

1-1 By: Seliger, Nelson S.B. No. 19
 1-2 (In the Senate - Filed January 19, 2017; January 24, 2017,
 1-3 read first time and referred to Committee on Higher Education;
 1-4 March 28, 2017, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 6, Nays 1; March 28, 2017,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8 Seliger	X			
1-9 West	X			
1-10 Bettencourt	X			
1-11 Buckingham	X			
1-12 Menéndez	X			
1-13 Taylor of Galveston	X			
1-14 Watson		X		
1-15				

1-16 COMMITTEE SUBSTITUTE FOR S.B. No. 19 By: Seliger

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

1-19 relating to performance-based tuition limitations for and a
 1-20 temporary limitation on the amount of tuition and fees charged by
 1-21 certain public institutions of higher education.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Subchapter B, Chapter 54, Education Code, is
 1-24 amended by adding Sections 54.05131 and 54.0514 to read as follows:

1-25 Sec. 54.05131. PERFORMANCE-BASED DESIGNATED TUITION
 1-26 LIMITATIONS. (a) In this section:

1-27 (1) "Administrative costs" means the percentage of an
 1-28 institution's operating budget expended on institutional expenses,
 1-29 as designated in an institution's annual financial reports in the
 1-30 subcategories of executive management, fiscal operations, general
 1-31 administrative and logistical services, administrative computing
 1-32 support, and public relations/development.

1-33 (2) "Coordinating board" means the Texas Higher
 1-34 Education Coordinating Board.

1-35 (3) "General academic teaching institution" and
 1-36 "public state college" have the meanings assigned by Section
 1-37 61.003.

1-38 (4) "Performance measure" means a performance measure
 1-39 defined by coordinating board rule under Subsection (b).

1-40 (b) The coordinating board, using the negotiated rulemaking
 1-41 procedures under Chapter 2008, Government Code, shall define the
 1-42 following performance measures to be used for purposes of this
 1-43 section:

1-44 (1) the total number of undergraduate degrees awarded
 1-45 by the institution;

1-46 (2) the total number of undergraduate degrees awarded
 1-47 by the institution, adjusted by the institution's six-year
 1-48 graduation rate under Subdivision (10);

1-49 (3) the total number of undergraduate degrees awarded
 1-50 by the institution per 100 undergraduate full-time student
 1-51 equivalents;

1-52 (4) the total number of undergraduate degrees awarded
 1-53 by the institution to at-risk students;

1-54 (5) the total number of undergraduate students at the
 1-55 institution having successfully completed at least 25 percent of
 1-56 the student's degree requirements or having earned at least 30
 1-57 credit hours toward a 120-credit-hour degree;

1-58 (6) the total number of undergraduate students at the
 1-59 institution having successfully completed at least 50 percent of
 1-60 the student's degree requirements or having earned at least 60

2-1 credit hours toward a 120-credit-hour degree;

2-2 (7) the total number of undergraduate students at the
 2-3 institution having successfully completed at least 75 percent of
 2-4 the student's degree requirements or having earned at least 90
 2-5 credit hours toward a 120-credit-hour degree;

2-6 (8) the average length of a student's enrollment, by
 2-7 number of semesters, for undergraduate degree completion;

2-8 (9) the four-year graduation rate of first-time,
 2-9 full-time, bachelor's degree-seeking students who enrolled in at
 2-10 least 12 semester credit hours in the student's first fall semester
 2-11 at the institution and who graduated from the institution or from
 2-12 any other institution of higher education or private or independent
 2-13 institution of higher education;

2-14 (10) the six-year graduation rate of first-time,
 2-15 full-time, bachelor's degree-seeking students who enrolled in at
 2-16 least 12 semester credit hours in the student's first fall semester
 2-17 at the institution and who graduated from the institution or from
 2-18 any other institution of higher education or private or independent
 2-19 institution of higher education; and

2-20 (11) the institution's administrative costs.

2-21 (c) This section applies only to a general academic teaching
 2-22 institution other than a public state college.

2-23 (d) Not later than November 1 of each even-numbered year,
 2-24 the coordinating board shall:

2-25 (1) in consultation with the president of each
 2-26 institution to which this section applies, establish a target level
 2-27 for each performance measure applicable to the institution for each
 2-28 of the two next academic years to encourage the institution to
 2-29 achieve reasonable incremental progress toward appropriate
 2-30 long-term goals for performance in each performance measure, taking
 2-31 into account the mission, resources, and circumstances of the
 2-32 particular institution; and

2-33 (2) submit to the standing committee of each house of
 2-34 the legislature with primary jurisdiction over higher education and
 2-35 to each institution to which this section applies a report that
 2-36 includes the target levels established by the coordinating board
 2-37 under Subdivision (1) for each institution.

