

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2619 Session of
2022

INTRODUCED BY TOPPER, MAY 24, 2022

REFERRED TO COMMITTEE ON EDUCATION, MAY 24, 2022

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An
2 act relating to the public school system, including certain
3 provisions applicable as well to private and parochial
4 schools; amending, revising, consolidating and changing the
5 laws relating thereto," providing for State-related
6 university performance-based funding incentive.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. The act of March 10, 1949 (P.L.30, No.14), known
10 as the Public School Code of 1949, is amended by adding an
11 article to read:

12 ARTICLE XX-L

13 STATE-RELATED UNIVERSITY

14 PERFORMANCE-BASED FUNDING INCENTIVE

15 Section 2001-L. Scope of article.

16 This article relates to the State-related University
17 Performance-Based Incentive awarded to State-related
18 universities.

19 Section 2002-L. Definitions.

20 The following words and phrases when used in this article

1 shall have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

3 "Advisory council." The Performance-based Funding Advisory
4 Council established under section 2003-L.

5 "Base State funding." The amount of funding appropriated to
6 each State-related university during the 2022-2023 fiscal year.

7 "Department." The Department of Education of the
8 Commonwealth.

9 "Institutional investment." A reallocated percentage, no
10 less than 3% nor more than 10%, of the aggregate base State
11 funding to the State-related universities as determined by the
12 advisory council.

13 "Net tuition." The amount a student pays for tuition after
14 financial aid as published tuition less all grant aid, including
15 Federal, State, local and institutional grants, and tax
16 benefits.

17 "Performance-based funding incentive." Consists of the
18 following:

19 (1) Institutional investment.

20 (2) New State funding, exceeding the base State funding,
21 appropriated by the General Assembly for this purpose.

22 "State-related university." The Pennsylvania State
23 University, including the Pennsylvania College of Technology,
24 the University of Pittsburgh and Temple University and
25 associated branch campuses.

26 "State wage interchange system." A system developed by the
27 United States Department of Labor and United States Department
28 of Education to facilitate the interstate exchange of wage data
29 between participating state agencies in order to satisfy
30 performance reporting requirements under the Workforce

Innovation and Opportunities Act (Public Law 113-128, 128 Stat. 1425).

Section 2003-L. Performance-based Funding Advisory Council.

(a) Establishment.--The Performance-based Funding Advisory Council is established within the department for the purpose of allocating State funding to State-related universities based on student outcomes.

(b) Membership.--The advisory council shall consist of the following members:

(1) The Secretary of Education of the Commonwealth or a designee.

(2) The Deputy Secretary of Postsecondary and Higher Education or a designee.

(3) Two individuals appointed by the President pro tempore of the Senate.

(4) An individual appointed by the Minority Leader of the Senate.

(5) Two individuals appointed by the Speaker of the House of Representatives.

(6) An individual appointed by the Minority Leader of the House of Representatives.

(7) Two current Pennsylvania residents with recognized subject matter expertise in higher education funding, who must be appointed by the Governor.

(c) Chairperson.--The chairperson and vice chairperson of the advisory council shall be selected by the members of the advisory council.

(d) Term.--Members of the advisory council appointed pursuant to this section shall serve terms as follows:

(1) A member appointed under subsection (b) (3), (4), (5)

1 or (6) shall serve a three-year term.

2 (2) A member appointed under subsection (b)(7) shall
3 serve a four-year term.

4 (3) After the expiration of each initial term:

5 (i) A member appointed under subsection (b)(3), (4),
6 (5) or (6) shall be appointed for a term of four years.

7 (ii) A member appointed under subsection (b)(7)
8 shall be appointed for a term of five years.

9 (e) Quorum.--A majority of the members of the advisory
10 council shall constitute a quorum, and a quorum shall be
11 required for all actions.

12 (f) Vacancies.--A vacancy occurring on the advisory council
13 by resignation, removal, death or other reason shall be filled
14 within 30 business days of the vacancy in the manner in which
15 that position was originally filled. An individual appointed to
16 fill a vacancy shall be appointed for the unexpired term of the
17 member who created the vacancy.

18 (g) Reimbursement of expenses.--The members of the advisory
19 council may not receive compensation for their services but
20 shall be reimbursed by the department for all necessary travel
21 and other reasonable expenses incurred in connection with the
22 performance of their duties.

23 (h) Administrative support.--The department shall provide
24 administrative support, data, research, meeting space and other
25 assistance or information required by the advisory council to
26 carry out its duties under this article.

27 (i) Actions.--A vote of the majority of the members of the
28 advisory council shall be sufficient for all actions taken by
29 the advisory council.

30 (j) Meetings.--

1 (1) The advisory council shall meet no less than four
2 times a year at the call of the chair.

3 (2) The advisory council shall hold its first meeting no
4 later than 90 business days after the effective date of this
5 section.

6 (3) All meetings shall be conducted in accordance with
7 the requirements of 65 Pa.C.S. Ch. 7 (relating to open
8 meetings).

9 Section 2004-L. Duties of the advisory council.

10 The advisory council shall:

11 (1) Adopt guidelines to administer the program.

12 (2) Adopt performance-based metrics and minimum
13 benchmarks pursuant to section 2006-L to evaluate each State-
14 related university's performance for eligibility to receive
15 performance-based funding from the Commonwealth.

16 (3) Monitor State-related universities with performance
17 improvement plans.

18 (4) Consult with the department and other Commonwealth
19 agencies and utilize experts to assist in carrying out the
20 duties of this article.

21 (5) Hold hearings and receive input from interested
22 parties, including State-related universities, parents and
23 students.

