

SECOND REGULAR SESSION

HOUSE BILL NO. 2602

101ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HENDERSON.

5384H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To amend chapter 173, RSMo, by adding thereto two new sections relating to funding allocation for postsecondary education institutions.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 173, RSMo, is amended by adding thereto two new sections, to be known as sections 173.1542 and 173.1543, to read as follows:

173.1542. 1. This section shall be known and may be cited as the "University Rewarding Workforce Readiness Act".

2. As used in this section, the following terms mean:

(1) "Department", the department of higher education and workforce development;

(2) "Full-time equivalent enrollment", university enrollment calculated by dividing the number of part-time students enrolled at the university by two and adding the quotient to the number of full-time students enrolled at the university;

(3) "High school threshold earnings", the most current median annual earnings of high school graduates with no postsecondary education in the United States, ages twenty-five to thirty-four, as reported in the Digest of Education Statistics by the National Center for Education Statistics of the United States Department of Education;

(4) "University", any postsecondary entity that is regulated by the department and primarily offers postsecondary degrees that require four years of full-time enrollment to complete;

EXPLANATION — Matter enclosed in bold-faced brackets ~~thus~~ in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 **(5) "University system funding", the total sum of appropriations made by the**
17 **general assembly to universities from the general revenue fund for all expenditures in a**
18 **fiscal year.**

19 **3. The department shall calculate a performance score for each university with**
20 **the following performance indicators and corresponding weights:**

21 **(1) The average annual earnings of students who matriculated at the university**
22 **six and ten years prior, are currently employed, and are not currently enrolled in**
23 **postsecondary education, with a thirty percent weight;**

24 **(2) The average annual earnings of students who are federal Pell Grant**
25 **recipients and matriculated at the university six and ten years prior, are currently**
26 **employed, and are not currently enrolled in postsecondary education, with a twenty-five**
27 **percent weight;**

28 **(3) The proportion of students who are federal Pell Grant recipients at the**
29 **university, with a twenty percent weight;**

30 **(4) The proportion of students who completed a bachelor's or master's degree in**
31 **education, law enforcement, corrections, or social work at the university five years**
32 **prior, and are currently employed in Missouri by an employer in the corresponding**
33 **field, with a fifteen percent weight; and**

34 **(5) The proportion of students who graduated from the university one year prior**
35 **and are enrolled in graduate education or employed in Missouri above the high school**
36 **threshold earnings, with a ten percent weight.**

37 **4. (1) By December 31, 2022, the department shall develop a performance**
38 **funding formula that calculates a share of university system funding for each university.**
39 **The performance funding formula shall:**

40 **(a) Rely on the performance scores calculated pursuant to subsection 3 of this**
41 **section;**

42 **(b) Weight the performance score for each university, calculated pursuant to**
43 **subsection 3 of this section, by multiplying the university's performance score by the**
44 **university's full-time equivalent enrollment;**

45 **(c) Average the current year's performance indicators for each university with**
46 **the previous two years' performance indicators, creating three-year rolling averages;**
47 **and**

48 **(d) Adjust the earnings performance indicators found in subdivisions (1) and (2)**
49 **of subsection 3 of this section with a cost-of-living index based on the university's**
50 **location.**

51 **(2) By December thirty-first of each calendar year, the department shall report**
52 **to the general assembly each university's share of university system funding calculated**
53 **pursuant to this subsection.**

54 **(3) The department shall publish an annual report detailing each university's**
55 **performance on the indicators in subsection 3 of this section.**

56 **5. (1) The general assembly shall determine the allocation of university system**
57 **funding to each university in accordance with the following phase-in schedule:**

58 **(a) For the state fiscal year beginning on July 1, 2023:**

59 **a. Seventy-five percent of university system funding shall be allocated as**
60 **prorated amounts according to the appropriations made to each university for all**
61 **expenditures in the state fiscal year beginning on July 1, 2022; and**

62 **b. Twenty-five percent of university system funding shall be allocated according**
63 **to each university's share of university system funding, calculated pursuant to**
64 **subsection 4 of this section;**

65 **(b) For the state fiscal year beginning on July 1, 2024:**

66 **a. Fifty percent of university system funding shall be allocated as prorated**
67 **amounts according to the appropriations made to each university for all expenditures in**
68 **the state fiscal year beginning on July 1, 2022; and**

69 **b. Fifty percent of university system funding shall be allocated according to each**
70 **university's share of university system funding, calculated pursuant to subsection 4 of**
71 **this section;**

