

## **BILL ANALYSIS**

Senate Research Center

H.B. 3790  
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Higher Education  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The state has many goals for improving higher education in Texas, such as increasing graduation rates and higher enrollment for high risk students, but those goals have not been achieved to the necessary level. Currently, Texas higher education institutions are not rewarded for working to fulfill the state's goals. The institutions need to strive to reach the state's goals while ensuring that they maintain high quality in education.

H.B. 3790 amends current statute relating to performance incentive funding for public institutions of higher education and to recognition of certain student achievement on degree completion.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 (Section 61.9804 and 61.9805, Education Code) and SECTION 3 of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 61, Education Code, by adding Subchapter FF, as follows:

#### **SUBCHAPTER FF. PERFORMANCE INCENTIVE FUNDING**

Sec. 61.9801. PERFORMANCE INCENTIVE FUNDING FOR CERTAIN GENERAL ACADEMIC TEACHING INSTITUTIONS. (a) Provides that this section applies only to general academic teaching institutions other than public state colleges.

(b) Defines "advanced degree," "at-risk student," and "critical field."

(c) Provides that, 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. Authorizes the Texas Higher Education Coordinating Board (THECB), beginning September 1, 2011, based on THECB's determination of those fields of study in which the support and development of postsecondary education programs at the bachelor's degree or advanced degree level are most critically necessary for serving the needs of this state, to:

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

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

(d) Requires THECB, for each state fiscal year, to distribute any performance incentive funds appropriated by the legislature for the purposes of this section, and any other funds made available for the purposes of this section, to institutions to which this section applies as follows:

(1) 50 percent in proportion to the increase, if any, in the average number of degrees awarded annually by each institution in the two most recent

fiscal years from the average number of degrees awarded annually by that institution in the two fiscal years immediately preceding those fiscal years, using the weights assigned to each degree under the table prescribed by Subsection (e); and

(2) the remaining 50 percent in proportion to the average number of degrees awarded annually by each institution in the three most recent fiscal years, using the weights assigned to each degree under the table prescribed by Subsection (e).

(e) Provides that a number of points is assigned for each degree awarded by an eligible institution, other than a degree awarded to an international student, according to a certain table.

Sec. 61.9802. PERFORMANCE INCENTIVE FUNDING FOR PUBLIC JUNIOR COLLEGES, PUBLIC TECHNICAL INSTITUTES, AND PUBLIC STATE COLLEGES. (a) Provides that this section applies only to the following institutions of higher education: public junior colleges, public technical institutes, and public state colleges.

(b) Defines "at-risk student" and "critical field."

(c) Provides that, except as otherwise provided under Subdivision (2), the fields of engineering technology, computer science, mathematics, physical science, allied health, and nursing, are critical fields. Authorizes THECB, beginning September 1, 2011, based on THECB's determination of those fields of study in which the support and development of postsecondary education programs at the bachelor's degree or advanced degree level are most critically necessary for serving the needs of this state, to:

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

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

(d) Requires THECB, for each state fiscal year, to distribute any performance incentive funds appropriated by the legislature for the purposes of this section, and any other funds made available for the purposes of this section, to institutions to which this section applies as follows:

(1) 50 percent in proportion to the increase, if any, in the average number of student transfers described by Subsection (g) from each institution that occur each year plus the average number of degrees and certificates awarded annually by the institution in the two most recent fiscal years from the average number of student transfers described by Subsection (g) from the institution that occur each year plus the average number of degrees and certificates awarded annually by the institution in the two fiscal years immediately preceding those fiscal years, using the weights assigned to each student transfer or degree or certificate under the table prescribed by Subsection (h); and

(2) the remaining 50 percent in proportion to the average number of student transfers described by Subsection (g) from each institution that occur each year plus the average number of degrees and certificates awarded annually by the institution in the three most recent fiscal years, using the weights assigned to each student transfer or degree or certificate under the table prescribed by Subsection (h).

(e) Prohibits points from being assigned under Subsection (h) for any degree or certificate awarded, in a program on a topic or at a level that THECB determines does not merit funding under this section, or to an international student.

(f) Prohibits points from being assigned under Subsection (h) for both a student's certificate or degree and the student's transfer. Requires that points be assigned for the student only in the category under Subsection (h) in which the highest number of points will be assigned for the student.