2-38 (e) The coordinating board, using the negotiated rulemaking
 2-39 procedures under Chapter 2008, Government Code, by rule shall
 2-40 develop standards to be considered by the coordinating board in
 2-41 establishing an institution's target levels for performance
 2-42 measures under Subsection (d). In developing the standards, the
 2-43 negotiated rulemaking committee established for purposes of this
 2-44 subsection and the coordinating board shall consider institutional
 2-45 improvement on target levels. The coordinating board shall
 2-46 reconvene the negotiated rulemaking committee to assist the
 2-47 coordinating board whenever the coordinating board modifies or
 2-48 updates the standards.

2-49 (f) In adopting rules under this section, the coordinating
 2-50 board shall prescribe any necessary adjustments or exceptions for
 2-51 institutions that offer only upper-division courses and to which
 2-52 certain performance measures prescribed by Subsection (b) do not
 2-53 apply.

2-54 (g) As soon as practicable after each academic year, the
 2-55 coordinating board shall determine whether an institution has
 2-56 achieved the applicable target levels for that academic year.
 2-57 Using the negotiated rulemaking procedures under Chapter 2008,
 2-58 Government Code, the coordinating board by rule shall establish the
 2-59 process by which an institution's achievement on a performance
 2-60 measure is submitted to and verified by the coordinating board.

2-61 (h) After the coordinating board makes a determination for
 2-62 an institution under Subsection (g), the coordinating board shall
 2-63 notify the governing board of the institution that Subsection (i)
 2-64 or (j), as applicable, applies to the tuition charged by the
 2-65 institution for the second academic year following the academic
 2-66 year for which the determination is made and of the limitation
 2-67 prescribed by the applicable subsection on the amount of tuition
 2-68 that may be charged by the institution for that academic year.

2-69 (i) This subsection applies to tuition charged for an

3-1 academic year by an institution to which this section applies only
 3-2 if the institution did not achieve, in the second academic year
 3-3 preceding that academic year, the target level assigned by the
 3-4 coordinating board for the administrative costs performance
 3-5 measure as applicable to the institution for that preceding
 3-6 academic year and a majority of the target levels assigned to the
 3-7 remaining performance measures by the coordinating board as
 3-8 applicable to the institution for that preceding academic year.
 3-9 For an academic year in which this subsection applies to the tuition
 3-10 charged by an institution, unless the institution has been granted
 3-11 an exception under Subsection (m) for that year, the amount of
 3-12 tuition the governing board of the institution charges under
 3-13 Section 54.0513 to a student for that academic year may not exceed
 3-14 the total amount of tuition that the governing board would have
 3-15 charged under that section to a similarly situated student in the
 3-16 preceding academic year, as that amount is adjusted for each
 3-17 academic year for inflation as determined under Subsection (l).
 3-18 The governing board may not increase the amount of tuition charged
 3-19 under this subsection to a student more than once in any academic
 3-20 year.

3-21 (j) This subsection applies to tuition charged for an
 3-22 academic year by an institution to which this section applies only
 3-23 if the institution achieved, in the second academic year preceding
 3-24 that academic year, the target level assigned by the coordinating
 3-25 board for the administrative costs performance measure as
 3-26 applicable to the institution for that preceding academic year and
 3-27 a majority of the target levels assigned to the remaining
 3-28 performance measures by the coordinating board as applicable to the
 3-29 institution for that preceding academic year. For an academic year
 3-30 in which this subsection applies to the tuition charged by an
 3-31 institution, the amount of tuition the governing board of the
 3-32 institution charges under Section 54.0513 to a student for that
 3-33 academic year may not exceed by more than three percent the total
 3-34 amount of tuition that the governing board would have charged under
 3-35 that section to a similarly situated student in the preceding
 3-36 academic year, as that amount is adjusted for each academic year for
 3-37 inflation as determined under Subsection (l). The governing board
 3-38 may not increase the amount of tuition charged under this
 3-39 subsection to a student more than once in any academic year.