72 **(c) For the state fiscal year beginning on July 1, 2025:**

73 **a. Twenty-five percent of university system funding shall be allocated as**
74 **prorated amounts according to the appropriations made to each university for all**
75 **expenditures in the state fiscal year beginning on July 1, 2022; and**

76 **b. Seventy-five percent of university system funding shall be allocated according**
77 **to each university's share of university system funding, calculated pursuant to**
78 **subsection 4 of this section;**

79 **(d) For state fiscal years beginning on or after July 1, 2026, one hundred percent**
80 **of university system funding shall be allocated according to each university's share of**
81 **university system funding, calculated pursuant to subsection 4 of this section.**

82 **(2) Notwithstanding any other provision of law to the contrary, including**
83 **appropriations bills, the funds that the general assembly may appropriate to each**
84 **university for the purpose of all expenditures shall not exceed the allocation to each**
85 **university determined under this subsection.**

86 **6. (1) The department may determine earnings data relevant to this section for**
87 **any individual who is a resident of this state and who does not earn the majority of his**

88 or her income by independent contracting by reference to such individual's
89 unemployment insurance wage records maintained in the department of labor and
90 industrial relations.

91 (2) The department of labor and industrial relations may execute data-sharing
92 agreements with other states to assist the department in effectuating the purposes of this
93 section by determining earnings data relevant to this section for individuals who are
94 alumni of a university but who are not residents of Missouri.

95 (3) The department may establish other means of collecting performance
96 indicator data relevant to this section.

97 7. (1) The department shall develop methods to assist universities with low
98 performance scores, as determined in subsection 3 of this section. The department shall
99 establish a minimum threshold performance score, below which a university requires
100 assistance for improvement. The department may consult with external entities to assist
101 universities with performance score improvement.

102 (2) In state fiscal years beginning on July 1, 2022, and July 1, 2023, the general
103 assembly may appropriate grants to universities with Pell Grant recipient enrollment
104 equal to sixty percent or more of the university's total enrollment, as calculated in
105 subdivision (3) of subsection 3 of this section. Any university that receives an
106 appropriation under this subdivision shall only expend such funds for improvement of
107 the university's performance score, calculated pursuant to subsection 3 of this section.
108 The department shall provide recommended improvement strategies to universities
109 receiving such funds.

110 8. The department shall promulgate all necessary rules and regulations for the
111 administration of this section. Any rule or portion of a rule, as that term is defined in
112 section 536.010, that is created under the authority delegated in this section shall
113 become effective only if it complies with and is subject to all of the provisions of chapter
114 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable
115 and if any of the powers vested with the general assembly pursuant to chapter 536 to
116 review, to delay the effective date, or to disapprove and annul a rule are subsequently
117 held unconstitutional, then the grant of rulemaking authority and any rule proposed or
118 adopted after August 28, 2022, shall be invalid and void.

173.1543. 1. This section shall be known and may be cited as the "Two-Year
2 College Rewarding Workforce Readiness Act".

3 2. As used in this section, the following terms mean:

4 (1) "College", any postsecondary entity that is regulated by the department and
5 primarily offers postsecondary degrees that require two years or less of full-time
6 enrollment to complete;

7 **(2) "College system funding", the sum of all appropriations made in a fiscal year**
8 **by the general assembly from the general revenue fund to:**

9 **(a) The department for distribution to community colleges for operating costs;**

10 **(b) Community colleges for all expenditures; and**

11 **(c) The state technical college of Missouri for all expenditures;**

12 **(3) "Department", the department of higher education and workforce**
13 **development;**

14 **(4) "Full-time equivalent enrollment", college enrollment calculated by dividing**
15 **the number of part-time students enrolled at the college by two and adding the quotient**
16 **to the number of full-time students enrolled at the college;**

17 **(5) "High school threshold earnings", the most current median annual earnings**
18 **of high school graduates with no postsecondary education in the United States, ages**
19 **twenty-five to thirty-four, as reported in the Digest of Education Statistics by the**
20 **National Center for Education Statistics of the United States Department of Education.**

21 **3. The department shall calculate a performance score for each college with the**
22 **following performance indicators and corresponding weights:**

23 **(1) The average annual earnings of students who matriculated at the college**
24 **three and five years prior, are currently employed, and are not currently enrolled in**
25 **postsecondary education, with a forty percent weight;**

26 **(2) The average annual earnings of students who are federal Pell Grant**
27 **recipients and matriculated at the college three and five years prior, are currently**
28 **employed, and are not currently enrolled in postsecondary education, with a thirty**
29 **percent weight; and**

