

SECOND REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR

# SENATE BILL NO. 492

97TH GENERAL ASSEMBLY

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

4393S.07C

TERRY L. SPIELER, Secretary.

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## AN ACT

To amend chapter 163, RSMo, by adding thereto one new section relating to state funding for public institutions of higher education.

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*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  
2 section, to be known as section 163.192, to read as follows:

**163.192. 1. Each public four-year institution of higher education  
2 and State Technical College of Missouri shall annually prepare an  
3 institutional budget request and submit it to the department of higher  
4 education. The department of higher education shall specify a date by  
5 which each public four-year institution of higher education and State  
6 Technical College of Missouri shall submit its institutional budget  
7 request. The department of higher education shall review all  
8 institutional budget requests and prepare appropriation  
9 recommendations annually for the public four-year institutions of  
10 higher education and State Technical College of Missouri. The  
11 department's budget submission shall include a recommended level of  
12 funding for each public four-year institution of higher education and  
13 State Technical College of Missouri.**

14 **2. The appropriation of increases in state funding from the  
15 previous fiscal year's state funding level to public four-year institutions  
16 of higher education and State Technical College of Missouri shall be in  
17 accordance with the university resource allocation model, subject to  
18 the parameters set forth in subsection 3 of this section. This model  
19 shall be developed and revised, as appropriate, cooperatively by the  
20 public four-year institutions of higher education, State Technical**

21 College of Missouri, and the department of higher education. The  
22 department of higher education shall recommend the model to the  
23 coordinating board for higher education for its approval. The core  
24 funding level for each public four-year institution of higher education  
25 and State Technical College of Missouri shall initially be the  
26 appropriated amount for each institution for fiscal year 2015. This  
27 amount shall be adjusted annually in accordance with the university  
28 resource allocation model starting in fiscal year 2016. The department  
29 of higher education shall be responsible for evaluating the effectiveness  
30 of the university resource allocation model and shall submit a report  
31 to the joint committee on education, the speaker of the house of  
32 representatives, and the president pro tempore of the senate by  
33 November 1, 2019, and every four years thereafter.

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

38       **(1) At least ninety percent of annual increases from the previous**  
39 **fiscal year's state funding level shall be distributed in accordance with**  
40 **the institutional performance funding measures adopted under**  
41 **subsection 5 of this section; and**

42       **(2) No more than ten percent of annual increases from the**  
43 **previous fiscal year's state funding level shall be distributed to address**  
44 **inequitable state funding determined on either:**

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

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

50       **(c) A combination of both paragraphs (a) and (b) of this**  
51 **subdivision.**

52       **4. Any inequity in state funding that results from the**  
53 **performance funding measures adopted pursuant to subsection 5 of this**  
54 **section shall not be considered for a distribution of funds under**  
55 **subdivision (2) of subsection 3 of this section.**

56       **5. By July 1, 2015, the coordinating board for higher education**  
57 **shall develop and adopt institutional performance measures for each**

58 public four-year institution of higher education and State Technical  
59 College of Missouri, in collaboration with the institutions and the joint  
60 committee on education, that shall be used for purposes of this  
61 section. Five institutional performance measures shall be adopted for  
62 each institution. Institutional performance measures shall include but  
63 need not be limited to measuring student retention and graduation  
64 rates. The coordinating board shall evaluate, and if necessary, revise  
65 the institutional performance measures every three years, or more  
66 frequently, at the coordinating board's discretion.

67       6. The coordinating board for higher education shall promulgate  
68 the institutional performance measures as administrative rules. Any  
69 rule or portion of a rule, as that term is defined in section 536.010 that  
70 is created under the authority delegated in this section shall become  
71 effective only if it complies with and is subject to all of the provisions  
72 of chapter 536, and, if applicable, section 536.028. This section and  
73 chapter 536 are nonseverable and if any of the powers vested with the  
74 general assembly pursuant to chapter 536, to review, to delay the  
75 effective date, or to disapprove and annul a rule are subsequently held  
76 unconstitutional, then the grant of rulemaking authority and any rule  
77 proposed or adopted after August 28, 2014, shall be invalid and void.

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