

By: Seliger

S.B. No. 543

A BILL TO BE ENTITLED

1 AN ACT
2 relating to performance-based tuition limitations for certain
3 public institutions of higher education and a temporary tuition
4 limitation for those institutions.

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

6 SECTION 1. Subchapter B, Chapter 54, Education Code, is
7 amended by adding Sections 54.05131 and 54.05132 to read as
8 follows:

9 Sec. 54.05131. PERFORMANCE-BASED DESIGNATED TUITION
10 LIMITATIONS. (a) In this section:

11 (1) "Administrative costs" means the percentage of an
12 institution's operating budget expended on institutional expenses,
13 as designated in an institution's annual financial reports in the
14 subcategories of executive management, fiscal operations, general
15 administrative and logistical services, administrative computing
16 support, and public relations/development.

17 (2) "Coordinating board" means the Texas Higher
18 Education Coordinating Board.

19 (3) "General academic teaching institution" and
20 "public state college" have the meanings assigned by Section
21 61.003.

22 (4) "Performance measure" means a performance measure
23 defined by coordinating board rule under Subsection (b).

24 (b) The coordinating board, using the negotiated rulemaking

1 procedures under Chapter 2008, Government Code, shall define the
2 following performance measures to be used for purposes of this
3 section:

4 (1) the total number of undergraduate degrees awarded
5 by the institution;

6 (2) the total number of undergraduate degrees awarded
7 by the institution, adjusted by the institution's six-year
8 graduation rate under Subdivision (10);

9 (3) the total number of undergraduate degrees awarded
10 by the institution per 100 undergraduate full-time student
11 equivalents;

12 (4) the total number of undergraduate degrees awarded
13 by the institution to at-risk students;

14 (5) the total number of undergraduate students at the
15 institution having successfully completed at least 25 percent of
16 the student's degree requirements or having earned at least 30
17 credit hours toward a 120-credit-hour degree;

18 (6) the total number of undergraduate students at the
19 institution having successfully completed at least 50 percent of
20 the student's degree requirements or having earned at least 60
21 credit hours toward a 120-credit-hour degree;

22 (7) the total number of undergraduate students having
23 successfully completed at least 75 percent of the student's degree
24 requirements or having earned at least 90 credit hours toward a
25 120-credit-hour degree;

26 (8) the average length of a student's enrollment, by
27 number of semesters, for undergraduate degree completion;

1 (9) the four-year graduation rate of first-time,
2 full-time, bachelor's degree-seeking students who enrolled in at
3 least 12 semester credit hours in the student's first fall semester
4 at the institution and who graduated from the institution or from
5 any other institution of higher education or private or independent
6 institution of higher education;

7 (10) the six-year graduation rate of first-time,
8 full-time, bachelor's degree-seeking students who enrolled in at
9 least 12 semester credit hours in the student's first fall semester
10 at the institution and who graduated from the institution or from
11 any other institution of higher education or private or independent
12 institution of higher education; and

13 (11) the institution's administrative costs.

14 (c) This section applies only to a general academic teaching
15 institution other than a public state college.

16 (d) Not later than October 1 of each even-numbered year, the
17 coordinating board shall:

18 (1) in consultation with the governing board and
19 president of each institution to which this section applies,
20 establish a target level for each performance measure applicable to
21 the institution for each of the two next academic years to encourage
22 the institution to maintain, or make reasonable progress toward,
23 appropriate performance in each performance measure, taking into
24 account the mission, resources, and circumstances of the particular
25 institution; and

26 (2) submit to the legislative standing committee of
27 each house of the legislature with primary jurisdiction over higher

1 education and to each institution to which this section applies a
2 report that includes the target levels established by the
3 coordinating board under Subdivision (1) for each institution.

4 (e) The coordinating board, using the negotiated rulemaking
5 procedures under Chapter 2008, Government Code, by rule shall
6 develop standards to be considered by the coordinating board in
7 establishing an institution's target levels for performance
8 measures under Subsection (d). In developing the standards, the
9 negotiated rulemaking committee established for purposes of this
10 subsection and the coordinating board shall consider institutional
11 improvement on target levels. The coordinating board shall
12 reconvene the negotiated rulemaking committee to assist the
13 coordinating board whenever the coordinating board modifies or
14 updates the standards.

15 (f) As soon as practicable after each academic year, the
16 coordinating board shall determine whether an institution has
17 achieved the applicable target levels for that academic year.
18 Using the negotiated rulemaking procedures under Chapter 2008,
19 Government Code, the coordinating board by rule shall establish the
20 process by which an institution's achievement on a performance
21 measure is submitted to and verified by the coordinating board.

22 (g) After the coordinating board makes a determination for
23 an institution under Subsection (f), the coordinating board shall
24 notify the governing board of the institution that Subsection (h)
25 or (i), as applicable, applies to the tuition charged by the
26 institution for the second academic year following the academic
27 year for which the determination is made and of the limitation

1 prescribed by the applicable subsection on the amount of tuition
2 that may be charged by the institution for that academic year.

