

By: Morrison

H.B. No. 3790

Substitute the following for H.B. No. 3790:

By: Branch

C.S.H.B. No. 3790

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to performance incentive funding for public institutions  
3 of higher education and to recognition of certain student  
4 achievement on degree completion.

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

6 SECTION 1. Chapter 61, Education Code, is amended by adding  
7 Subchapter FF to read as follows:

8 SUBCHAPTER FF. PERFORMANCE INCENTIVE FUNDING

9 Sec. 61.9801. PERFORMANCE INCENTIVE FUNDING FOR CERTAIN  
10 GENERAL ACADEMIC TEACHING INSTITUTIONS. (a) This section applies  
11 only to general academic teaching institutions other than public  
12 state colleges.

13 (b) In this section:

14 (1) "Advanced degree" means a graduate or professional  
15 degree for which a baccalaureate degree is usually required as a  
16 prerequisite to admission into the degree program.

17 (2) "At-risk student" means a student of an  
18 institution to which this section applies:

19 (A) whose score on the Scholastic Assessment Test  
20 (SAT) or the American College Test (ACT) is less than the national  
21 mean score of students' scores on that test;

22 (B) who has been awarded a grant under the  
23 federal Pell Grant program;

24 (C) who was 20 years of age or older on the date

1 the student initially enrolled in the institution;

2 (D) who initially enrolled in the institution for  
3 less than 12 semester credit hours during a fall or spring semester;

4 (E) who did not receive a high school diploma but  
5 received a high school equivalency certificate;

6 (F) who may not be claimed by any other person as  
7 a dependent for federal income tax purposes but may claim at least  
8 one other person as a dependent for federal income tax purposes; or

9 (G) who is a single parent.

10 (3) "Critical field" means a field of study designated  
11 as a critical field under Subsection (c).

12 (c) Except as otherwise provided under Subdivision (2), the  
13 fields of engineering, computer science, mathematics, physical  
14 science, allied health, nursing, and teaching certification in the  
15 field of science or mathematics are critical fields. Beginning  
16 September 1, 2011, the board, based on the board's determination of  
17 those fields of study in which the support and development of  
18 postsecondary education programs at the bachelor's degree or  
19 advanced degree level are most critically necessary for serving the  
20 needs of this state, by rule may:

21 (1) designate as a critical field a field of study that  
22 is not currently designated by this subsection or by the board as a  
23 critical field; or

24 (2) remove a field of study from the list of fields  
25 currently designated by this subsection or by the board as critical  
26 fields.

27 (d) For each state fiscal year, the board shall distribute

1 any performance incentive funds appropriated by the legislature for  
2 the purposes of this section, and any other funds made available for  
3 the purposes of this section, to institutions to which this section  
4 applies as follows:

5 (1) 50 percent in proportion to the increase, if any,  
6 in the average number of degrees awarded annually by each  
7 institution in the two most recent fiscal years from the average  
8 number of degrees awarded annually by that institution in the two  
9 fiscal years immediately preceding those fiscal years, using the  
10 weights assigned to each degree under the table prescribed by  
11 Subsection (e); and

12 (2) the remaining 50 percent in proportion to the  
13 average number of degrees awarded annually by each institution in  
14 the three most recent fiscal years, using the weights assigned to  
15 each degree under the table prescribed by Subsection (e).

16 (e) A number of points is assigned for each degree awarded  
17 by an eligible institution, other than a degree awarded to an  
18 international student, according to the following table:

	<u>POINTS</u>
19 <u>Noncritical Field/Not At-Risk Student</u>	<u>1.0</u>
20 <u>Noncritical Field/At-Risk Student</u>	<u>2.0</u>
21 <u>Critical Field/Not At-Risk Student</u>	<u>2.0</u>
22 <u>Critical Field/At-Risk Student</u>	<u>3.0</u>

23 Sec. 61.9802. PERFORMANCE INCENTIVE FUNDING FOR PUBLIC  
24 JUNIOR COLLEGES, PUBLIC TECHNICAL INSTITUTES, AND PUBLIC STATE  
25 COLLEGES. (a) This section applies only to the following  
26 institutions of higher education:  
27

- 1           (1) public junior colleges;
- 2           (2) public technical institutes; and
- 3           (3) public state colleges.

4           (b) In this section:

5           (1) "At-risk student" means a student of an  
6 institution to which this section applies:

7           (A) who graduated from high school with a  
8 cumulative grade point average of less than 2.5 on a four-point  
9 scale or the equivalent;

10           (B) who has been awarded a grant under the  
11 federal Pell Grant program;

12           (C) who was 20 years of age or older on the date  
13 the student enrolled in the institution for the first time;

14           (D) who initially enrolled in the institution for  
15 less than 12 semester credit hours during a fall or spring semester;

16           (E) who did not receive a high school diploma but  
17 received a high school equivalency certificate;

18           (F) who may not be claimed by any other person as  
19 a dependent for federal income tax purposes but may claim at least  
20 one other person as a dependent for federal income tax purposes; or

21           (G) who is a single parent.

