SECOND REGULAR SESSION
[PERFECTED]
SENATE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 492
97TH GENERAL ASSEMBLY

Reported from the Committee on Education, January 28, 2014, with recommendation that the Senate Committee Substitute do pass.

Senate Committee Substitute for Senate Bill No. 492, adopted February 18, 2014.

Taken up for Perfection February 18, 2014. Bill declared Perfected and Ordered Printed, as amended.

TERRY L. SPIELER, Secretary.

4393S.07P

AN ACT
To amend chapter 163, RSMo, by adding thereto one new section relating to state funding for public institutions of higher education, with an emergency clause.

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

Section A. Chapter 163, RSMo, is amended by adding thereto one new section, to be known as section 163.192, to read as follows:

163.192. 1. Each public four-year institution of higher education and State Technical College of Missouri shall annually prepare an institutional budget request and submit it to the department of higher education. The department of higher education shall specify a date by which each public four-year institution of higher education and State Technical College of Missouri shall submit its institutional budget request. The department of higher education shall review all institutional budget requests and prepare appropriation recommendations annually for the public four-year institutions of higher education and State Technical College of Missouri. The department's budget submission shall include a recommended level of funding for each public four-year institution of higher education and State Technical College of Missouri.

2. Unless the general assembly chooses to otherwise appropriate state funding the appropriation of increases in state funding from the previous fiscal year's state funding level to public four-year institutions of higher education and State Technical College of Missouri shall be in accordance with the university resource allocation model, subject to
the parameters set forth in subsection 3 of this section. The university
resource allocation model shall expire on June 30, 2016. This model
shall be developed and revised, as appropriate, cooperatively by the
public four-year institutions of higher education, State Technical
College of Missouri, and the department of higher education. The
department of higher education shall recommend the model to the
coordinating board for higher education for its approval. The core
funding level for each public four-year institution of higher education
and State Technical College of Missouri shall initially be the
appropriated amount for each institution for fiscal year 2014. This
amount shall be adjusted annually in accordance with the university
resource allocation model starting in fiscal year 2015. The department
of higher education shall be responsible for evaluating the effectiveness
of the university resource allocation model and shall submit a report
to the joint committee on education, the speaker of the house of
representatives, and the president pro tempore of the senate by
January 1, 2016, and every four years thereafter.

3. The university resource allocation model shall comply with the
following parameters in allocating annual increases from the previous
fiscal year's state funding level to public four-year institutions of
higher education and State Technical College of Missouri:

   (1) Unless otherwise provided by the general assembly during
the appropriations process, at least ninety percent of annual increases
from the previous fiscal year's state funding level shall be distributed
in accordance with the institutional performance funding measures
adopted under subsection 5 of this section; and

   (2) Unless otherwise provided by the general assembly during
the appropriations process, no more than ten percent of annual
increases from the previous fiscal year's state funding level shall be
distributed to address inequitable state funding determined on either:

      (a) A per student basis, as determined by calculating full-time
equivalency, or otherwise;

      (b) A per credit hour basis, as determined by weighting credit
hours to reflect program offerings and institutional missions, or
otherwise; or

      (c) A combination of both paragraphs (a) and (b) of this
subdivision.
4. Any inequity in state funding that results from the performance funding measures adopted pursuant to subsection 5 of this section shall not be considered for a distribution of funds under subdivision (2) of subsection 3 of this section.

5. By July 1, 2014, the coordinating board for higher education shall develop and adopt institutional performance measures for each public four-year institution of higher education and State Technical College of Missouri, in collaboration with the institutions and the joint committee on education, that shall be used for purposes of this section. Five institutional performance measures shall be adopted for each institution. Institutional performance measures shall include but need not be limited to measuring student retention, graduation rates, student job placement in a field or position associated with the student's degree level, and pursuit of a graduate degree. The institutional performance measure relating to job placement may not be used in any year in which the state unemployment rate has increased from the previous calendar year's state unemployment rate. The coordinating board shall evaluate, and if necessary, revise the institutional performance measures every three years, or more frequently, at the coordinating board's discretion.

6. The coordinating board for higher education shall promulgate the institutional performance measures as administrative rules. Any rule or portion of a rule, as that term is defined in section 536.010 that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536, and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after the effective date of this section, shall be invalid and void.

Section B. Because of the importance of establishing state funding benchmarks for public institutions of higher education, section A of this act is deemed necessary for the immediate preservation of the public health, welfare, peace and safety, and is hereby declared to be an emergency act within the meaning of the constitution, and section A of this act shall be in full force and
effect upon its passage and approval.