

By: Zaffirini

S.B. No. 22

A BILL TO BE ENTITLED

AN ACT

relating to outcomes-based funding for general academic teaching institutions.

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

SECTION 1. Subchapter D, Chapter 62, Education Code, is amended to read as follows:

SUBCHAPTER D. OUTCOMES-BASED FUNDING FOR GENERAL ACADEMIC TEACHING INSTITUTIONS [~~PERFORMANCE INCENTIVE FUNDING~~]

Sec. 62.071. DEFINITIONS. In this subchapter:

(1) "At-risk student" means an undergraduate student of an eligible institution:

(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 the student initially enrolled in the institution;

(D) who is enrolled as a part-time student; or

(E) who did not receive a high school diploma but received a high school equivalency certificate [~~within the last six years~~].

(2) [~~"Critical field" means:~~

[~~(A) the field of engineering, computer science,~~

1 ~~mathematics, physical science, allied health, nursing, or teacher~~  
2 ~~certification in a field of science or mathematics; and~~

3 ~~[(B) any other field of study identified as a~~  
4 ~~critical field by the coordinating board in "Closing the Gaps," the~~  
5 ~~state's master plan for higher education.]~~

6 ~~[(3) "Eligible institution" means a general academic~~  
7 ~~teaching institution other than a public state college.]~~

8 ~~[(4)]~~ "General academic teaching institution" has  
9 ~~[and "public state college" have]~~ the meaning ~~[meanings]~~ assigned  
10 by Section 61.003.

11 Sec. 62.072. BIENNIAL DISTRIBUTION OF FUNDS TO GENERAL  
12 ACADEMIC TEACHING INSTITUTIONS BASED ON OUTCOMES METRICS POINTS.

13 (a) Except as provided by Section 62.073, for each state fiscal  
14 biennium, the coordinating board shall distribute any funds  
15 appropriated to the coordinating board by the legislature for the  
16 purposes of this subchapter, and any other funds made available for  
17 the purposes of this subchapter, to general academic teaching  
18 institutions in proportion to each institution's percentage of the  
19 total number of outcomes metrics points assigned to all general  
20 academic teaching institutions under Section 62.074 for that state  
21 fiscal biennium.

22 (b) Notwithstanding Subsection (a), for the state fiscal  
23 biennium ending August 31, 2017, the percentage share of  
24 outcomes-based funding allocated to a general academic teaching  
25 institution under that subsection may not be less than 99.5 percent  
26 of the percentage share of instruction and operations funding under  
27 Section 61.059 appropriated to all general academic teaching

1 institutions for undergraduate education for that biennium that is  
2 allocated to the institution. The coordinating board may adjust in  
3 an equitable manner the distribution amounts to which institutions  
4 would otherwise be entitled under Subsection (a) as necessary to  
5 comply with this subsection. This subsection expires September 1,  
6 2017.

7 (c) Notwithstanding Subsection (a), for the state fiscal  
8 biennium ending August 31, 2019, the percentage share of  
9 outcomes-based funding allocated to a general academic teaching  
10 institution under that subsection may not be less than 99 percent of  
11 the percentage share of instruction and operations funding under  
12 Section 61.059 appropriated to all general academic teaching  
13 institutions for undergraduate education for that biennium that is  
14 allocated to the institution. The coordinating board may adjust in  
15 an equitable manner the distribution amounts to which institutions  
16 would otherwise be entitled under Subsection (a) as necessary to  
17 comply with this subsection. This subsection expires September 1,  
18 2019. [FUNDING. (a) For each state fiscal year, the coordinating  
19 board shall distribute any performance incentive funds  
20 appropriated by the legislature for purposes of this subchapter,  
21 and any other funds made available for the purposes of this  
22 subchapter, to eligible institutions as follows:

23 [(1) 50 percent to be distributed among eligible  
24 institutions in proportion to the increase, if any, in the average  
25 number of degrees awarded annually by each institution in the two  
26 most recent fiscal years from the average number of degrees awarded  
27 annually by that institution in the two fiscal years immediately

1 ~~preceding those fiscal years, using the weights assigned to each~~  
2 ~~degree under the table prescribed by Subsection (b); and~~

3 ~~[(2) the remaining 50 percent to be distributed among~~  
4 ~~eligible institutions in proportion to the average number of~~  
5 ~~degrees awarded annually by each institution in the three most~~  
6 ~~recent fiscal years, using the weights assigned to each degree~~  
7 ~~under the table prescribed by Subsection (b).]~~

8 ~~[(b) A number of points is assigned for each degree awarded~~  
9 ~~by an eligible institution according to the following table:~~

10		[POINTS
11	[ <del>Noncritical Field/Not At-Risk Student</del>	1.0
12	[ <del>Noncritical Field/At-Risk Student</del>	2.0
13	[ <del>Critical Field/Not At-Risk Student</del>	2.0
14	[ <del>Critical Field/At-Risk Student</del>	3.0]

15       Sec. 62.073. DISTRIBUTION OF FUNDS CONTINGENT ON FULL  
16 FUNDING OF BASE FORMULA FUNDING. Funds may be distributed under  
17 this subchapter for a state fiscal biennium only if the instruction  
18 and operations formula for all general academic teaching  
19 institutions for undergraduate education under Section 61.059 is  
20 funded by appropriation for that biennium at a level, per weighted  
21 semester credit hour, that is equal to or greater than the level at  
22 which that formula was funded by appropriation for all general  
23 academic teaching institutions in the preceding state fiscal  
24 biennium, as that level is adjusted for inflation.

