

# SENATE BILL NO. 1077

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR ESLINGER.

5318S.01H

ADRIANE D. CROUSE, Secretary

## AN ACT

To amend chapter 173, RSMo, by adding thereto two new sections relating to funding allocation for post-secondary 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**

19 postsecondary degrees that require four years of full-time  
20 enrollment to complete;

21 (5) "University system funding", the total sum of  
22 appropriations made by the general assembly to universities  
23 from the general revenue fund for all expenditures in a  
24 fiscal year.

25 3. The department shall calculate a performance score  
26 for each university with the following performance  
27 indicators and corresponding weights:

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

32 (2) The average annual earnings of students who are  
33 federal pell grant recipients and matriculated at the  
34 university six and ten years prior, are currently employed,  
35 and are not currently enrolled in postsecondary education,  
36 with a twenty-five percent weight;

37 (3) The proportion of students who are federal pell  
38 grant recipients at the university, with a twenty percent  
39 weight;

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

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

50           4. (1) By December 31, 2022, the department shall  
51 develop a performance funding formula that calculates a  
52 share of university system funding for each university. The  
53 performance funding formula shall:

54           (a) Rely on the performance scores calculated pursuant  
55 to subsection 3 of this section;

56           (b) Weight the performance score for each university,  
57 calculated pursuant to subsection 3 of this section, by  
58 multiplying the university's performance score by the  
59 university's full-time equivalent enrollment;

60           (c) Average the current year's performance indicators  
61 for each university with the previous two years' performance  
62 indicators, creating three-year rolling averages; and

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

67           (2) By December 31 of each calendar year, the  
68 department shall report to the general assembly each  
69 university's share of university system funding calculated  
70 pursuant to this subsection.

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

74           5. (1) The general assembly shall determine the  
75 allocation of university system funding to each university  
76 in accordance with the following phase-in schedule:

77           (a) For the state fiscal year beginning on July 1,  
78 2023:

79           a. Seventy-five percent of university system funding  
80 shall be allocated as prorated amounts according to the

81 appropriations made to each university for all expenditures  
82 in the state fiscal year beginning on July 1, 2022; and

83       b. Twenty-five percent of university system funding  
84 shall be allocated according to each university's share of  
85 university system funding, calculated pursuant to subsection  
86 4 of this section.

87       (b) For the state fiscal year beginning on July 1,  
88 2024:

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

93       b. Fifty percent of university system funding shall be  
94 allocated according to each university's share of university  
95 system funding, calculated pursuant to subsection 4 of this  
96 section.

97       (c) For the state fiscal year beginning on July 1,  
98 2025:

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

103       b. Seventy-five percent of university system funding  
104 shall be allocated according to each university's share of  
105 university system funding, calculated pursuant to subsection  
106 4 of this section.

107       (d) For state fiscal years beginning on or after July  
108 1, 2026, one hundred percent of university system funding  
109 shall be allocated according to each university's share of  
110 university system funding, calculated pursuant to subsection  
111 4 of this section.

112           (2) Notwithstanding any other provision of law to the  
113 contrary, including appropriations bills, the funds that the  
114 general assembly may appropriate to each university for the  
115 purpose of all expenditures shall not exceed the allocation  
116 to each university determined under this subsection.

117           6. (1) The department may determine earnings data  
118 relevant to this section for any individual who is a  
119 resident of this state and who does not earn the majority of  
120 his or her income by independent contracting by reference to  
121 such individual's unemployment insurance wage records  
122 maintained in the department of labor and industrial  
123 relations.

124           (2) The department of labor and industrial relations  
125 may execute data sharing agreements with other states to  
126 assist the department in effectuating the purposes of this  
127 section by determining earnings data relevant to this  
128 section for individuals who are alumni of a university but  
129 who are not residents of Missouri.

130           (3) The department may establish other means of  
131 collecting performance indicator data relevant to this  
132 section.

133           7. (1) The department shall develop methods to assist  
134 universities with low performance scores, as determined in  
135 subsection 3 of this section. The department shall  
136 establish a minimum threshold performance score, below which  
137 a university requires assistance for improvement. The  
138 department may consult with external entities to assist  
139 universities with performance score improvement.

140           (2) In state fiscal years beginning on July 1, 2022  
141 and July 1, 2023, the general assembly may appropriate  
142 grants to universities with pell grant recipient enrollment  
143 equal to sixty percent or more of the university's total

144 enrollment, as calculated in subdivision (3) of subsection 3  
145 of this section. Any university that receives an  
146 appropriation under this subdivision shall only expend such  
147 funds for improvement of the university's performance score,  
148 calculated pursuant to subsection 3 of this section. The  
149 department shall provide recommended improvement strategies  
150 to universities receiving such funds.

151 8. The department shall promulgate all necessary rules  
152 and regulations for the administration of this section. Any  
153 rule or portion of a rule, as that term is defined in  
154 section 536.010, that is created under the authority  
155 delegated in this section shall become effective only if it  
156 complies with and is subject to all of the provisions of  
157 chapter 536 and, if applicable, section 536.028. This  
158 section and chapter 536 are nonseverable and if any of the  
159 powers vested with the general assembly pursuant to chapter  
160 536 to review, to delay the effective date, or to disapprove  
161 and annul a rule are subsequently held unconstitutional,  
162 then the grant of rulemaking authority and any rule proposed  
163 or adopted after August 28, 2022, shall be invalid and void.

