

By: Morrison

H.B. No. 3790

A BILL TO BE ENTITLED

AN ACT

relating to performance incentive funding for public institutions of higher education and to recognition of certain student achievement on degree completion.

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

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

SUBCHAPTER FF. PERFORMANCE INCENTIVE FUNDING

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

(b) In this section:

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

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

(A) 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;

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

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

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

|   | <u>POINTS</u> |
|---|---------------|
| 14 <u>Noncritical Field/Not At-Risk Student</u> | <u>1.0</u>    |
| 15 <u>Noncritical Field/At-Risk Student</u>     | <u>2.0</u>    |
| 16 <u>Critical Field/Not At-Risk Student</u>    | <u>2.0</u>    |
| 17 <u>Critical Field/At-Risk Student</u>        | <u>3.0</u>    |

18 Sec. 61.9802. PERFORMANCE INCENTIVE FUNDING FOR PUBLIC  
19 JUNIOR COLLEGES, PUBLIC TECHNICAL INSTITUTES, AND PUBLIC STATE  
20 COLLEGES. (a) This section applies only to the following  
21 institutions of higher education:

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

25 (b) In this section:

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

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

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

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

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

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

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

15           (G) who is a single parent.

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

18           (c) Except as otherwise provided under Subdivision (2), the  
19 fields of engineering technology, computer science, mathematics,  
20 physical science, allied health, and nursing are critical fields.  
21 Beginning September 1, 2011, the board, based on the board's  
22 determination of those fields of study in which the support and  
23 development of postsecondary education programs at the  
24 lower-division level are most critically necessary for serving the  
25 needs of this state, by rule may:

26           (1) designate as a critical field a field of study that  
27 is not currently designated by this subsection or by the board as a

1 critical field; or

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

5 (d) For each state fiscal year, the board shall distribute  
6 any performance incentive funds appropriated by the legislature for  
7 the purposes of this section, and any other funds made available for  
8 the purposes of this section, to institutions to which this section  
9 applies in proportion to the increase, if any, in the average number  
10 of student transfers described by Subsection (g) and degrees and  
11 certificates awarded annually by each institution in the two most  
12 recent fiscal years from the average number of student transfers  
13 described by Subsection (g) and degrees and certificates awarded  
14 annually by that institution in the two fiscal years immediately  
15 preceding those fiscal years, using the weights assigned to each  
16 student transfer or degree or certificate under the table  
17 prescribed by Subsection (h).

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

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

22 (2) to an international student.

23 (f) Points may not be assigned under Subsection (h) for both  
24 a student's certificate or degree and the student's transfer.  
25 Points must be assigned for the student only in the category under  
26 Subsection (h) in which the highest number of points will be  
27 assigned for the student.

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

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

|  | <u>POINTS</u> |
|--|---------------|
| 10   |               |
| 11 <u>Level 1 Certificate/Noncritical Field/Not</u>  | <u>1.0</u>    |
| 12 <u>At-Risk Student</u>                            |               |
| 13 <u>Level 1 Certificate/Noncritical</u>            | <u>1.5</u>    |
| 14 <u>Field/At-Risk Student</u>                      |               |
| 15 <u>Level 1 Certificate/Critical Field/Not</u>     | <u>1.5</u>    |
| 16 <u>At-Risk Student</u>                            |               |
| 17 <u>Level 1 Certificate/Critical Field/At-Risk</u> | <u>2.0</u>    |
| 18 <u>Student</u>                                    |               |
| 19 <u>Level 2 Certificate/Noncritical Field/Not</u>  | <u>1.5</u>    |
| 20 <u>At-Risk Student</u>                            |               |
| 21 <u>Level 2 Certificate/Noncritical</u>            | <u>2.0</u>    |
| 22 <u>Field/At-Risk Student</u>                      |               |
| 23 <u>Level 2 Certificate/Critical Field/Not</u>     | <u>2.0</u>    |
| 24 <u>At-Risk Student</u>                            |               |
| 25 <u>Level 2 Certificate/Critical Field/At-Risk</u> | <u>2.5</u>    |
| 26 <u>Student</u>                                    |               |

|   |   |            |
|---|---|------------|
| 1 | <u>Associate's Degree/Noncritical Field/Not</u>     | <u>2.0</u> |
| 2 | <u>At-Risk Student</u>                              |            |
| 3 | <u>Associate's Degree/Noncritical Field/At-Risk</u> | <u>2.5</u> |
| 4 | <u>Student</u>                                      |            |
| 5 | <u>Associate's Degree/Critical Field/Not</u>        | <u>2.5</u> |
| 6 | <u>At-Risk Student</u>                              |            |
| 7 | <u>Associate's Degree/Critical Field/At-Risk</u>    | <u>3.0</u> |
| 8 | <u>Student</u>                                      |            |
| 9 | <u>Student Transfer</u>                             | <u>2.0</u> |

10       Sec. 61.9803. PERFORMANCE INCENTIVE FUNDING FOR MEDICAL AND  
11 DENTAL UNITS. (a) This section applies only to medical and dental  
12 units.

