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By:  Schaefer H.B. No. 4389

A BILL TO BE ENTITLED

AN ACT

relating to student success-based funding for certain public institutions of higher education.

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

SECTION 1.  Section 61.0593, Education Code, is amended by amending Subsections (d), (e), and (h) and adding Subsections (d-1), (d-2), (d-3), (d-4), and (d-5) to read as follows:

(d)  This subsection applies only to a general academic teaching institution other than a public state college. In devising its funding formulas and making its recommendations to the legislature relating to institutional appropriations of funds under Section 61.059 for institutions to which this subsection applies, the board, [~~in the manner and to the extent the board considers appropriate and~~] in consultation with those institutions, shall prescribe a formula for distributing funds to the institutions in proportion to the number of scaled points earned by each of the institutions according to the following performance metrics [~~incorporate the consideration of undergraduate student success measures achieved during the preceding state fiscal biennium by each of the institutions. At the time the board makes those recommendations, the board shall also make recommendations for incorporating the success measures, to the extent the board considers appropriate in consultation with those institutions, into the distribution of any incentive funds available for those institutions, including performance incentive funds under Subchapter D, Chapter 62. The board's recommendations must provide alternative approaches for applying the success measures and must compare the effects on funding of applying the success measures within the formula for base funding to applying the success measures as a separate formula. The success measures considered by the board under this subsection may include~~]:

(1)  the total number of undergraduate [~~bachelor's~~] degrees awarded by the institution;

(2)  the total number of undergraduate [~~bachelor's~~] degrees [~~in critical fields~~] awarded by the institution, adjusted by the institution's:

(A)  six-year graduation rate; or

(B)  three-year graduation rate, if the institution offers only upper-division courses;

(3)  the total number of undergraduate [~~bachelor's~~] degrees awarded by the institution divided by the number of full-time undergraduate student equivalents enrolled in the fall semester, as reported in the board's higher education accountability system, the quotient of which is multiplied by 100 [~~to at-risk students~~]; [~~and~~]

(4)  the six-year graduation rate, or three-year graduation rate if the institution offers only upper-division courses, of at-risk students;

(5)  retention rates of undergraduate students at the institution having successfully completed at least 25 percent of the student's degree requirements or having earned at least 30 credit hours toward a 120-credit-hour degree, including hours earned toward the degree at another institution before transferring to the institution;

(6)  retention rates of undergraduate students at the institution having successfully completed at least 50 percent of the student's degree requirements or having earned at least 60 credit hours toward a 120-credit-hour degree, including hours earned toward the degree at another institution before transferring to the institution; and

(7)  retention rates of undergraduate students at the institution having successfully completed at least 75 percent of the student's degree requirements or having earned at least 90 credit hours toward a 120-credit-hour degree, including hours earned toward the degree at another institution before transferring to the institution [~~as determined by the board, the six-year graduation rate of undergraduate students of the institution who initially enrolled in the institution in the fall semester immediately following their graduation from a public high school in this state as compared to the six-year graduation rate predicted for those students based on the composition of the institution's student body~~].

(d-1)  In devising the formula under Subsection (d), the board shall:

(1)  determine the appropriate scale for each metric; and

(2)  compute each metric using the average of the applicable variables for the three most recent academic years for which the information is available, as determined on the January 1 preceding the state fiscal biennium for which the metric is computed.

(d-2)  In the formula prescribed under Subsection (d), points may be assigned only for an institution's outcome on a metric and not based on the institution's increase in performance on the metric.

(d-3)  In computing an institution's graduation rate under Subsection (d), the board shall include each first-time, full-time, undergraduate degree-seeking student who enrolled in at least 12 semester credit hours in the student's first fall semester at the institution and who graduated from the institution or from any other institution of higher education or private or independent institution of higher education.

(d-4)  The board's recommendations under Subsection (d) must provide alternative approaches for applying the performance metrics described by that subsection and must compare the effects on funding of applying the performance metrics within the formula for base funding to applying the performance metrics as a separate formula.

(d-5)  At the time the board makes its recommendations under Subsection (d) for institutions to which that subsection applies, the board shall also make recommendations for incorporating the performance metrics described by that subsection, to the extent the board considers appropriate in consultation with those institutions, into the distribution of any incentive funds available for those institutions, including performance incentive funds under Subchapter D, Chapter 62.

(e)  Notwithstanding Subsection (d):

(1)  not more than 20 [~~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 performance metrics [~~student success measures~~] does not reduce or otherwise affect funding recommendations for graduate education.

(h)  The board shall include in its findings and recommendations to the legislature under Section 61.059:

(1)  an evaluation of the effectiveness of the performance metrics and student success measures described by this section in achieving the purpose of this section during the preceding state fiscal biennium; and

(2)  any related recommendations the board considers appropriate.

SECTION 2.  The Texas Higher Education Coordinating Board shall adopt rules for the administration of Section 61.0593, Education Code, as amended by this Act, not later than May 1, 2020.

SECTION 3.  This Act takes effect September 1, 2019.