3-40 (k) For purposes of this section:

3-41 (1) an institution is considered to have achieved a
 3-42 target level assigned to a performance measure if the institution
 3-43 has achieved at least 98 percent of the target level; and

3-44 (2) students are similarly situated if they share the
 3-45 same residency status, degree program, course load, course level,
 3-46 tuition exemption status, and other circumstances affecting the
 3-47 tuition charged to the student.

3-48 (l) Not later than August 31 of each year, or as soon
 3-49 thereafter as practicable, the Legislative Budget Board shall
 3-50 publish and certify to the governing board of each institution to
 3-51 which this section applies the inflation rate to be used for
 3-52 purposes of this section for the next academic year. The inflation
 3-53 rate is the percentage increase, if any, as expressed in decimal
 3-54 form rounded to the nearest thousandth of one percent, in the
 3-55 consumer price index, as defined by Section 341.201, Finance Code,
 3-56 for the preceding 12-month period as compared to the consumer price
 3-57 index for the 12-month period preceding that period.

3-58 (m) The coordinating board, using the negotiated rulemaking
 3-59 procedures under Chapter 2008, Government Code, by rule shall
 3-60 establish an exception to the application of Subsection (i) for an
 3-61 institution to which that subsection would otherwise apply for an
 3-62 academic year in the event of a natural disaster or other
 3-63 extraordinary circumstance affecting the institution's achievement
 3-64 on performance measures. In an academic year for which an
 3-65 institution is granted an exception under this subsection,
 3-66 Subsection (j) applies to the institution.

3-67 Sec. 54.0514. TEMPORARY LIMITATION ON TOTAL AMOUNT OF
 3-68 TUITION. (a) In this section:

3-69 (1) "General academic teaching institution" has the

4-1 meaning assigned by Section 61.003.

4-2 (2) "Tuition" includes:

4-3 (A) tuition for which the rates are prescribed by
4-4 this chapter; and

4-5 (B) tuition charged by a general academic
4-6 teaching institution under Section 54.0513 or another law
4-7 authorizing an institution to establish tuition rates.

4-8 (b) Notwithstanding Section 54.0513 or another law
4-9 authorizing an institution to establish tuition rates, the total
4-10 amount of tuition charged by a general academic teaching
4-11 institution to a student for the 2018-2019 or 2019-2020 academic
4-12 year may not exceed the total amount of tuition that the institution
4-13 would have charged under this chapter to a similarly situated
4-14 student for the 2016-2017 academic year.

4-15 (c) For purposes of this section, students are similarly
4-16 situated if they share the same residency status, degree program,
4-17 course load, course level, tuition exemption status, and other
4-18 circumstances affecting the tuition charged to the student.

4-19 (d) This section does not ensure that the total amount of
4-20 tuition charged to an individual student does not increase based on
4-21 a change in the student's residency status, degree program, course
4-22 load, course level, tuition exemption status, or other circumstance
4-23 affecting the tuition charged to the student.

4-24 (e) The Texas Higher Education Coordinating Board may adopt
4-25 rules as necessary to administer this section.

4-26 (f) This section expires August 31, 2020.

4-27 SECTION 2. Subchapter E, Chapter 54, Education Code, is
4-28 amended by adding Section 54.5001 to read as follows:

4-29 Sec. 54.5001. TEMPORARY LIMITATIONS ON FEE INCREASES.

4-30 (a) In this section, "general academic teaching institution" has
4-31 the meaning assigned by Section 61.003.

4-32 (b) Notwithstanding any other provision of this subchapter
4-33 or other law, in each of the 2018-2019 and 2019-2020 academic years,
4-34 the governing board of a general academic teaching institution may
4-35 not charge a fee under this subchapter in an amount that is greater
4-36 than the amount of the fee charged by the institution in the
4-37 2016-2017 academic year.

4-38 (c) The limitation provided by this section applies to a fee
4-39 even if an increase in the amount of the fee is approved by a vote of
4-40 the students, student government, or student fee advisory committee
4-41 of the general academic teaching institution.

4-42 (d) This section expires August 31, 2020.

4-43 SECTION 3. Section 54.05131, Education Code, as added by
4-44 this Act, applies beginning with tuition charged by a general
4-45 academic teaching institution to which that section applies for the
4-46 2020-2021 academic year.

4-47 SECTION 4. This Act takes effect immediately if it receives
4-48 a vote of two-thirds of all the members elected to each house, as
4-49 provided by Section 39, Article III, Texas Constitution. If this
4-50 Act does not receive the vote necessary for immediate effect, this
4-51 Act takes effect September 1, 2017.

4-52 * * * * *