BILL ANALYSIS

Senate Research Center
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S.B. 1162
By: Barrientos
Subcommittee on Higher Education
4/21/2003
As Filed

DIGEST AND PURPOSE

Currently, the salaries of administrators at public institutions of higher education are increasing more rapidly than those of faculty members. As the state's share of public education funding decreases in the current economic climate, reducing this disparity may make additional money available to compensate educators. Additionally, the disparity may affect faculty morale, possibly leading to reduced productivity and contributing to faculty turnover. As proposed, S.B. 1162 requires each institution of higher education to report the number and salaries of its administrators for the current and preceding year to the Legislative Budget Board (LBB) each fiscal year. This bill also prohibits the average salary increase for administrators in a fiscal year from exceeding the average salary increase for faculty. S.B. 1162 prohibits the salaries of university presidents or university system chancellors from exceeding that of their counterparts at peer institutions by more than three percent.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter Z, Chapter 51, Education Code, by adding Section 51.968, as follows:

Sec. 51.968. ACCOUNTABILITY OF ADMINISTRATORS IN INSTITUTIONS OF HIGHER EDUCATION. (a) Defines "institution of higher education," "administrator," and "faculty member."

(b) Requires each institution of higher education, including public college and university systems, to report certain information to The Legislative Budget Board (LBB), by December 1 of each fiscal year, to ensure that the administration of institutions of higher education may be conducted in a cost-efficient manner.

(c) Prohibits the average salary increase in a fiscal year for all high-ranking administrators at an institution of higher education, as determined by the LBB, from exceeding the average salary increase for all faculty members in any fiscal year; in the case of a system, prohibits the average salary increase for all high-ranking administrators within the system from exceeding the average for faculty members at all institutions within the system.

(d) Requires the governing board of an institution in which it is determined by the LBB that the average salary increase for high-ranking administrators employed by an institution of higher education did exceed the average salary increase for faculty in any fiscal year, to take appropriate steps in the following fiscal year to bring the disparity back into line.

(e) Requires a copy of the report provided to the LBB under this section to be made available by each institution of higher education to the faculty senate or other comparable body within seven days of its submission to the LBB; requires a copy also to be placed in the library of each institution for public inspection.

(f) Requires institutions of higher education to report to the LBB all information required in (b), (c) and (d) for fiscal year 2003 by November 30, 2003.

(g) Requires all information required in this section to be reported on an LBB-developed form.

(h) Sets forth a structure governing president's salaries. Authorizes, out of the educational and general funds appropriated to the general academic institutions, health centers, health science centers, and medical education programs, an amount to be expended in each year of a biennium that is not to exceed the average salary for the presidents of peer institutions by more than three percent. Requires a group of peer institutions to be developed by the Texas Higher Education Coordinating Board (THECB) for each institution. Prohibits the president, if a salary of a current president exceeds the average for the institution's peers in any year by more than three percent, from receiving any salary increase from any funding source until such time as his salary no longer exceeds the average salary for his institution's peer group by more than three percent. Prohibits a new president from being hired at a salary that exceeds the average for the peer group of the institution by more than three percent. Provides the legislature's intent to prohibit the granting of additional benefits to a president from being used by the governing board as a means of circumventing the salary provisions contained in this section. Authorizes all presidents to receive in addition to the above amounts a house, utilities, and/or supplement from institutional funds. Authorizes, if a house owned by the institution, center or program is not available, an amount NTE $7,200 per year from the appropriation to the institution, center or program, and additional amounts from institutional funds where required, to be provided in lieu of house and utilities.

(i) Sets forth a structure governing chancellor's salaries. Authorizes, out of the funds appropriated, transferred, or contracted to the system offices, an amount to be expended in 2004 and 2005 that does not to exceed the average salary for the chancellors of peer systems by more than three percent. Requires a group of peer systems to be developed by THECB for each system. Prohibits a chancellor, if a salary of a current chancellor exceeds the average for the institution's peers in any year by more than three percent, from receiving any salary increase from any funding source until such time as his salary no longer exceeds the average salary for his system's peer group by more than three percent. Prohibits a new chancellor from being hired at a salary that exceeds the average for the peer group of the institution by more than three percent. Provides the legislature's intent to prohibit the granting of additional benefits to a chancellor shall from being used by the governing board as a means of circumventing the salary provisions contained in this section. Authorizes all chancellors to receive, in addition to the above amounts, a house, utilities, and/or a supplement from institutional funds. Authorizes, if a system owned house is not available, an amount NTE $7,200 per year from the system office appropriation and additional amounts from and private and institutional sources where required to be provided in lieu of house and utilities.

(j) Prohibits, if THECB has not completed its compilation of peer institutions by August 1, 2003, the salary increase for a president or chancellor in 2004 from exceeding three percent of the president's or chancellor's salary in 2003.

SECTION 2. Effective date: upon passage or September 1, 2003.