

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 778
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Higher Education
4/8/2015
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In general, C.S.S.B. 778 requires public institutions of higher education to meet targets on a majority of certain performance metrics to increase tuition beyond the rate of inflation. If an institution does not meet a majority of those targets, the institution's tuition increase is limited to the rate of inflation. The bill also puts into statute the process by which performance metric targets are established.

C.S.S.B. 778 amends current law relating to performance-based tuition limitations for certain public institutions of higher education.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 (Section 54.05131, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 54, Education Code, by adding Section 54.05131, as follows:

Sec. 54.05131. PERFORMANCE-BASED DESIGNATED TUITION LIMITATIONS.

(a) Defines "administrative costs," "coordinating board," "general academic teaching institution," "public state college," and "performance measure."

(b) Requires the Texas Higher Education Coordinating Board (THECB), using the negotiated rulemaking procedures under Chapter 2008 (Negotiated Rulemaking), Government Code, to define performance measures to be used for purposes of this section and sets forth these performance measures.

(c) Provides that this section applies only to a general academic teaching institution other than a public state college.

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

(e) Requires THECB, in consultation with the Legislative Budget Board (LBB), to determine whether an institution has achieved the applicable target levels for purposes of Subsection (d). Requires the LBB by rule, using the negotiated rulemaking procedures under Chapter 2008, to establish the process by which an institution's achievement on a performance measure is submitted to and verified by THECB.

(f) Requires THECB to notify the governing board of an institution as soon as practicable if THECB determines that this section applies to the tuition charged by the institution for an academic year and of the limitation prescribed by Subsection (g) on the amount of tuition that may be charged by the institution for that academic year.

(g) Prohibits the amount of tuition the governing board of the institution charges under Section 54.0513 (Designated Tuition) to a student for that academic year from exceeding the total amount of tuition that the governing board would have charged under that section to a similarly situated student in the preceding academic year, as that amount is adjusted for each academic year for inflation as determined under Subsection (h), for an academic year in which this section applies to an institution. Prohibits the governing board from increasing the amount of tuition charged under this section to a student more than once in any academic year. Provides that, for purposes of this subsection, students are similarly situated if they share the same residency status, degree program, course load, course level, tuition exemption status, and other circumstances affecting the tuition charged to the student.

(h) Requires the LBB, not later than January 31 of each year or as soon thereafter as practicable, to publish and certify to the governing board of each institution to which this section applies the inflation rate to be used for purposes of this section for the next academic year. Provides that the inflation rate is the percentage increase, if any, as expressed in decimal form rounded to the nearest thousandth of one percent, in the consumer price index, as defined by Section 341.201 (Definitions of Indexes), Finance Code, for the preceding calendar year as compared to the consumer price index for the year preceding that year.

(i) Requires THECB by rule, using the negotiated rulemaking procedures under Chapter 2008, to establish an exception to the application of this section for an institution to which this section would otherwise apply for an academic year in the event of a natural disaster or other extraordinary circumstance affecting the institution's achievement on performance measures.

SECTION 2. Amends Chapter 322, Government Code, by adding Section 322.025, as follows:

Sec. 322.025. RECOMMENDATIONS FOR PERFORMANCE MEASURE TARGET LEVELS FOR CERTAIN INSTITUTIONS OF HIGHER EDUCATION. (a) Defines "institution of higher education," "university system," and "performance measure."

(b) Requires the governing board of each institution of higher education to which Section 54.05131, Education Code, applies to submit to the LBB, as part of the institution's legislative appropriations request for the general appropriations bill prepared by the LBB under Section 322.008 (Appropriations Bill), a target level for each performance measure applicable to the institution for each of the state fiscal years covered by the bill. Requires that the target levels submitted by an institution under this subsection be established by the institution's governing board in consultation with the institution's president and provosts and with the institution's system administration, if the institution is a component institution of a university system.

(c) Requires the LBB, in preparing the general appropriations bill under Section 322.008, to include the performance measure target levels submitted by each institution under Subsection (b) of this section to which money is to be appropriated in the bill, as recommendations for the target levels to be included in the appropriations to the institution for each of the state fiscal years covered by the bill.

SECTION 3. Provides that Section 54.05131, Education Code, as added by this Act, applies beginning with tuition charged by a general academic teaching institution to which that section

applies for the 2018-2019 academic year. Provides that a tuition charged by an institution for an academic year before that academic year is covered by the law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

SECTION 4. Effective date: September 1, 2015.