

1-1 By: Seliger S.B. No. 778
 1-2 (In the Senate - Filed February 25, 2015; March 2, 2015,
 1-3 read first time and referred to Committee on Higher Education;
 1-4 April 13, 2015, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 5, Nays 1; April 13, 2015,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12		X		
1-13	X			
1-14			X	
1-15	X			

1-16 COMMITTEE SUBSTITUTE FOR S.B. No. 778 By: Watson

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to performance-based tuition limitations for certain
 1-20 public institutions of higher education.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Subchapter B, Chapter 54, Education Code, is
 1-23 amended by adding Section 54.05131 to read as follows:

1-24 Sec. 54.05131. PERFORMANCE-BASED DESIGNATED TUITION
 1-25 LIMITATIONS. (a) In this section:

1-26 (1) "Administrative costs" means the percentage of an
 1-27 institution's operating budget expended on institutional expenses,
 1-28 as designated in an institution's annual financial reports in the
 1-29 subcategories of executive management, fiscal operations, general
 1-30 administrative and logistical services, administrative computing
 1-31 support, and public relations/development.

1-32 (2) "Coordinating board" means the Texas Higher
 1-33 Education Coordinating Board.

1-34 (3) "General academic teaching institution" and
 1-35 "public state college" have the meanings assigned by Section
 1-36 61.003.

1-37 (4) "Performance measure" includes only a performance
 1-38 measure defined by coordinating board rule under Subsection (b).

1-39 (b) The coordinating board, using the negotiated rulemaking
 1-40 procedures under Chapter 2008, Government Code, shall define the
 1-41 following performance measures to be used for purposes of this
 1-42 section:

1-43 (1) the total number of undergraduate degrees awarded
 1-44 by the institution;

1-45 (2) the total number of undergraduate degrees awarded
 1-46 by the institution, adjusted by the institution's six-year
 1-47 graduation rate under Subdivision (10);

1-48 (3) the total number of undergraduate degrees awarded
 1-49 by the institution per 100 undergraduate full-time student
 1-50 equivalents;

1-51 (4) the total number of undergraduate degrees awarded
 1-52 by the institution to at-risk students;

1-53 (5) the total number of undergraduate students at the
 1-54 institution having successfully completed at least 25 percent of
 1-55 the student's degree requirements or having earned at least 30
 1-56 credit hours toward a 120-credit-hour degree;

1-57 (6) the total number of undergraduate students at the
 1-58 institution having successfully completed at least 50 percent of
 1-59 the student's degree requirements or having earned at least 60
 1-60 credit hours toward a 120-credit-hour degree;

2-1 (7) the total number of undergraduate students having
 2-2 successfully completed at least 75 percent of the student's degree
 2-3 requirements or having earned at least 90 credit hours toward a
 2-4 120-credit-hour degree;

2-5 (8) the average length of enrollment, by number of
 2-6 semesters, required for undergraduate degree completion;

2-7 (9) the four-year graduation rate of first-time,
 2-8 full-time, bachelor's degree-seeking students who enrolled in at
 2-9 least 12 semester credit hours in the student's first fall semester
 2-10 at the institution and who graduated from the institution or from
 2-11 any other institution of higher education or private or independent
 2-12 institution of higher education;

2-13 (10) the six-year graduation rate of first-time,
 2-14 full-time, bachelor's degree-seeking students who enrolled in at
 2-15 least 12 semester credit hours in the student's first fall semester
 2-16 at the institution and who graduated from the institution or from
 2-17 any other institution of higher education or private or independent
 2-18 institution of higher education; and

2-19 (11) the institution's administrative costs.

2-20 (c) This section applies only to a general academic teaching
 2-21 institution other than a public state college.

2-22 (d) This section applies to tuition charged for an academic
 2-23 year by an institution to which this section applies only if the
 2-24 institution did not achieve, in the most recent state fiscal year
 2-25 preceding that academic year for which information is available, a
 2-26 majority of the target levels assigned to the performance measures
 2-27 included in the General Appropriations Act as applicable to the
 2-28 institution for that state fiscal year. For purposes of this
 2-29 subsection, an institution is considered to have achieved a target
 2-30 level assigned to a performance measure if the institution has
 2-31 achieved at least 98 percent of the target level.