13       (b) For each state fiscal year, the board shall distribute  
14 any performance incentive funds appropriated by the legislature for  
15 the purposes of this section, and any other funds made available for  
16 the purposes of this section, to institutions to which this section  
17 applies in proportion to the increase, if any, in the average number  
18 of degrees and certificates awarded by, and medical residencies  
19 completed at, each institution annually in the two most recent  
20 fiscal years from the average number of degrees and certificates  
21 awarded by, and medical residencies completed at, that institution  
22 annually in the two fiscal years immediately preceding those fiscal  
23 years, using the weights assigned to each degree, certificate, or  
24 medical residency completion under the table prescribed by  
25 Subsection (c).

26       (c) A number of points is assigned for each degree or  
27 certificate awarded by, or medical residency completed at, an

1 eligible institution, other than a degree or certificate awarded to  
2 or a medical residency completed by an international student,  
3 according to the following table:

| 4 <u>TYPE OF DEGREE OR CERTIFICATE</u>                     | <u>POINTS</u> |
|--|---------------|
| 5 <u>Certificate requiring 30-60 Semester Credit Hours</u> | <u>0.5</u>    |
| 6 <u>Bachelor's or Master's</u>                            | <u>1.0</u>    |
| 7 <u>Doctoral following a Master's</u>                     | <u>1.0</u>    |
| 8 <u>Doctoral following a Bachelor's</u>                   | <u>2.0</u>    |
| 9 <u>Medical or Dental</u>                                 | <u>2.0</u>    |
| 10 <u>Completed Medical Residency</u>                      | <u>2.0</u>    |

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

12 In this section:

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

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

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

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

27 (b) The board shall administer the Texas Academic



1 Excellence Award Program, under which the board annually:

2 (1) presents a Texas Academic Excellence Award to each  
3 graduate of an institution of higher education whose licensing  
4 examination score or end-of-degree examination score exceeds the  
5 national average of students' scores on that examination or, if the  
6 examination is not administered nationally, exceeds the statewide  
7 average of students' scores on that examination; and

8 (2) provides funds to the institutions of higher  
9 education from which the award recipients graduated in accordance  
10 with Subsection (c).

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

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

25 Sec. 61.9805. RULES. The board shall adopt rules for the  
26 administration of this subchapter.

27 Sec. 61.9806. REPORT BY INSTITUTIONS TO BOARD. Not later

1 than September 1 of each year, each institution of higher education  
2 shall compile and submit to the board, in accordance with rules  
3 adopted by the board, a report that includes the following data  
4 regarding each student who was awarded a degree or certificate by  
5 the institution, completed a medical residency with the  
6 institution, or transferred from the institution to a general  
7 academic teaching institution other than a public state college,  
8 during the preceding state fiscal year:

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

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

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

16 (4) whether the student received a grant under the  
17 federal Pell Grant program;

18 (5) the age of the student on the date the student  
19 initially enrolled in the institution;

20 (6) whether the student initially enrolled in the  
21 institution for less than 12 semester credit hours during a fall or  
22 spring semester;

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

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

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

1       Sec. 61.9807. REPORT TO BOARD AND LEGISLATURE BY EDUCATION  
2 RESEARCH CENTER REGARDING EVALUATION OF POINT ASSIGNMENTS. Each  
3 state fiscal biennium, the board shall provide for the evaluation  
4 by an education research center established under Section 1.005 of  
5 the points assigned under Sections 61.9801, 61.9802, and 61.9803.  
6 Not later than June 1 of each even-numbered year, the education  
7 research center shall submit to the board and the legislature a  
8 written report regarding the center's evaluation under this  
9 section, including any recommendations for changes to the points  
10 assigned under those sections.

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

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

16       SECTION 4. Section 61.9804, Education Code, as added by  
17 this Act, applies beginning with licensing examinations and  
18 end-of-degree examinations administered on or after September 1,  
19 2011.

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