22           (2) "Critical field" means a field of study designated  
23 as a critical field under Subsection (c).

24           (c) Except as otherwise provided under Subdivision (2), the  
25 fields of engineering technology, computer science, mathematics,  
26 physical science, allied health, and nursing are critical fields.  
27 Beginning September 1, 2011, the board, based on the board's

1 determination of those fields of study in which the support and  
2 development of postsecondary education programs at the  
3 lower-division level are most critically necessary for serving the  
4 needs of this state, by rule may:

5 (1) designate as a critical field a field of study that  
6 is not currently designated by this subsection or by the board as a  
7 critical field; or

8 (2) remove a field of study from the list of fields  
9 currently designated by this subsection or by the board as critical  
10 fields.

11 (d) For each state fiscal year, the board shall distribute  
12 any performance incentive funds appropriated by the legislature for  
13 the purposes of this section, and any other funds made available for  
14 the purposes of this section, to institutions to which this section  
15 applies as follows:

16 (1) 50 percent in proportion to the increase, if any,  
17 in the average number of student transfers described by Subsection  
18 (g) from each institution that occur each year plus the average  
19 number of degrees and certificates awarded annually by the  
20 institution in the two most recent fiscal years from the average  
21 number of student transfers described by Subsection (g) from the  
22 institution that occur each year plus the average number of degrees  
23 and certificates awarded annually by the institution in the two  
24 fiscal years immediately preceding those fiscal years, using the  
25 weights assigned to each student transfer or degree or certificate  
26 under the table prescribed by Subsection (h); and

27 (2) the remaining 50 percent in proportion to the

1 average number of student transfers described by Subsection (g)  
2 from each institution that occur each year plus the average number  
3 of degrees and certificates awarded annually by the institution in  
4 the three most recent fiscal years, using the weights assigned to  
5 each student transfer or degree or certificate under the table  
6 prescribed by Subsection (h).

7 (e) Points may not be assigned under Subsection (h) for any  
8 degree or certificate awarded:

9 (1) in a program on a topic or at a level that the board  
10 determines does not merit funding under this section; or

11 (2) to an international student.

12 (f) Points may not be assigned under Subsection (h) for both  
13 a student's certificate or degree and the student's transfer.  
14 Points must be assigned for the student only in the category under  
15 Subsection (h) in which the highest number of points will be  
16 assigned for the student.

17 (g) Points may be assigned for a student transfer under  
18 Subsection (h) only for a student of the institution who completed  
19 at least 30 but not more than 70 semester credit hours at the  
20 institution with a grade point average of at least 2.5 on a  
21 four-point scale or the equivalent before transferring to a general  
22 academic teaching institution other than a public state college.

23 (h) A number of points is assigned for each degree awarded  
24 or student transfer by an eligible institution according to the  
25 following table:

	<u>POINTS</u>
1	
2	<u>1.0</u>
3	
4	<u>1.5</u>
5	
6	<u>1.5</u>
7	
8	<u>2.0</u>
9	
10	<u>1.5</u>
11	
12	<u>2.0</u>
13	
14	<u>2.0</u>
15	
16	<u>2.5</u>
17	
18	<u>2.0</u>
19	
20	<u>2.5</u>
21	
22	<u>2.5</u>
23	
24	<u>3.0</u>
25	
26	<u>2.0</u>
27	<u>Sec. 61.9803. PERFORMANCE INCENTIVE FUNDING FOR MEDICAL AND</u>

1 DENTAL UNITS. (a) This section applies only to medical and dental  
2 units.

3 (b) For each state fiscal year, the board shall distribute  
4 any performance incentive funds appropriated by the legislature for  
5 the purposes of this section, and any other funds made available for  
6 the purposes of this section, to institutions to which this section  
7 applies as follows:

8 (1) 50 percent in proportion to the increase, if any,  
9 in the average number of degrees and certificates awarded by, and  
10 medical residencies completed at, each institution annually in the  
11 two most recent fiscal years from the average number of degrees and  
12 certificates awarded by, and medical residencies completed at, that  
13 institution annually in the two fiscal years immediately preceding  
14 those fiscal years, using the weights assigned to each degree,  
15 certificate, or medical residency completion under the table  
16 prescribed by Subsection (c); and

17 (2) the remaining 50 percent in proportion to the  
18 average number of degrees and certificates awarded by, and medical  
19 residencies completed at, each institution annually in the three  
20 most recent fiscal years, using the weights assigned to each  
21 degree, certificate, or medical residency completion under the  
22 table prescribed by Subsection (c).