30 **(3) The proportion of students who are federal Pell Grant recipients at the**
31 **college, with a thirty percent weight.**

32 **4. (1) By December 31, 2022, the department shall develop a performance**
33 **funding formula that calculates a share of college system funding for each college. The**
34 **performance funding formula shall:**

35 **(a) Rely on the performance score calculated pursuant to subsection 3 of this**
36 **section;**

37 **(b) Weight the performance score for each college, calculated pursuant to**
38 **subsection 3 of this section, by multiplying the college's performance score by the**
39 **college's full-time equivalent enrollment;**

40 **(c) Average the current year's performance indicators for each college with the**
41 **previous two years' performance indicators, creating three-year rolling averages; and**

42 **(d) Adjust the earnings performance indicators found in subdivisions (1) and (2)**
43 **of subsection 3 of this section with a cost-of-living index based on the college's location.**

44 **(2) By December thirty-first of each calendar year, the department shall report**
45 **to the general assembly each college's share of college system funding calculated**
46 **pursuant to this subsection.**

47 **(3) The department shall publish an annual report detailing each college's**
48 **performance on the indicators in subsection 3 of this section.**

49 **5. (1) The general assembly shall determine the allocation of college system**
50 **funding to each college in accordance with the following phase-in schedule:**

51 **(a) For the state fiscal year beginning on July 1, 2023:**

52 **a. Seventy-five percent of college system funding shall be allocated as prorated**
53 **amounts according to the state funding received by each college in the state fiscal year**
54 **beginning on July 1, 2022; and**

55 **b. Twenty-five percent of college system funding shall be allocated according to**
56 **each college's share of college system funding, calculated pursuant to subsection 4 of this**
57 **section;**

58 **(b) For the state fiscal year beginning on July 1, 2024:**

59 **a. Fifty percent of college system funding shall be allocated as prorated amounts**
60 **according to the state funding received by each college in the state fiscal year beginning**
61 **on July 1, 2022; and**

62 **b. Fifty percent of college system funding shall be allocated according to each**
63 **college's share of college system funding, calculated pursuant to subsection 4 of this**
64 **section;**

65 **(c) For the state fiscal year beginning on July 1, 2025:**

66 **a. Twenty-five percent of college system funding shall be allocated as prorated**
67 **amounts according to the state funding received by each college in the state fiscal year**
68 **beginning on July 1, 2022; and**

69 **b. Seventy-five percent of college system funding shall be allocated according to**
70 **each college's share of college system funding, calculated pursuant to subsection 4 of this**
71 **section;**

72 **(d) For state fiscal years beginning on or after July 1, 2026, one hundred percent**
73 **of college system funding shall be allocated according to each college's share of college**
74 **system funding, calculated pursuant to subsection 4 of this section.**

75 **(2) Notwithstanding any other provision of law to the contrary, including**
76 **appropriations bills and section 163.191, the funds that the general assembly may**
77 **appropriate to each college or to the department for distribution to the colleges for the**
78 **purpose of all expenditures or operations costs shall not exceed the allocation to each**
79 **college determined under this subsection.**

80 **6. (1) The department may determine earnings data relevant to this section for**
81 **any individual who is a resident of this state and who does not earn the majority of his**
82 **or her income by independent contracting by reference to such individual's**
83 **unemployment insurance wage records maintained by the department of labor and**
84 **industrial relations.**

85 **(2) The department of labor and industrial relations may execute data-sharing**
86 **agreements with other states to assist the department in effectuating the purposes of this**
87 **section by determining earnings data relevant to this section for individuals who are**
88 **alumni of a college but who are not residents of Missouri.**

89 **(3) The department may establish other means of collecting performance**
90 **indicator data relevant to this section.**

91 **7. The department shall develop methods to assist colleges with low performance**
92 **scores, as determined in subsection 3 of this section. The department shall establish a**
93 **minimum threshold performance score, below which a college requires assistance for**
94 **improvement. The department may consult with external entities to assist colleges with**
95 **performance score improvement.**

96 **8. The department shall promulgate all necessary rules and regulations for the**
97 **administration of this section. Any rule or portion of a rule, as that term is defined in**
98 **section 536.010, that is created under the authority delegated in this section shall**
99 **become effective only if it complies with and is subject to all of the provisions of chapter**
100 **536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable**
101 **and if any of the powers vested with the general assembly pursuant to chapter 536 to**
102 **review, to delay the effective date, or to disapprove and annul a rule are subsequently**
103 **held unconstitutional, then the grant of rulemaking authority and any rule proposed or**
104 **adopted after August 28, 2022, shall be invalid and void.**

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