

By: Branch, Pitts, Taylor of Galveston,
Patrick, Villarreal

H.B. No. 9

Substitute the following for H.B. No. 9:

By: Patrick

C.S.H.B. No. 9

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;

1 (2) [~~, shall~~] emphasize funding elements that directly
2 support faculty;

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

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

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

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

23 (b) In this section:

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

26 (A) who has been awarded a grant under the
27 federal Pell Grant program; or

1 (B) who, on the date the student initially
2 enrolled in the institution:

3 (i) was 20 years of age or older;

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

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

8 or

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

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

14 (c) Except as otherwise provided under Subdivision (2), the
15 fields of engineering, computer science, mathematics, physical
16 science, allied health, nursing, and teaching certification in the
17 field of science or mathematics are critical fields. Beginning
18 September 1, 2012, the board, based on the board's determination of
19 those fields of study in which the support and development of
20 postsecondary education programs at the bachelor's degree level are
21 most critically necessary for serving the needs of this state, by
22 rule may:

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

26 (2) remove a field of study from the list of fields
27 currently designated by this subsection or by the board as critical

1 fields.

2 (d) In devising its base funding formulas and making its
3 recommendations to the legislature relating to institutional
4 appropriations of base funds under Section 61.059, the board, in
5 the manner and to the extent the board considers appropriate and in
6 consultation with institutions of higher education, shall
7 incorporate the consideration of undergraduate student success
8 measures achieved during the preceding state fiscal biennium by
9 each of the institutions of higher education to which base funds
10 will be appropriated.

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

14 (1) the total number of bachelor's degrees awarded by
15 the institution;

16 (2) the total number of bachelor's degrees in critical
17 fields awarded by the institution;

18 (3) the total number of bachelor's degrees awarded by
19 the institution to at-risk students; and

20 (4) as determined by the board, the six-year
21 graduation rate of students of the institution who initially
22 enrolled in the institution in the fall semester immediately
23 following their graduation from a public high school in this state
24 as compared to the six-year graduation rate predicted for those
25 students based on the composition of the institution's student
26 body.

27 (f) For a public junior college, public state college, or

1 public technical institute, the success measures considered by the
2 board under Subsection (d) must include:

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

5 (A) successful completion of:

6 (i) developmental education in
7 mathematics;

8 (ii) developmental education in English;

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

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

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

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

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

20 (A) associate's degrees;

21 (B) bachelor's degrees under Section 130.0012;
22 and

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

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

27 (1) an evaluation of the effectiveness of the student

1 success measures described by this section in achieving the purpose
2 of this section during the preceeding state fiscal biennium; and
3 (2) any related recommendations the board considers
4 appropriate.

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

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