

## **BILL ANALYSIS**

Senate Research Center

H.B. 9  
By: Branch et al. (Zaffirini)  
Higher Education  
5/17/2011  
Engrossed

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

Texas has made significant gains toward meeting its higher education goals in student participation set by the *Closing the Gaps by 2015* initiative. However, the Texas Higher Education Coordinating Board reports that Texas must award approximately 46,000 more degrees per year to meet the 2015 goals. Realigning state resources with the goal of improving institutional productivity and promoting student success could bolster the efforts to meet the *Closing the Gaps* goals in student success.

Currently, formula funding allocations for institutions of higher education generally reward increasing enrollments. H.B. 9 emphasizes a funding model designed to provide incentives and reward a strong focus on helping students complete their degrees.

H.B. 9 amends current law relating to student success-based funding for and reporting regarding public institutions of higher education.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 3 (Section 61.0593, Education Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Requires that this Act be known as the Higher Education Outcomes-Based Funding Act.

SECTION 2. Amends Sections 61.059(a), and (c), Education Code, as follows:

(a) Requires that funding policies:

(1)-(3) Makes no changes to these subdivisions; and

(4) emphasize an alignment with education goals established by the Texas Higher Education Coordinating Board (THECB). Makes nonsubstantive changes.

(c) Requires that formulas for basic funding:

(1) Makes nonsubstantive changes to these subdivisions; and

(4) incorporate, as THECB considers appropriate, goals identified in THECB's long-range statewide plan developed under Section 61.051 (Coordination of Institutions of Public Higher Education).

SECTION 3. Amends Subchapter C, Chapter 61, Education Code, by adding Section 61.0593, as follows:

Sec. 61.0593. STUDENT SUCCESS-BASED FUNDING RECOMMENDATIONS. (a) Provides that 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. Provides that 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. Provides that, 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) Defines in this section, "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. Provides that beginning September 1, 2012, THECB, 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 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 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) Provides that this subsection applies only to a general academic teaching institution other than a public state college. Requires THECB, in the manner and to the extent THECB considers appropriate and in consultation with those institutions, in devising its base funding formulas and making its recommendations to the legislature relating to institutional appropriations of base funds under Section 61.059 for institutions to which this subsection applies, to incorporate the consideration of undergraduate student success measures achieved during the preceding state fiscal biennium by each of the institutions. Requires that the success measures considered by THECB under this subsection 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 THECB, 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.

(e) Provides that this subsection applies only to public junior colleges, public state colleges, and public technical institutes. Requires THECB, in the manner and to the extent THECB considers appropriate and in consultation with those institutions, in devising its funding formulas and making its recommendations to the legislature relating to institutional appropriations of incentive funds for institutions to which this subsection applies, to incorporate the consideration of the undergraduate student success measures achieved during the preceding state fiscal biennium by each of the institutions. Requires that the success measures considered by THECB under this subsection include:

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

(A) successful completion of developmental education in mathematics; developmental education in English; the first college-level mathematics course with a grade of "C" or higher; the first college-level English course with a grade of "C" or higher; and 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 (Baccalaureate Degree Programs); and

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

(f) Requires THECB to 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 THECB considers appropriate.

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

SECTION 4. Amends Subchapter C, Chapter 61, Education Code, by adding Section 61.0905, as follows:

Sec. 61.0905. REPORTS TO JOINT OVERSIGHT COMMITTEE. (a) Requires THECB, not later than each September 15, to submit to the Joint Oversight Committee on Higher Education Governance, Excellence, and Transparency a written report reviewing, comparing, and highlighting national and global best practices on:

(1) improving student outcomes, including student retention, graduations, and graduation rates; and

(2) higher education governance, administration, and transparency.

(b) Provides that this section expires August 31, 2013.

SECTION 5. Effective date: September 1, 2011.