(g) Authorizes points to be assigned for a student transfer under Subsection (h) only for a student of the institution who completed at least 30 but not more than 70 semester credit hours at the institution with a grade point average of at least 2.5 on a four-point scale or the equivalent before transferring to a general academic teaching institution other than a public state college.

(h) Provides that a number of points is assigned for each degree awarded or student transfer by an eligible institution according to a certain table.

**Sec. 61.9803. PERFORMANCE INCENTIVE FUNDING FOR MEDICAL AND DENTAL UNITS.** (a) Provides that this section applies only to medical and dental units.

(b) Requires THECB, for each state fiscal year, to distribute any performance incentive funds appropriated by the legislature for the purposes of this section, and any other funds made available for the purposes of this section, to institutions to which this section applies as follows:

(1) 50 percent in proportion to the increase, if any, in the average number of degrees and certificates awarded by, and medical residencies completed at, each institution annually in the two most recent fiscal years from the average number of degrees and certificates awarded by, and medical residencies completed at, that institution annually in the two fiscal years immediately preceding those fiscal years, using the weights assigned to each degree, certificate, or medical residency completion under the table prescribed by Subsection (c); and

(2) the remaining 50 percent in proportion to the average number of degrees and certificates awarded by, and medical residencies completed at, each institution annually in the three most recent fiscal years, using the weights assigned to each degree, certificate, or medical residency completion under the table prescribed by Subsection (c).

(c) Provides that a number of points is assigned for each degree or certificate awarded by, or medical residency completed at, an eligible institution, other than a degree or certificate awarded to or a medical residency completed by an international student, according to a certain table.

**Sec. 61.9804. RULES.** Requires THECB to adopt rules for the administration of this subchapter.

**Sec. 61.9805. REPORT BY INSTITUTIONS TO BOARD.** Requires each institution of higher education, not later than September 1 of each year, to compile and submit to THECB in accordance with rules adopted by THECB, a report that includes certain data regarding each student who was awarded a degree or certificate by the institution, completed a medical residency with the institution, or transferred from the institution to a general academic teaching institution other than a public state college, during the preceding state fiscal year.

**Sec. 61.9806. REPORT TO BOARD AND LEGISLATURE BY EDUCATION RESEARCH CENTER REGARDING EVALUATION OF POINT ASSIGNMENTS.** Requires THECB, each state fiscal biennium, to provide for the evaluation by an education research center established under Section 1.005 (Education Research Centers;

Sharing Student Information) of the points assigned under Sections 61.9801, 61.9802, and 61.9803. Requires the education research center, not later than June 1 of each even-numbered year, to submit to THECB and the legislature a written report regarding the center's evaluation under this section, including any recommendations for changes to the points assigned under those sections.

Sec. 61.9807. FEASIBILITY STUDY REGARDING DISTRIBUTION OF INCENTIVE FUNDS BASED ON STUDENT ACHIEVEMENT DATA; REPORT. (a) Requires THECB to conduct a study to determine the feasibility of using student achievement data as criteria for the distribution of incentive funds to institutions of higher education. Authorizes THECB's study to include an evaluation of:

- (1) the types of student achievement data available;
- (2) differences in degree programs and student achievement data across degree programs;
- (3) differences in student achievement data across types of institutions of higher education;
- (4) standards for measuring student achievement; and
- (5) any other factors THECB considers appropriate.

(b) Requires THECB, not later than December 1, 2010, to submit to the governor, lieutenant governor, speaker of the house of representatives, and the presiding officer of each legislative standing committee with primary jurisdiction over higher education a written report regarding THECB's findings under the study.

(c) Provides that this section expires September 1, 2011.

SECTION 2. Repealer: Section 61.0591 (Incentive and Special Initiative Funding), Education Code.

SECTION 3. Requires THECB to adopt rules relating to the administration of Subchapter FF, Chapter 61, Education Code, as added by this Act, as soon as practicable after the effective date of this Act.

SECTION 4. Requires THECB to conduct a study of whether bilingual education is a critical field for the purposes of Subchapter FF, Chapter 61, Education Code, as added by this Act.

SECTION 5. Effective date: September 1, 2009.