

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2619 Session of 2022

INTRODUCED BY TOPPER, MAY 24, 2022

AS REPORTED FROM COMMITTEE ON EDUCATION, HOUSE OF REPRESENTATIVES, AS AMENDED, JUNE 20, 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:

ARTICLE XX-L

STATE-RELATED UNIVERSITY

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 ~~"COUNCIL." THE PERFORMANCE-BASED FUNDING COUNCIL ESTABLISHED~~ <--  
8 ~~UNDER SECTION 2003-L.~~

9 "Department." The Department of Education of the  
10 Commonwealth.

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

15 ~~"Net tuition." The amount a student pays for tuition after~~ <--  
16 ~~financial aid as published PUBLISHED tuition less all grant aid,~~ <--  
17 ~~including Federal, State, local and institutional grants, and~~  
18 ~~tax benefits.~~

19 "Performance-based funding incentive." Consists of the  
20 following:

21 (1) Institutional investment.

22 ~~(2) New State funding, exceeding the base State funding,~~ <--  
23 ~~appropriated by the General Assembly for this purpose.~~

24 ~~STATE'S INVESTMENT FOR EXCELLENCE.~~ <--

25 "State-related university." The Pennsylvania State  
26 University, including the Pennsylvania College of Technology,  
27 the University of Pittsburgh and Temple University and  
28 associated branch campuses.

29 "State wage interchange system." A system developed by the  
30 United States Department of Labor and United States Department

1 of Education to facilitate the interstate exchange of wage data  
2 between participating state agencies in order to satisfy  
3 performance reporting requirements under the Workforce  
4 Innovation and Opportunities Act (Public Law 113-128, 128 Stat.  
5 1425).

6 "STATE'S INVESTMENT FOR EXCELLENCE." AN AMOUNT APPROPRIATED <--  
7 BY THE GENERAL ASSEMBLY THAT EXCEEDS THE BASE STATE FUNDING TO  
8 REWARD EXCELLENCE AS MEASURED BY THE PERFORMANCE-BASED FUNDING  
9 METRICS AT A STATE-RELATED UNIVERSITY.

10 Section 2003-L. Performance-based Funding ~~Advisory~~ Council. <--

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

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

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

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

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

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

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

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

29 (7) Two current Pennsylvania residents with recognized  
30 subject matter expertise in higher education funding, who

1 must be appointed by the Governor AND CONFIRMED BY THE <--  
2 SENATE.

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

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

8 (1) A member appointed under subsection (b) (3), (4), (5)  
9 or (6) shall serve a three-year term.

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

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

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

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

17 (e) Quorum.--A majority of the members of the advisory <--  
18 council shall constitute a quorum, and a quorum shall be  
19 required for all actions.

20 (f) Vacancies.--A vacancy occurring on the advisory council <--  
21 by resignation, removal, death or other reason shall be filled  
22 within 30 business days of the vacancy in the manner in which  
23 that position was originally filled. An individual appointed to  
24 fill a vacancy shall be appointed for the unexpired term of the  
25 member who created the vacancy.

26 (g) Reimbursement of expenses.--The members of the advisory <--  
27 council may not receive compensation for their services but  
28 shall be reimbursed by the department for all necessary travel  
29 and other reasonable expenses incurred in connection with the  
30 performance of their duties.

1 (h) Administrative support.--The department shall provide  
2 administrative support, data, research, meeting space and other  
3 assistance or information required by the advisory council to <--  
4 carry out its duties under this article.

5 (i) Actions.--A vote of the majority of the members of the  
6 advisory council shall be sufficient for all actions taken by <--  
7 the advisory council. <--

8 (j) Meetings.--

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

11 (2) The advisory council shall hold its first meeting no <--  
12 later than 90 business days after the effective date of this  
13 section.

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

17 Section 2004-L. Duties of the advisory council. <--

18 The advisory council shall: <--

19 (1) Adopt guidelines to administer the program.

20 (2) Adopt performance-based metrics and minimum  
21 benchmarks ELIGIBILITY THRESHOLDS pursuant to section 2006-L <--  
22 to evaluate each State-related university's performance for  
23 eligibility to receive performance-based funding from the  
24 Commonwealth.

25 (3) Monitor State-related universities with performance  
26 improvement plans UNDER SECTION 2008-L. <--

27 (4) Consult with the department and other Commonwealth  
28 agencies and utilize experts to assist in carrying out the  
29 duties of this article.

30 (5) Hold hearings and receive input from interested

1 parties, including State-related universities, parents and  
2 students.

3 Section 2005-L. State-related university performance-based  
4 funding incentive.

5 Beginning with the 2023-2024 fiscal year, the department  
6 shall award a performance-based funding incentive, using  
7 performance-based metrics adopted by the ~~advisory~~ council under <--  
8 section 2006-L, to a State-related university.

9 Section 2006-L. Performance-based metrics.

10 (a) General rule.--The ~~advisory~~ council shall adopt the <--  
11 following performance-based metrics to evaluate a State-related  
12 university's performance for eligibility to receive performance-  
13 based funding from the Commonwealth:

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

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

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

20 (4) The four-year graduation rate for baccalaureate  
21 students.

22 (5) Student retention rates.

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

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

26 (8) Postgraduation employment rates and salaries,  
27 including wage thresholds that reflect the added value of a  
28 baccalaureate degree. The department shall provide wage data  
29 from the State wage interchange system to the ~~advisory~~ <--  
30 council.

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

3           (i) Agriculture.

4           (ii) Science.

5           (iii) Technology.

6           (iv) Engineering.