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

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

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

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

- 12           (a) The department for distribution to community  
13 colleges for operating costs;
- 14           (b) Community colleges for all expenditures; and
- 15           (c) The state technical college of Missouri for all  
16 expenditures;
- 17           (3) "Department", the department of higher education  
18 and workforce development;
- 19           (4) "Full-time equivalent enrollment", college  
20 enrollment calculated by dividing the number of part-time  
21 students enrolled at the college by two and adding the  
22 quotient to the number of full-time students enrolled at the  
23 college;
- 24           (5) "High school threshold earnings", the most current  
25 median annual earnings of high school graduates with no  
26 postsecondary education in the United States, ages twenty-  
27 five to thirty-four, as reported in the Digest of Education  
28 Statistics by the National Center for Education Statistics  
29 of the United States Department of Education;
- 30           3. The department shall calculate a performance score  
31 for each college with the following performance indicators  
32 and corresponding weights:
- 33           (1) The average annual earnings of students who  
34 matriculated at the college three and five years prior, are  
35 currently employed, and are not currently enrolled in  
36 postsecondary education, with a forty percent weight;
- 37           (2) The average annual earnings of students who are  
38 federal pell grant recipients and matriculated at the  
39 college three and five years prior, are currently employed,  
40 and are not currently enrolled in postsecondary education,  
41 with a thirty percent weight;

42           (3) The proportion of students who are federal pell  
43 grant recipients at the college, with a thirty percent  
44 weight.

45           4. (1) By December 31, 2022, the department shall  
46 develop a performance funding formula that calculates a  
47 share of college system funding for each college. The  
48 performance funding formula shall:

49           (a) Rely on the performance score calculated pursuant  
50 to subsection 3 of this section;

51           (b) Weight the performance score for each college,  
52 calculated pursuant to subsection 3 of this section, by  
53 multiplying the college's performance score by the college's  
54 full-time equivalent enrollment;

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

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

61           (2) By December 31 of each calendar year, the  
62 department shall report to the general assembly each  
63 college's share of college system funding calculated  
64 pursuant to this subsection.

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

68           5. (1) The general assembly shall determine the  
69 allocation of college system funding to each college in  
70 accordance with the following phase-in schedule:

71           (a) For the state fiscal year beginning on July 1,  
72 2023:



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

77           b. Twenty-five percent of college system funding shall  
78 be allocated according to each college's share of college  
79 system funding, calculated pursuant to subsection 4 of this  
80 section.

81           (b) For the state fiscal year beginning on July 1,  
82 2024:

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

87           b. Fifty percent of college system funding shall be  
88 allocated according to each college's share of college  
89 system funding, calculated pursuant to subsection 4 of this  
90 section.

91           (c) For the state fiscal year beginning on July 1,  
92 2025:

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

97           b. Seventy-five percent of college system funding  
98 shall be allocated according to each college's share of  
99 college system funding, calculated pursuant to subsection 4  
100 of this section.

101           (d) For state fiscal years beginning on or after July  
102 1, 2026, one hundred percent of college system funding shall  
103 be allocated according to each college's share of college

104 system funding, calculated pursuant to subsection 4 of this  
105 section.

106 (2) Notwithstanding any other provision of law to the  
107 contrary, including appropriations bills and section  
108 163.191, the funds that the general assembly may appropriate  
109 to each college or to the department for distribution to the  
110 colleges for the purpose of all expenditures or operations  
111 costs shall not exceed the allocation to each college  
112 determined under this subsection.

113 6. (1) The department may determine earnings data  
114 relevant to this section for any individual who is a  
115 resident of this state and who does not earn the majority of  
116 his or her income by independent contracting by reference to  
117 such individual's unemployment insurance wage records  
118 maintained by the department of labor and industrial  
119 relations.

120 (2) The department of labor and industrial relations  
121 may execute data sharing agreements with other states to  
122 assist the department in effectuating the purposes of this  
123 section by determining earnings data relevant to this  
124 section for individuals who are alumni of a college but who  
125 are not residents of Missouri.

126 (3) The department may establish other means of  
127 collecting performance indicator data relevant to this  
128 section.

129 7. The department shall develop methods to assist  
130 colleges with low performance scores, as determined in  
131 subsection 3 of this section. The department shall  
132 establish a minimum threshold performance score, below which  
133 a college requires assistance for improvement. The  
134 department may consult with external entities to assist  
135 colleges with performance score improvement.

136           8. The department shall promulgate all necessary rules  
137 and regulations for the administration of this section. Any  
138 rule or portion of a rule, as that term is defined in  
139 section 536.010, that is created under the authority  
140 delegated in this section shall become effective only if it  
141 complies with and is subject to all of the provisions of  
142 chapter 536 and, if applicable, section 536.028. This  
143 section and chapter 536 are nonseverable and if any of the  
144 powers vested with the general assembly pursuant to chapter  
145 536 to review, to delay the effective date, or to disapprove  
146 and annul a rule are subsequently held unconstitutional,  
147 then the grant of rulemaking authority and any rule proposed  
148 or adopted after August 28, 2022, shall be invalid and void.

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