

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 536

PRINTER NO. 859

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

April 10, 2019

PRIME SPONSOR

Senator Browne

DESCRIPTION

Senate Bill 536 establishes a new Article XX-I (Miscellaneous Provisions Relating to Institutions of Higher Education) to provide for a Public Higher Education Funding Commission to review and make recommendations related to higher education funding, affordability and effectiveness, administration and operations.

The legislation provides for the commission to be comprised of the following 19 members: (1) the majority and minority chairs of the Senate and House of Representatives Appropriations Committees; (2) the majority and minority chairs of the Senate and House of Representatives Education Committees; (3) two legislators from each of the 4 legislative caucuses, to be appointed by the President pro tempore of the Senate and the Speaker of the House of Representatives in consultation with the Majority and Minority Leaders of the Senate and the Majority and Minority Leaders of the House of Representatives; (4) the Secretary of Education; (5) the Deputy Secretary of Higher Education; and (6) an individual from the administration appointed by the Governor.

The legislation provides for the commission to appoint a member to serve as its chairperson, hold its first meeting within 45 days of the effective date of the legislation and for its meetings to be held at the call of the chairperson. It also provides that commission members may not receive compensation for service but shall be reimbursed for all necessary travel and other reasonable expenses incurred in the performance of their duties.

The legislation provides for the General Assembly to provide administrative support and meeting space to the commission in cooperation with the Department of Education. It requires the department, the Pennsylvania Higher Education Assistance Agency and public institutions of higher education to provide the commission with data, research, and any other information upon request.

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The legislation provides for the commission to develop a higher education funding formula and determine factors used to distribute funding among institutions. It specifies that any funding formula shall not go into effect until approved by an act of the General Assembly. The factors to be included are as follows: (1) goals for higher education; (2) goals for higher education completion and attainment; (3) this Commonwealth's higher education needs; (4) the affordability of higher education for Commonwealth residents; (5) resident and nonresident undergraduate and graduate enrollment; (6) Graduation and retention rates; (7) time to degree and cost per degree; (8) Operational cost per student; (9) student debt and financial aid; (10) job placement after graduation and entry level wages; (11) degrees granted in occupations aligned with the Commonwealth's long-term needs; (12) utilization of existing education programs and facilities; (13) transfer and articulation of credits between institutions; (13) institutional mission; (14) the appropriate levels of recurring state support to maintain operations and formula-driven funding to incentive success; (15) the access, enrollment and outcomes of underrepresented populations; (16) comparisons of factors with those same factors for private institutions of higher education; and (17) any other factors related to higher education and the distribution of funding.

The legislation provides the commission with the following powers and duties: (1) review and make findings and recommendations to the Commonwealth; (2) consult with and utilize experts to assist in carrying out the commission's duties; (3) receive input from interested parties; (4) hold public hearings; (5) review and consider higher education funding formulas throughout the United States; (6) consider the impact that factors and finalized reports may have on distribution of funding among institutions; (7) review the administration and operation of State and regional higher education programs and services related to cost savings and efficiencies; (8) review and make recommendations on the administration and operation of State and regional higher education programs and services; (9) prior to recommending a higher education formula, consider potential consequences of a formula that does not allocate to each institution at the same level as the prior year and consider nationally accepted accounting and budgeting standards; (10) develop a proposed funding formula; (11) develop proposed legislation based on the commission's findings; and (12) issue a report of the commission's findings no later than one year after the effective date of the legislation.

The legislation requires the commission to be reconstituted to meet and review the funding provisions developed by the commission and make a further report.

The legislation defines a "public institution of higher education" as any of the following: (1) a community college; (2) the rural regional college; (3) a state-related institution; (4) a state-owned institution; (5) Thaddeus Stevens College of Technology; and (6) Penn College of Technology.

The legislation is scheduled to take effect immediately.

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FISCAL IMPACT:

The enactment of Senate Bill 536 is estimated cost the Commonwealth \$67,000 for travel and other reasonable expenses for the 19 members of the commission to attend 10 meetings. The requirements of the General Assembly to provide administrative support and meeting space to the commission in cooperation with the Department of Education, the Pennsylvania Higher Education Assistance Agency and public institutions of higher education to provide the commission with data, research, and any other information upon request to the commission should pose a minimal cost that can be accomplished within their existing operating budgets as these functions are routine to their operations and expertise. The FY 2018-19 General Fund budget includes \$340,135,000 for the General Assembly, \$28,323,000 for the department's General Government Operations and \$1,665,355,000 for the public institutions of higher education and PHEAA.