the center's evaluation under these provisions, including any recommendations for changes to the assigned points.

C.S.H.B. 3790 requires the board to adopt rules relating to the administration of performance incentive funding as soon as practicable after the effective date of this bill. The bill makes provisions relating to the Texas Academic Excellence Award Program apply beginning with licensing examinations and end-of-degree examinations administered on or after September 1, 2011.

C.S.H.B. 3790 repeals Section 61.0591, Education Code, relating to incentive and special initiative funding.

EFFECTIVE DATE

September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 3790 differs from the original in the allocation of the performance incentive funds appropriated or otherwise made available for distribution by the Texas Higher Education Coordinating Board to general academic teaching institutions. The substitute allocates half of those incentive funds in proportion to any increase in the average number of degrees awarded annually by each institution in the two most recent fiscal years from the average number of degrees awarded annually by that institution in the two fiscal years immediately preceding those fiscal years, using specified weights assigned to each degree, whereas the original allocates all of such incentive funds in that manner. The substitute allocates the other half in proportion to the average number of degrees awarded annually by each institution in the three most recent fiscal years, using the same weighted degrees, whereas the original does make any such allocation.

C.S.H.B. 3790 differs from the original in the allocation of the performance incentive funds appropriated or otherwise made available for distribution by the coordinating board to public junior colleges, public technical institutes, and public state colleges. The substitute allocates half of those incentive funds in proportion to any increase in the average number of student transfers from each institution that occur each year plus the average number of degrees and certificates awarded annually by the institution in the two most recent fiscal years from the average number of student transfers from the institution that occur each year plus the average number of degrees and certificates awarded annually by the institution in the two fiscal years immediately preceding those fiscal years, using specified weights assigned to each student transfer or to each degree, whereas the original allocates all of such incentive funds in that manner, except that the original specifies the number, rather than the average number, of degrees and certificates awarded annually. The substitute allocates the other half in proportion to the average number of student transfers from each institution that occur each year plus the average number of degrees and certificates awarded annually by the institution in the three most recent fiscal years, using the same weighted transfers, degrees, or certificates, whereas the original does not make any such

allocation.

C.S.H.B. 3790 differs from the original in the allocation of the performance incentive funds appropriated or otherwise made available for distribution by the board to medical and dental units. The substitute allocates half of those incentive funds in proportion to any increase in the average number of degrees and certificates awarded by, and medical residencies completed at, each institution annually in the two most recent fiscal years from the average number of degrees and certificates awarded by, and medical residencies completed at, that institution annually in the two fiscal years immediately preceding those fiscal years, using the weights assigned to each degree, certificate, or medical residency completion, whereas the original allocates all of such incentive funds in that manner. The substitute allocates the other half in proportion to the average number of degrees and certificates awarded by, and medical residencies completed at, each institution annually in the three most recent fiscal years, using the same weighted degrees, certificates, or medical residency completions, whereas the original does not make any such allocation.