3 (h) This subsection applies to tuition charged for an
4 academic year by an institution to which this section applies only
5 if the institution did not achieve, in the second academic year
6 preceding that academic year, the target level assigned by the
7 coordinating board for the administrative costs performance
8 measure as applicable to the institution for that preceding
9 academic year and a majority of the target levels assigned to the
10 remaining performance measures by the coordinating board as
11 applicable to the institution for that preceding academic year.
12 For an academic year in which this subsection applies to the tuition
13 charged by an institution, unless the institution has been granted
14 an exception under Subsection (l) for that year, the amount of
15 tuition the governing board of the institution charges under
16 Section 54.0513 to a student for that academic year may not exceed
17 the total amount of tuition that the governing board would have
18 charged under that section to a similarly situated student in the
19 preceding academic year, as that amount is adjusted for each
20 academic year for inflation as determined under Subsection (k).
21 The governing board may not increase the amount of tuition charged
22 under this subsection to a student more than once in any academic
23 year.

24 (i) This subsection applies to tuition charged for an
25 academic year by an institution to which this section applies only
26 if the institution achieved, in the second academic year preceding
27 that academic year, the target level assigned by the coordinating

1 board for the administrative costs performance measure as
2 applicable to the institution for that preceding academic year and
3 a majority of the target levels assigned to the remaining
4 performance measures by the coordinating board as applicable to the
5 institution for that preceding academic year. For an academic year
6 in which this subsection applies to the tuition charged by an
7 institution, the amount of tuition the governing board of the
8 institution charges under Section 54.0513 to a student for that
9 academic year may not exceed by more than three percent the total
10 amount of tuition that the governing board would have charged under
11 that section to a similarly situated student in the preceding
12 academic year, as that amount is adjusted for each academic year for
13 inflation as determined under Subsection (k). The governing board
14 may not increase the amount of tuition charged under this
15 subsection to a student more than once in any academic year.

16 (j) For purposes of this section:

17 (1) an institution is considered to have achieved a
18 target level assigned to a performance measure if the institution
19 has achieved at least 98 percent of the target level; and

20 (2) students are similarly situated if they share the
21 same residency status, degree program, course load, course level,
22 tuition exemption status, and other circumstances affecting the
23 tuition charged to the student.

24 (k) Not later than January 31 of each year, or as soon
25 thereafter as practicable, the Legislative Budget Board shall
26 publish and certify to the governing board of each institution to
27 which this section applies the inflation rate to be used for

1 purposes of this section for the next academic year. The inflation
2 rate is the percentage increase, if any, as expressed in decimal
3 form rounded to the nearest thousandth of one percent, in the
4 consumer price index, as defined by Section 341.201, Finance Code,
5 for the preceding calendar year as compared to the consumer price
6 index for the year preceding that year.

7 (1) The coordinating board, using the negotiated rulemaking
8 procedures under Chapter 2008, Government Code, by rule shall
9 establish an exception to the application of Subsection (h) for an
10 institution to which that subsection would otherwise apply for an
11 academic year in the event of a natural disaster or other
12 extraordinary circumstance affecting the institution's achievement
13 on performance measures. In an academic year for which an
14 institution is granted an exception under this subsection,
15 Subsection (i) applies to the institution.

16 Sec. 54.05132. TEMPORARY LIMITATION ON TOTAL AMOUNT OF
17 TUITION. (a) In this section:

18 (1) "General academic teaching institution" and
19 "public state college" have the meanings assigned by Section
20 61.003.

21 (2) "Tuition" includes:

22 (A) tuition for which the rates are prescribed by
23 this chapter; and

24 (B) tuition charged by an institution of higher
25 education under Section 54.0513 or another law authorizing an
26 institution to establish tuition rates.

27 (b) Notwithstanding Section 54.0513, the total amount of

1 tuition charged by a general academic teaching institution other
2 than a public state college to a student for the 2018-2019 or
3 2019-2020 academic year may not exceed by more than one percent the
4 total amount of tuition that the institution would have charged
5 under this chapter to a similarly situated student for the
6 preceding academic year, as that amount is adjusted for each
7 academic year for inflation as determined under Subsection (c).
8 For purposes of this subsection, students are similarly situated if
9 they share the same residency status, degree program, course load,
10 course level, tuition exemption status, and other circumstances
11 affecting the tuition charged to the student. This subsection does
12 not ensure that the total amount of tuition charged to an individual
13 student does not increase based on a change in the student's
14 residency status, degree program, course load, course level,
15 tuition exemption status, or other circumstance affecting the
16 tuition charged to the student.

17 (c) Not later than January 31 of each year, or as soon
18 thereafter as practicable, the Legislative Budget Board shall
19 publish and certify to the governing board of each institution to
20 which this section applies the inflation rate to be used for
21 purposes of this section for the next academic year. The inflation
22 rate is the percentage increase, if any, as expressed in decimal
23 form rounded to the nearest thousandth of one percent, in the
24 consumer price index, as defined by Section 341.201, Finance Code,
25 for the preceding calendar year as compared to the consumer price
26 index for the year preceding that year.

27 (d) This section expires September 1, 2020.

1 SECTION 2. Section 54.05131, Education Code, as added by
2 this Act, applies beginning with tuition charged by a general
3 academic teaching institution to which that section applies for the
4 2020-2021 academic year.

5 SECTION 3. This Act takes effect September 1, 2017.