24 Section 2005-L. State-related university performance-based
25 funding incentive.

26 Beginning with the 2023-2024 fiscal year, the department
27 shall award a performance-based funding incentive, using
28 performance-based metrics adopted by the advisory council under
29 section 2006-L, to a State-related university.

30 Section 2006-L. Performance-based metrics.

1 (a) General rule.--The advisory council shall adopt the
2 following performance-based metrics to evaluate a State-related
3 university's performance for eligibility to receive performance-
4 based funding from the Commonwealth:

5 (1) The four-year graduation rate for first-time-in-
6 college students.

7 (2) The percentage of undergraduate students enrolled
8 who received a Pell Grant during the previous school year.

9 (3) The six-year graduation rate for students who are
10 awarded a Pell Grant in their first year.

11 (4) The four-year graduation rate for baccalaureate
12 students.

13 (5) Student retention rates.

14 (6) Bachelor's degree production per 100 full-time
15 enrolled students.

16 (7) Net tuition and fees per 120 credit hours.

17 (8) Postgraduation employment rates and salaries,
18 including wage thresholds that reflect the added value of a
19 baccalaureate degree. The department shall provide wage data
20 from the State wage interchange system to the advisory
21 council.

22 (9) The number of students enrolled and the number of
23 degrees attained in the following fields:

24 (i) Agriculture.

25 (ii) Science.

26 (iii) Technology.

27 (iv) Engineering.

28 (v) Mathematics.

29 (10) The number of high school students who are dual
30 enrolled, and the number of credits earned.

1 (11) The percentage of credits articulated.

2 (12) Other metrics provided by each State-related
3 university.

4 (b) Benchmarks to be adopted.--The advisory council shall
5 adopt benchmarks to evaluate a State-related university's
6 achievement of institutional excellence or need for improvement
7 and minimum requirements for eligibility to receive a
8 performance-based funding incentive.

9 (c) Periodic review.--The advisory council shall review, and
10 revise if necessary, the performance-based funding metrics and
11 benchmarks at least every five years. Within 60 days of the
12 completion of the review, the advisory council shall issue a
13 report to the Governor, the department and the General Assembly,
14 post the report on the department's publicly accessible Internet
15 website and transmit notice of the updates to the Legislative
16 Reference Bureau for publication in the Pennsylvania Bulletin.

17 (d) Adjustment prohibited.--After they are published in the
18 Pennsylvania Bulletin, metrics and benchmarks may not be
19 adjusted for the next fiscal year.

20 Section 2007-L. Allocation of funding.

21 (a) General rule.--Beginning with the 2023-2024 fiscal year,
22 the amount of funds available for allocation to the State-
23 related universities based on the performance-based funding
24 provisions of this article shall consist of the State's
25 investment in performance funding plus institutional
26 investments, represented by money to be redistributed from the
27 base State funding.

28 (b) Minimum eligibility thresholds and benchmarks.--

29 (1) The advisory council shall establish minimum
30 performance funding eligibility thresholds or benchmarks for

1 the State's investment and the institutional investments.

2 (2) A State-related university that meets the minimum
3 institutional threshold, but fails to meet the minimum State
4 investment eligibility threshold, shall have its
5 institutional investment restored but is ineligible for a
6 share of the State's investment in performance funding.

7 (3) The institutional investment shall be restored for
8 all State-related universities eligible for the State's
9 investment under the performance-based funding model.

10 (c) Determination of share.--A State-related university's
11 share of the performance funding shall be calculated based on
12 the university's relative performance on the established metrics
13 in conjunction with the institutional size and scope.

14 (d) Annual distribution.--The department shall annually
15 distribute performance-based funding, as provided in this
16 article, to each of the approved State-related universities.

17 (e) Report.--By December 31 of each year money is
18 appropriated for a performance-based funding incentive, the
19 advisory council shall submit a report containing the rankings
20 and award distributions to the Governor, the department and the
21 General Assembly. A copy of the report shall be posted on the
22 department's publicly accessible Internet website.

23 Section 2008-L. Improvement plans.

24 (a) Withholding of institutional investment.--The department
25 shall withhold a portion of a State-related university's
26 institutional investment withheld if the university fails to
27 meet the minimum institutional investment performance funding
28 eligibility threshold or benchmark. The State-related university
29 shall submit an improvement plan to the advisory council that
30 specifies the activities and strategies for improving the

1 university's performance.

2 (b) Review of improvement plan.--The advisory council shall
3 review the improvement plan and, if the plan is approved,
4 monitor the university's progress in implementing the activities
5 and strategies specified in the improvement plan.

6 (c) Monitoring reports.--The State-related university shall
7 submit monitoring reports to the advisory board by December 31
8 and May 31 of each year in which an improvement plan is in
9 place. The ability of the university to submit an improvement
10 plan to the advisory board is limited to one fiscal year.

11 (d) Period of withheld institutional investment.--

12 (1) The department shall withhold disbursement of the
13 institutional investment until the monitoring report is
14 approved by the advisory council.

15 (2) A State-related university determined by the
16 advisory council to be making satisfactory progress on
17 implementing the improvement plan shall receive no more than
18 one-half of the withheld institutional investment in January
19 and the balance of the withheld institutional investment in
20 June.

21 (3) A State-related university that fails to make
22 satisfactory progress may not have the university's full
23 institutional investment restored. Institutional investment
24 funds that are not restored shall be redistributed in
25 accordance with the advisory council's performance-based
26 metrics.

27 Section 2. This act shall take effect in 60 days.