2-32 (e) The coordinating board in consultation with the
 2-33 Legislative Budget Board shall determine whether an institution has
 2-34 achieved the applicable target levels for purposes of Subsection
 2-35 (d). Using the negotiated rulemaking procedures under Chapter
 2-36 2008, Government Code, the coordinating board by rule shall
 2-37 establish the process by which an institution's achievement on a
 2-38 performance measure is submitted to and verified by the
 2-39 coordinating board.

2-40 (f) The coordinating board shall notify the governing board
 2-41 of an institution as soon as practicable if the coordinating board
 2-42 determines that this section applies to the tuition charged by the
 2-43 institution for an academic year and of the limitation prescribed
 2-44 by Subsection (g) on the amount of tuition that may be charged by
 2-45 the institution for that academic year.

2-46 (g) For an academic year in which this section applies to
 2-47 the tuition charged by an institution, unless the institution has
 2-48 been granted an exception under Subsection (i) for that year, the
 2-49 amount of tuition the governing board of the institution charges
 2-50 under Section 54.0513 to a student for that academic year may not
 2-51 exceed the total amount of tuition that the governing board would
 2-52 have charged under that section to a similarly situated student in
 2-53 the preceding academic year, as that amount is adjusted for each
 2-54 academic year for inflation as determined under Subsection (h).
 2-55 The governing board may not increase the amount of tuition charged
 2-56 under this section to a student more than once in any academic year.
 2-57 For purposes of this subsection, students are similarly situated if
 2-58 they share the same residency status, degree program, course load,
 2-59 course level, tuition exemption status, and other circumstances
 2-60 affecting the tuition charged to the student.

2-61 (h) Not later than January 31 of each year, or as soon
 2-62 thereafter as practicable, the Legislative Budget Board shall
 2-63 publish and certify to the governing board of each institution to
 2-64 which this section applies the inflation rate to be used for
 2-65 purposes of this section for the next academic year. The inflation
 2-66 rate is the percentage increase, if any, as expressed in decimal
 2-67 form rounded to the nearest thousandth of one percent, in the
 2-68 consumer price index, as defined by Section 341.201, Finance Code,
 2-69 for the preceding calendar year as compared to the consumer price

3-1 index for the year preceding that year.

3-2 (i) The coordinating board, using the negotiated rulemaking
3-3 procedures under Chapter 2008, Government Code, by rule shall
3-4 establish an exception to the application of this section for an
3-5 institution to which this section would otherwise apply for an
3-6 academic year in the event of a natural disaster or other
3-7 extraordinary circumstance affecting the institution's achievement
3-8 on performance measures.

3-9 SECTION 2. Chapter 322, Government Code, is amended by
3-10 adding Section 322.025 to read as follows:

3-11 Sec. 322.025. RECOMMENDATIONS FOR PERFORMANCE MEASURE
3-12 TARGET LEVELS FOR CERTAIN INSTITUTIONS OF HIGHER EDUCATION.

3-13 (a) In this section:

3-14 (1) "Institution of higher education" and "university
3-15 system" have the meanings assigned by Section 61.003, Education
3-16 Code.

3-17 (2) "Performance measure" means a performance measure
3-18 adopted under Section 54.05131(b), Education Code.

3-19 (b) The governing board of each institution of higher
3-20 education to which Section 54.05131, Education Code, applies shall
3-21 submit to the board, as part of the institution's legislative
3-22 appropriations request for the general appropriations bill
3-23 prepared by the board under Section 322.008, a target level for each
3-24 performance measure applicable to the institution for each of the
3-25 state fiscal years covered by the bill. The target levels submitted
3-26 by an institution under this subsection must be established by the
3-27 institution's governing board in consultation with the
3-28 institution's president and provosts and with the institution's
3-29 system administration, if the institution is a component
3-30 institution of a university system.

3-31 (c) The board, in preparing the general appropriations bill
3-32 under Section 322.008, shall include the performance measure target
3-33 levels submitted by each institution under Subsection (b) of this
3-34 section to which money is to be appropriated in the bill, as
3-35 recommendations for the target levels to be included in the
3-36 appropriations to the institution for each of the state fiscal
3-37 years covered by the bill.

3-38 SECTION 3. Section 54.05131, Education Code, as added by
3-39 this Act, applies beginning with tuition charged by a general
3-40 academic teaching institution to which that section applies for the
3-41 2018-2019 academic year. Tuition charged by an institution for an
3-42 academic year before that academic year is covered by the law in
3-43 effect immediately before the effective date of this Act, and the
3-44 former law is continued in effect for that purpose.

3-45 SECTION 4. This Act takes effect September 1, 2015.

3-46 * * * * *