7           (v) Mathematics.

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

10          (11) The percentage of credits articulated.

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

13          (b) ~~Benchmarks~~ MINIMUM ELIGIBILITY THRESHOLDS to be <--  
14 adopted.--The ~~advisory~~ council shall adopt ~~benchmarks~~ MINIMUM <--  
15 ELIGIBILITY THRESHOLDS to evaluate a State-related university's  
16 achievement of institutional excellence or need for improvement  
17 and minimum requirements for eligibility to receive a  
18 performance-based funding incentive.

19          (C) PUBLICATION.--WITHIN 30 DAYS OF THE ADOPTION OF <--  
20 PERFORMANCE-BASED FUNDING METRICS OR MINIMUM ELIGIBILITY  
21 THRESHOLDS, THE COUNCIL SHALL TRANSMIT NOTICE OF THE ADOPTION OF  
22 PERFORMANCE-BASED FUNDING METRICS OR MINIMUM ELIGIBILITY  
23 THRESHOLDS TO THE LEGISLATIVE REFERENCE BUREAU FOR PUBLICATION  
24 IN THE PENNSYLVANIA BULLETIN. THE PERFORMANCE-BASED FUNDING  
25 METRICS OR MINIMUM ELIGIBILITY THRESHOLDS SHALL BECOME EFFECTIVE  
26 UPON PUBLICATION OF THE NOTICE IN THE PENNSYLVANIA BULLETIN.

27          ~~(c)~~ (D) Periodic review.--The ~~advisory~~ council shall review, <--  
28 and revise if necessary, the performance-based funding metrics  
29 and ~~benchmarks~~ MINIMUM ELIGIBILITY THRESHOLDS at least every <--  
30 five years. Within 60 days of the completion of the review, the

1 advisory council shall issue a report to the Governor, the <--  
2 department and the General Assembly, post the report on the  
3 department's publicly accessible Internet website and transmit  
4 notice of the updates to the Legislative Reference Bureau for  
5 publication in the Pennsylvania Bulletin.

6 (d) (E) Adjustment prohibited.--After they are published in <--  
7 the Pennsylvania Bulletin, metrics and benchmarks MINIMUM <--  
8 ELIGIBILITY THRESHOLDS may not be adjusted for the next fiscal  
9 year.

10 Section 2007-L. Allocation of funding.

11 (a) General rule.--Beginning with the 2023-2024 fiscal year,  
12 the amount of funds available for allocation to the State-  
13 related universities based on the performance-based funding  
14 provisions of this article shall consist of the State's  
15 investment in performance funding plus institutional  
16 investments, represented by money to be redistributed from the  
17 base State funding.

18 (b) Minimum eligibility thresholds and benchmarks.-- <--

19 (1) The advisory council shall establish minimum <--  
20 performance funding eligibility thresholds or benchmarks for <--  
21 the State's investment and the institutional investments.

22 (2) A State-related university that meets the minimum  
23 institutional INVESTMENT PERFORMANCE FUNDING ELIGIBILITY <--  
24 threshold, but fails to meet the minimum State investment  
25 eligibility threshold, shall have its institutional  
26 investment restored but is ineligible for a share of the  
27 State's investment in performance funding.

28 (3) The institutional investment shall be restored for  
29 all State-related universities eligible for the State's  
30 investment IF ALL STATE-RELATED UNIVERSITIES MEET THE MINIMUM <--



1 INSTITUTIONAL INVESTMENT THRESHOLD under the performance-  
2 based funding model.

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

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

10 (e) Report.--By December 31 of each year money is  
11 appropriated for a performance-based funding incentive, the  
12 advisory council shall submit a report containing the rankings <--  
13 and award distributions FOR THE FISCAL YEAR WHICH ENDED THE <--  
14 PRIOR JUNE 30 to the Governor, the department and the General  
15 Assembly. A copy of the report shall be posted on the  
16 department's publicly accessible Internet website.  
17 Section 2008-L. Improvement plans.

18 (a) Withholding of institutional investment.--The department  
19 shall withhold a portion of a State-related university's  
20 institutional investment withheld if the university fails to  
21 meet the minimum institutional investment performance funding  
22 eligibility threshold or benchmark. The State-related university <--  
23 shall submit an improvement plan to the advisory council that <--  
24 specifies the activities and strategies for improving the  
25 university's performance.

26 (b) Review of improvement plan.--The advisory council shall <--  
27 review the improvement plan and, if the plan is approved,  
28 monitor the university's progress in implementing the activities  
29 and strategies specified in the improvement plan.

30 (c) Monitoring reports.--The State-related university shall

1 submit monitoring reports to the ~~advisory board~~ COUNCIL by <--  
2 December 31 and May 31 of each year in which an improvement plan  
3 is in place. The ability of the university to submit an  
4 improvement plan to the ~~advisory board~~ COUNCIL is limited to one <--  
5 fiscal year.

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

7 (1) The department shall withhold disbursement of the  
8 institutional investment until the monitoring report is  
9 approved by the ~~advisory~~ council. <--

10 (2) A State-related university determined by the  
11 ~~advisory~~ council to be making satisfactory progress on <--  
12 implementing the improvement plan shall receive no more than  
13 one-half of the withheld institutional investment in January  
14 and the balance of the withheld institutional investment in  
15 June.

16 (3) A State-related university that fails to make  
17 satisfactory progress may not have the university's full  
18 institutional investment restored. Institutional investment  
19 funds that are not restored shall be redistributed in  
20 accordance with the ~~advisory~~ council's performance-based <--  
21 metrics.

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