A BILL TO BE ENTITLED
AN ACT
relating to student success-based funding for public institutions
of higher education.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
SECTION 1. This Act shall be known as the Higher Education
Outcomes-Based Funding Act.
SECTION 2. Sections 61.059(a) and (c), Education Code, are
amended to read as follows:
(a) To finance a system of higher education and to secure an
equitable distribution of state funds deemed to be available for
higher education, the board shall perform the functions described
in this section. Funding policies shall:
(1) allocate resources efficiently and provide
incentives for programs of superior quality and for institutional
diversity;
(2) provide incentives for supporting the five-year
master plan developed and revised under Section 61.051; [and]
(3) discourage unnecessary duplication of course
offerings between institutions and unnecessary construction on any
campus; and
(4) emphasize an alignment with education goals
established by the board.
(c) Formulas for basic funding shall:
(1) reflect the role and mission of each institution;
(2) [shall] emphasize funding elements that directly support faculty;

(3) [and shall] reflect both fixed and variable elements of cost; and

(4) incorporate, as the board considers appropriate, goals identified in the board's long-range statewide plan developed under Section 61.051.

SECTION 3. Subchapter C, Chapter 61, Education Code, is amended by adding Section 61.0593 to read as follows:

Sec. 61.0593. STUDENT SUCCESS-BASED FUNDING RECOMMENDATIONS. (a) The legislature finds that it is in the state's highest public interest to evaluate student achievement at institutions of higher education and to develop higher education funding policy based on that evaluation. Funding policies that promote postsecondary educational success based on objective indicators of relative performance, such as degree completion rates, are critical to maintaining the state's competitiveness in the national and global economy and supporting the general welfare of this state. Therefore, the purpose of this section is to ensure that institutions of higher education produce student outcomes that are directly aligned with the state's education goals and economic development needs.

(b) In this section:

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

(A) who has been awarded a grant under the federal Pell Grant program; or
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(B) who, on the date the student initially
enrolled in the institution:

(i) was 20 years of age or older;

(ii) had a score on the Scholastic
Assessment Test (SAT) or the American College Test (ACT) that was
less than the national mean score for students taking that test;

(iii) was enrolled as a part-time student;
or

(iv) had not received a high school diploma
but had received a high school equivalency certificate within the
last six years.

(2) "Critical field" means a field of study designated
as a critical field under Subsection (c).

(c) Except as otherwise provided under Subdivision (2), the
fields of engineering, computer science, mathematics, physical
science, allied health, nursing, and teaching certification in the
field of science or mathematics are critical fields. Beginning
September 1, 2012, the board, based on the 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 this state, by
rule may:

(1) designate as a critical field a field of study that
is not currently designated by this subsection or by the board as a
critical field; or

(2) remove a field of study from the list of fields
currently designated by this subsection or by the board as critical
In devising its base funding formulas and making its recommendations to the legislature relating to institutional appropriations of base funds under Section 61.059, the board, in the manner and to the extent the board considers appropriate and in consultation with institutions of higher education, shall incorporate 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.

For a general academic teaching institution other than a public state college, the success measures considered by the board under Subsection (d) must include:

1. the total number of bachelor's degrees awarded by the institution;
2. the total number of bachelor's degrees in critical fields awarded by the institution;
3. the total number of bachelor's degrees awarded by the institution to at-risk students; and
4. as determined by the board, the six-year graduation rate of 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.

For a public junior college, public state college, or...
public technical institute, the success measures considered by the board under Subsection (d) must include:

(1) the following academic progress measures achieved by students at the institution:

   (A) successful completion of:

      (i) developmental education in mathematics;

      (ii) developmental education in English;

      (iii) the first college-level mathematics course with a grade of "C" or higher;

      (iv) the first college-level English course with a grade of "C" or higher; and

      (v) the first 30 semester credit hours at the institution; and

   (B) transfer to a four-year college or university after successful completion of at least 15 semester credit hours at the institution; and

(2) the total number of the following awarded by the institution:

   (A) associate’s degrees;

   (B) bachelor’s degrees under Section 130.0012;

   and

   (C) certificates identified by the board for purposes of this section as effective measures of student success.

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

(1) an evaluation of the effectiveness of the 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.

(h) The board shall adopt rules for the administration of this section, including rules requiring each institution of higher education to submit to the board any student data or other information the board considers necessary for the board to carry out its duties under this section.

SECTION 4. This Act takes effect September 1, 2011.