

## **BILL ANALYSIS**

C.S.H.B. 9  
By: Branch  
Higher Education  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Texas has made significant gains toward meeting its higher education goals in student participation set by the *Closing the Gaps by 2015* initiative. However, the Texas Higher Education Coordinating Board reports that Texas must award approximately 46,000 more degrees per year to meet the 2015 goals. Realigning state resources with the goal of improving institutional productivity and promoting student success could bolster the efforts to meet the *Closing the Gaps* goals in student success.

Currently, formula funding allocations for institutions of higher education generally reward increasing enrollments. C.S.H.B. 9 emphasizes a funding model designed to provide incentives and reward a strong focus on helping students complete their degrees by establishing the Higher Education Outcomes-Based Funding Act.

### **RULEMAKING AUTHORITY**

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

### **ANALYSIS**

C.S.H.B. 9 amends the Education Code to establish the Higher Education Outcomes-Based Funding Act requiring the Texas Higher Education Coordinating Board, in devising its base funding formulas and making its recommendations to the legislature relating to institutional appropriations of base funds, to incorporate, in the manner and to the extent the coordinating board considers appropriate and in consultation with institutions of higher education, the consideration of undergraduate student success measures achieved during the preceding state fiscal biennium by each of the institutions of higher education to which base funds will be appropriated. The bill requires, for a general academic teaching institution other than a public state college, the success measures considered by the coordinating board to include the total number of bachelor's degrees awarded by the institution in certain fields and to certain students and, as determined by the coordinating board, the six-year graduation rate of students of the institution who initially enrolled in the fall semester immediately following their graduation from a public high school in Texas as compared to the six-year graduation rate predicted for those students based on the composition of the institution's student body. The bill requires, for a public junior college, public state college, or public technical institute, the success measures considered by the coordinating board to include certain specified academic progress measures achieved by students at the institution, including completion of certain mathematics and English courses and semester credit hours and transfers to a four-year college or university, and the total number of the following degrees and certificates awarded by the institution: associate's degrees, bachelor's degrees from junior college baccalaureate degree programs, and certificates identified by the coordinating board as effective measures of student success.

C.S.H.B. 9 requires the coordinating board to include in its findings and recommendations to the legislature an evaluation of the effectiveness of the student success measures in achieving the

bill's purpose during the preceding state fiscal biennium and any related recommendations the coordinating board considers appropriate. The bill requires the coordinating board to adopt rules for the administration of these provisions, including rules requiring each institution of higher education to submit to the coordinating board any student data or other information the coordinating board considers necessary to carry out its duties.

C.S.H.B. 9 establishes the fields of engineering, computer science, mathematics, physical science, allied health, nursing, and teaching certification in the field of science or mathematics as critical fields. The bill authorizes the coordinating board, beginning September 1, 2012, and based on the coordinating board's determination of those fields of study in which the support and development of postsecondary education programs at the bachelor's degree level are most critically necessary for serving the needs of the state, by rule to designate as a critical field a field of study that is not currently designated as such or to remove a field of study from the list of fields designated as such.

C.S.H.B. 9 adds an emphasis on alignment with education goals established by the coordinating board to the list of coordinating board funding policy requirements and adds the incorporation, as the coordinating board considers appropriate, of goals identified in the coordinating board's long-range statewide plan for higher education to the coordinating board's base funding formulas. The bill establishes legislative findings relating to the evaluation of student achievement at institutions of higher education and the manner in which certain funding policies are critical to maintaining the state's economic competitiveness and supporting the state's general welfare. The bill establishes a legislative purpose of ensuring that institutions of higher education produce student outcomes that are directly aligned with the state's education goals and economic development needs. The bill defines "at-risk student" and "critical field."

#### **EFFECTIVE DATE**

September 1, 2011.

#### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 9 contains a provision not in the original to establish the Higher Education Outcomes-Based Funding Act as a short title by which the substitute's collective provisions are to be known. The substitute contains a provision not in the original to specify that the Texas Higher Education Coordinating Board is required to consult with institutions of higher education in incorporating the consideration of undergraduate student success measures achieved during the preceding state fiscal biennium by each institution of higher education to which base funds will be appropriated. The substitute differs from the original by requiring such success measures considered by the coordinating board, for a general academic teaching institution other than a public state college, to include, among other criteria, the six-year graduation rate of students of the institution who initially enrolled in the fall semester immediately following their graduation from a public high school in Texas as compared to the six-year graduation rate predicted for those students based on the composition of the institution's student body, whereas the original requires the measures to include the expected graduation rates of such students without comparison.