

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** Senate Bill 1154

**PRINTER NO.** 1559

**AMOUNT**

No Fiscal Impact

**FUND**

General Fund

**DATE INTRODUCED**

April 26, 2024

**PRIME SPONSOR**

Senator Aument

**DESCRIPTION**

Senate Bill 1154 establishes the Performance-based Funding Council Act for the purpose of the development of a new system to distribute funding to the state-related universities using performance-based metrics designed to increase degree attainment, encourage affordability in higher education, meet workforce needs and grow the economy.

The legislation provides for the Performance-based Funding Council (council) to consist of five voting members who may not be employed by or serve on the governing body of a college or university in the Commonwealth and three advisory members. The voting members of the council are as follows: (1) an individual appointed by the Governor; (2) an individual appointed by the President Pro Tempore of the Senate; (3) an individual appointed by the Minority Leader of the Senate (4) an individual appointed by the Speaker of the House of Representatives; and (5) an individual appointed by the Minority Leader of the House of Representatives. The nonvoting members of the council are as follows: (1) the President of Pennsylvania State University or a designee; (2) the President of Temple University or a designee; and (3) the President of the University of Pittsburgh or a designee.

The legislation provides for the council to appoint a member to serve as the chairperson, the council to meet bimonthly or at the call of the chairperson and the council's meetings to be subject to the provisions of the Sunshine Act. It also requires the majority of voting members of the council to be present to constitute a quorum and requires a two-thirds vote of the voting members of the council for all actions taken by the council.

The legislation requires the General Assembly to provide administrative support, meeting space and any other assistance required by the council. It also requires the Department of Education (department) and the Pennsylvania Higher Education Assistance Agency (PHEAA) and the state-related universities to provide technical support including data, research and other assistance to the council as necessary.

The legislation requires the council to do the following: (1) consult with Commonwealth agencies and experts; (2) hold public hearings at each of the state-related universities; (3) receive input from experts and interested parties, including parents and students; (4) develop recommendations for a new system to distribute

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funding to the state-related universities utilizing performance-based metrics and reallocating between 3% and 5% of the amount appropriated in Fiscal Year 2023-24 in each subsequent fiscal year no later than March 31, 2025; and (5) transmit the council's recommendations to the Governor, department and the General Assembly, including draft legislation, no later than April 30, 2025.

The legislation requires the council to consider the following metrics when developing the new performance-based funding system: (1) a base level of funding to ensure ongoing operations; (2) incentive funding; (3) performance thresholds; (4) the four-year graduation rate for first-time college students; (5) the percentage of undergraduate students enrolled who received a Pell Grant during the previous school year; (6) the six-year graduation rate for students who are awarded a Pell Grant in their first year; (7) the four-year graduation rate for baccalaureate degree students; (8) student retention rates; (9) bachelor's degree production per 100 full-time enrolled students; (10) net tuition and fees per 120 credit hours; (11) postgraduation employment rates and salaries, including wage thresholds that reflect the added value of a baccalaureate degree; (12) the number of students enrolled and the number of degrees attained in high-priority occupations; (13) the number of non-traditional students enrolled in a program to up-skill or reskill in high-priority occupations; (14) the number of high school students who are dual enrolled and the number of credits earned; (15) the percentage of credits articulated; (16) other metrics provided by each state-related university; and (17) other metrics related to higher education the council deems appropriate.

The legislation provides that if the council fails to transmit its recommendations by the required date of April 30, 2025, the department must withhold payment of money appropriated to each state-related university until such time that the council transmits the recommendations.

The legislation defines a "state-related university" as the Pennsylvania State University, the University of Pittsburgh and Temple University.

The legislation is scheduled to take effect July 1, 2024, or immediately, whichever is later.

### **FISCAL IMPACT:**

The enactment of Senate Bill 1154 will have no fiscal impact on Commonwealth funds. The requirements of the General Assembly to provide administrative support and meeting space to the council and for the department, PHEAA and the state-related universities to provide the council with data, research and any other assistance as required 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 2023-24 General Fund budget includes \$374,279,000 for the General Assembly, \$39,500,000 for the department's General Government Operations and \$1,015,482,000 for the state-related universities and PHEAA.