

## **BILL ANALYSIS**

C.S.H.B. 25  
By: Branch  
Higher Education  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties note that current formula funding allocations for institutions of higher education generally reward increasing enrollments. Recently enacted legislation has emphasized a funding model designed to provide incentives and reward a strong focus on helping students complete their degrees.

C.S.H.B. 25 seeks to build upon these efforts by requiring a minimum level of success-based funding for certain institutions of higher education in the general appropriations bill for the 2016-2017 state fiscal biennium, with that minimum set to increase for the next biennium, and removing the existing cap on such funding.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 25 amends the Education Code to require, in the general appropriations bill prepared for introduction to the legislature by the Legislative Budget Board (LBB), at least 25 percent of the total amount of general revenue appropriations of base funds for undergraduate education for all general academic teaching institutions, other than public state colleges, for a state fiscal biennium to be based on student success measures. The bill adds temporary provisions, set to expire September 1, 2017, to specify that the requirement does not apply to a state fiscal biennium before the 2018-2019 state fiscal biennium and to require, in the general appropriations bill prepared for introduction to the legislature by the LBB for the 2016-2017 state fiscal biennium, at least 15 percent of the total amount of general revenue appropriations of base funds for undergraduate education for all general academic teaching institutions, other than public state colleges, for that state fiscal biennium to be based on student success measures. The bill requires the director of the LBB, under the direction of the LBB, to consider the Texas Higher Education Coordinating Board's recommendations relating to institutional appropriations of funds in preparing the general appropriations bill to comply with the bill's requirements.

### **EFFECTIVE DATE**

September 1, 2013.

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

While C.S.H.B. 25 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 61.0593(e), Education Code, is amended to read as follows:

(e) Notwithstanding Subsection (d):

(1) not more than 25 [40] percent of the total amount of general revenue appropriations of base funds for undergraduate education recommended by the board for all institutions to which Subsection (d) applies for a state fiscal biennium may be based on student success measures; and

(2) the board's recommendation for base funding for undergraduate education based on student success measures does not reduce or otherwise affect funding recommendations for graduate education.

No equivalent provision.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 61.0593(e), Education Code, is amended to read as follows:

(e) Notwithstanding Subsection (d),[:

~~[(1) not more than 10 percent of the total amount of general revenue appropriations of base funds for undergraduate education recommended by the board for all institutions to which Subsection (d) applies for a state fiscal biennium may be based on student success measures; and~~

~~[(2)] the board's recommendation for base funding for undergraduate education based on student success measures does not reduce or otherwise affect funding recommendations for graduate education.~~

SECTION 2. Chapter 322, Government Code, is amended by adding Section 322.0082 to read as follows:

Sec. 322.0082. STUDENT SUCCESS-BASED FUNDING FOR CERTAIN INSTITUTIONS OF HIGHER

EDUCATION. (a) In this section, "general academic teaching institution" and "public state college" have the meanings assigned by Section 61.003, Education Code.

(b) In the general appropriations bill prepared for introduction to the legislature under Section 322.008, at least 25 percent of the total amount of general revenue appropriations of base funds for undergraduate education for all general academic teaching institutions, other than public state colleges, for a state fiscal biennium must be based on student success measures described by Section 61.0593(d), Education Code.

(b-1) Subsection (b) does not apply to a state fiscal biennium before the state fiscal biennium ending August 31, 2019. In the general appropriations bill prepared for introduction to the legislature under Section 322.008 for the state fiscal biennium ending August 31, 2017, at least 15 percent of the total amount of general revenue appropriations of base funds for undergraduate education for all general academic teaching institutions, other than public state colleges, for that state fiscal biennium must be based on student success measures described by Section 61.0593(d), Education Code. This subsection expires September 1, 2017.

(c) In preparing the general appropriations bill to comply with the requirements of this section, the director, under the direction of the board, shall consider the Texas Higher Education Coordinating Board's recommendations under Section 61.0593(d), Education Code.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

SECTION 3. This Act takes effect September 1, 2013.