



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2619

PRINTERS NO. 3270

PRIME SPONSOR: Topper

COST / (SAVINGS)

FUND	FY 2021/22	FY 2022/23
General Fund	\$0	See Fiscal Impact

SUMMARY:

House Bill 2619 amends the Public School Code concerning a State-related university performance-based funding incentive. It would take effect in 60 days.

ANALYSIS:

House Bill 2619 adds a new Article XX-L concerning a State-related university performance-based funding incentive to the Public School Code. It establishes the Performance-Based Funding Council within the Department of Education (PDE) to allocate State funding to State-related universities based on student outcomes. State-related university is defined as the Pennsylvania State University, including the Penn College of Technology, the University of Pittsburgh and Temple University and their associated branch campuses. The Council will consist of the Secretary of Education, or a designee, the Deputy Secretary of Postsecondary and Higher Education or a designee, two individuals appointed by the President Pro-tempore of the Senate, one individual appointed by the minority leader of the Senate, two individuals appointed by the Speaker of the House, one individual appointed by the minority leader of the House, and two Pennsylvania residents with recognized subject matter expertise in higher education funding who must be appointed by the Governor and confirmed by the Senate. The legislation provides for staggered terms for the members and a majority will constitute a quorum for the Council. Members of the Council may not receive compensation for their service on the Council but will be reimbursed for all necessary travel and other expenses incurred in connection with the performance of their duties. The Department will provide administrative support, data, research, meeting space and other assistance or information required by the Council. The Council must meet within 90 days of its formation, and no less than four times a year thereafter to perform its duties.

The Council must adopt performance-based metrics and minimum eligibility standards to evaluate the State-related universities' performance and monitor the universities' performance. Beginning with the 2023-24 fiscal year, PDE must award a performance-based funding incentive, using performance-based metrics adopted by the Council. The metrics by which performance must be measured are enumerated in the bill. The amount of funds available for allocation to the State-related universities for the performance-based incentive will consist of the State's

investment in performance funding and the institutional investment. Base funding for the Universities will be the amount of state funding allocated in the 2022-23 fiscal year. Any amount appropriated by the General Assembly above this base in fiscal year 2023-24 and following will be distributed using the performance-based funding developed by the Council and will be considered the State's Investment for Excellence. The institutional investment will be set by the Council at no less than 3% and no more than 10% of the State-related Universities' base funding.

The Council must establish minimum performance funding eligibility thresholds for the State's investment and the institutional investment. A State-related university that meets the minimum institutional threshold but fails to meet the minimum State investment eligibility threshold, will have its institutional investment restored but is ineligible for a share of the State's investment in performance funding. A State-related university's share of the performance funding shall be calculated annually based on the university's relative performance on the established metrics in conjunction with institutional size and scope.

The Department will withhold a portion of a State-related university's institutional investment if the university fails to meet the minimum institutional investment performance funding eligibility threshold. The university must submit an improvement plan to the Council that specifies its activities and strategies for improving performance. The Council must review the plan and, if it is approved, monitor the university's progress in implementing the activities and strategies specified in the plan. The university must submit monitoring reports to the Council by December 31 and May 31 of each year in which an improvement plan is in place. PDE must withhold disbursement of the institutional investment until the monitoring report is approved by the Council.

A State-related university determined by the Council to be making satisfactory progress on implementing the improvement plan shall receive no more than one-half of the withheld institutional investment in January and the balance of the withheld institutional investment in June. A State-related university that fails to make satisfactory progress may not have the university's full institutional investment restored. Institutional investment funds that are not restored will be redistributed in accordance with the Council's performance-based metrics.

FISCAL IMPACT:

The Department of Education estimates it may cost up to \$350,000 annually to provide administrative support to the Performance-Based Funding Council.

The legislation does not require the appropriation of any additional funds by the General Assembly to the State-related universities.

PREPARED BY: Jeff Miller
House Appropriations Committee (R)

DATE: June 29, 2022

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.