25       Sec. 62.074. OUTCOMES METRICS POINTS; COMPUTATION  
26 METHODOLOGY. (a) For each state fiscal biennium, scaled points  
27 are assigned to each general academic teaching institution for each

1 of the following outcomes-based metrics, computed as follows:

2 (1) Total Number of Undergraduate Degrees--the total  
3 number of undergraduate degrees awarded by the institution,  
4 including degrees awarded to students who transferred to the  
5 institution;

6 (2) Total Number of Undergraduate Degrees Adjusted By  
7 Graduation Rate--the total number of undergraduate degrees awarded  
8 to students by the institution, or awarded by another institution  
9 to a student who completed at least 50 percent of the student's  
10 degree requirements as a first-time, full-time student at the  
11 institution, multiplied by the institution's three-year graduation  
12 rate for undergraduates, if the institution is a public state  
13 college, or by the institution's six-year graduation rate for  
14 undergraduates, if the institution is not a public state college,  
15 the product of which is multiplied by 7;

16 (3) Total Number of Undergraduate Degrees Per 100  
17 Undergraduate Full-time Student Equivalents--the total number of  
18 undergraduate degrees awarded by the institution divided by the  
19 number of full-time undergraduate student equivalents enrolled in  
20 the fall semester, as reported in the coordinating board's higher  
21 education accountability system, the quotient of which is  
22 multiplied by 100, and the product of which is multiplied by 25;

23 (4) Total Number of Undergraduate Degrees Awarded To  
24 At-risk Students--the total number of undergraduate degrees  
25 awarded by the institution to at-risk students, multiplied by 7;

26 (5) 25 Percent Degree Completion--the total number of  
27 undergraduate students at the institution having successfully

1 completed at least 25 percent of the student's degree requirements  
2 or having earned at least 30 credit hours toward a 120-credit-hour  
3 degree, including hours earned toward the degree at another  
4 institution before transferring to the institution, multiplied by  
5 1.5;

6 (6) 50 Percent Degree Completion--the total number of  
7 undergraduate students at the institution having successfully  
8 completed at least 50 percent of the student's degree requirements  
9 or having earned at least 60 credit hours toward a 120-credit-hour  
10 degree, including hours earned toward the degree at another  
11 institution before transferring to the institution, multiplied by  
12 2.5; and

13 (7) 75 Percent Degree Completion--the total number of  
14 undergraduate students having successfully completed at least 75  
15 percent of the student's degree requirements or having earned at  
16 least 90 credit hours toward a 120-credit-hour degree, including  
17 hours earned toward the degree at another institution before  
18 transferring to the institution, multiplied by 4.

19 (b) For each state fiscal biennium, each metric prescribed  
20 by Subsection (a) is computed using the average of the applicable  
21 variables for the three most recent academic years for which the  
22 information is available, as determined on the January 1 preceding  
23 the biennium.

24 (c) Each state fiscal biennium, a general academic teaching  
25 institution shall compute the institution's scaled points on each  
26 of the metrics under Subsection (a). After computing its scaled  
27 points for each of the metrics, the institution shall assign one of

1 the following percentage weights to each of the metrics' scaled  
2 points:

3 (1) 25 percent;

4 (2) 25 percent;

5 (3) 20 percent;

6 (4) 15 percent;

7 (5) 10 percent;

8 (6) five percent; and

9 (7) zero percent.

10 (d) In assigning the percentage weights under Subsection  
11 (c), a general academic teaching institution:

12 (1) shall prioritize the metrics the institution  
13 considers most advantageous to maximizing the institution's total  
14 number of points under this section; and

15 (2) may not assign the zero percentage to the Total  
16 Undergraduate Degrees Awarded To At-risk Students metric.

17 (e) After assigning the percentage weights to its metrics  
18 under Subsection (c), a general academic teaching institution shall  
19 multiply the scaled points for each of its metrics by the applicable  
20 percentage weight to determine its weighted total points for each  
21 metric. The institution's total number of outcomes metrics points  
22 under this section is the sum of the institution's weighted total  
23 points for all metrics.

24 (f) Notwithstanding Subsection (c) , in the two state fiscal  
25 bienniums following the initial state fiscal biennium for which  
26 percentage weights are assigned under Subsection (c), a general  
27 academic teaching institution must assign the same percentage

1 weight to each metric as was assigned by the institution under  
2 Subsection (c) in the initial biennium.

3 Sec. 62.075. COORDINATING BOARD MONITORING; REPORTING. The  
4 coordinating board shall monitor and evaluate the equity and  
5 effectiveness of outcomes-based funding under this subchapter and  
6 report its results, including relevant details and recommendations  
7 for legislative action, to each legislative standing committee or  
8 subcommittee with primary jurisdiction over higher education not  
9 later than October 1 of each even-numbered year. The coordinating  
10 board's report must include any recommendations for refining the  
11 definition of "at-risk students" under Section 62.071.

12 Sec. 62.076. RULES. The coordinating board shall adopt  
13 rules for the administration of this subchapter, including any  
14 rules the coordinating board considers necessary regarding:

15 (1) standardization of the computation of metrics  
16 under Section 62.074; and

17 (2) the submission to the coordinating board by  
18 general academic teaching [~~eligible~~] institutions of any  
19 information [~~student data~~] required for the coordinating board to  
20 carry out its duties under this subchapter.

21 SECTION 2. This Act takes effect immediately if it receives  
22 a vote of two-thirds of all the members elected to each house, as  
23 provided by Section 39, Article III, Texas Constitution. If this  
24 Act does not receive the vote necessary for immediate effect, this  
25 Act takes effect September 1, 2015.