23 (c) A number of points is assigned for each degree or  
24 certificate awarded by, or medical residency completed at, an  
25 eligible institution, other than a degree or certificate awarded to  
26 or a medical residency completed by an international student,  
27 according to the following table:

<u>1 TYPE OF DEGREE OR CERTIFICATE</u>	<u>POINTS</u>
<u>2 Certificate requiring 30-60 Semester Credit Hours</u>	<u>0.5</u>
<u>3 Bachelor's or Master's</u>	<u>1.0</u>
<u>4 Doctoral following a Master's</u>	<u>1.0</u>
<u>5 Doctoral following a Bachelor's</u>	<u>2.0</u>
<u>6 Medical or Dental</u>	<u>2.0</u>
<u>7 Completed Medical Residency</u>	<u>2.0</u>

8 Sec. 61.9804. TEXAS ACADEMIC EXCELLENCE AWARD PROGRAM. (a)

9 In this section:

10 (1) "At-risk student" includes any student who is an  
11 at-risk student under Section 61.9801 or 61.9802.

12 (2) "Critical field" includes any field of study  
13 designated as a critical field under Section 61.9801 or 61.9802.

14 (3) "End-of-degree examination" means an examination  
15 approved by the board for purposes of this section as an effective  
16 measure of the knowledge, skill, proficiency, and understanding  
17 achieved by a student on completion of a degree program.

18 (4) "Licensing examination" means an examination  
19 required for the issuance of a professional or occupational  
20 license, except that in regard to an examination required for a  
21 medical license, the term applies only to the first two sittings by  
22 a student for any examination administered or accepted for that  
23 purpose under Subtitle B, Title 3, Occupations Code.

24 (b) The board shall administer the Texas Academic  
25 Excellence Award Program, under which the board annually:

26 (1) presents a Texas Academic Excellence Award to each  
27 graduate of an institution of higher education whose licensing

1 examination score or end-of-degree examination score exceeds the  
2 national average of students' scores on that examination or, if the  
3 examination is not administered nationally, exceeds the statewide  
4 average of students' scores on that examination; and

5 (2) provides funds to the institutions of higher  
6 education from which the award recipients graduated in accordance  
7 with Subsection (c).

8 (c) For each state fiscal year, the board shall distribute  
9 any funds appropriated by the legislature for the purposes of this  
10 subsection, and any other funds made available for purposes of this  
11 subsection, to the institutions of higher education from which the  
12 Texas Academic Excellence Award recipients for that year graduated,  
13 in proportion to the number of degrees awarded by each institution  
14 to students receiving the award for that year, weighted according  
15 to the weights assigned to the degrees under the table prescribed by  
16 Section 61.9801(e), 61.9802(h), or 61.9803(c), as applicable,  
17 including any additional weights assigned to students who are  
18 at-risk students or who graduated with a degree in a critical field.

19 (d) The board shall hire consultants to assist the board in  
20 determining which end-of-degree examinations to approve for  
21 purposes of this section.

22 Sec. 61.9805. RULES. The board shall adopt rules for the  
23 administration of this subchapter.

24 Sec. 61.9806. REPORT BY INSTITUTIONS TO BOARD. Not later  
25 than September 1 of each year, each institution of higher education  
26 shall compile and submit to the board, in accordance with rules  
27 adopted by the board, a report that includes the following data

1 regarding each student who was awarded a degree or certificate by  
2 the institution, completed a medical residency with the  
3 institution, or transferred from the institution to a general  
4 academic teaching institution other than a public state college,  
5 during the preceding state fiscal year:

6 (1) the student's scores on the Scholastic Assessment  
7 Test (SAT) and American College Test (ACT);

8 (2) for a student who transferred from the institution  
9 without completing a degree or certificate, the number of semester  
10 credit hours completed by the student at the institution;

11 (3) the student's grade point average on all course  
12 work completed at the institution;

13 (4) whether the student received a grant under the  
14 federal Pell Grant program;

15 (5) the age of the student on the date the student  
16 initially enrolled in the institution;

17 (6) whether the student initially enrolled in the  
18 institution for less than 12 semester credit hours during a fall or  
19 spring semester;

20 (7) whether the student is an international student;

21 (8) whether any degree or certificate awarded to the  
22 student by the institution is in a field designated as a critical  
23 field under Section 61.9801 or Section 61.9802; and

24 (9) any other information required by the board.

25 Sec. 61.9807. REPORT TO BOARD AND LEGISLATURE BY EDUCATION  
26 RESEARCH CENTER REGARDING EVALUATION OF POINT ASSIGNMENTS. Each  
27 state fiscal biennium, the board shall provide for the evaluation

1 by an education research center established under Section 1.005 of  
2 the points assigned under Sections 61.9801, 61.9802, and 61.9803.  
3 Not later than June 1 of each even-numbered year, the education  
4 research center shall submit to the board and the legislature a  
5 written report regarding the center's evaluation under this  
6 section, including any recommendations for changes to the points  
7 assigned under those sections.

8 SECTION 2. Section 61.0591, Education Code, is repealed.

9 SECTION 3. The Texas Higher Education Coordinating Board  
10 shall adopt rules relating to the administration of Subchapter FF,  
11 Chapter 61, Education Code, as added by this Act, as soon as  
12 practicable after the effective date of this Act.

13 SECTION 4. Section 61.9804, Education Code, as added by  
14 this Act, applies beginning with licensing examinations and  
15 end-of-degree examinations administered on or after September 1,  
16 2011.

17 SECTION 5. This Act takes effect September 1, 2009.