
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1574 Session of
2023

INTRODUCED BY TOPPER, BERNSTINE, ECKER, IRVIN, KAUFFMAN,
MARCELL, MOUL, ROWE, SMITH AND WARNER, JULY 18, 2023

REFERRED TO COMMITTEE ON EDUCATION, JULY 18, 2023

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:

12 ARTICLE XX-L

13 STATE-RELATED UNIVERSITY

14 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 "Base State funding." The amount of funding appropriated to
4 each State-related university during the 2023-2024 fiscal year.

5 "Council." The Performance-based Funding Council established
6 under section 2003-L.

7 "Department." The Department of Education of the
8 Commonwealth.

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

13 "Net tuition." Published tuition less all grant aid,
14 including Federal, State, local and institutional grants, and
15 tax benefits.

16 "Performance-based funding incentive." Consists of the
17 following:

18 (1) Institutional investment.

19 (2) State's investment for excellence.

20 "State-related university." The Pennsylvania State
21 University, including the Pennsylvania College of Technology,
22 the University of Pittsburgh and Temple University and
23 associated branch campuses.

24 "State wage interchange system." A system developed by the
25 United States Department of Labor and United States Department
26 of Education to facilitate the interstate exchange of wage data
27 between participating state agencies in order to satisfy
28 performance reporting requirements under 29 U.S.C. § 3141
29 (relating to performance accountability system).

30 "State's investment for excellence." An amount appropriated

1 by the General Assembly that exceeds the base State funding to
2 reward excellence as measured by the performance-based funding
3 metrics at a State-related university.

4 Section 2003-L. Performance-based Funding Council.

5 (a) Establishment.--The Performance-based Funding Council is
6 established within the department for the purpose of allocating
7 State funding to State-related universities based on student
8 outcomes.

9 (b) Membership.--The council shall consist of the following
10 members:

11 (1) The Secretary of Education of the Commonwealth or a
12 designee.

13 (2) The Deputy Secretary of Postsecondary and Higher
14 Education or a designee.

15 (3) Two individuals appointed by the President pro
16 tempore of the Senate.

17 (4) An individual appointed by the Minority Leader of
18 the Senate.

19 (5) Two individuals appointed by the Speaker of the
20 House of Representatives.

21 (6) An individual appointed by the Minority Leader of
22 the House of Representatives.

23 (7) Two current Pennsylvania residents with recognized
24 subject matter expertise in higher education funding, who
25 must be appointed by the Governor and confirmed by the
26 Senate.

27 (c) Chairperson.--The chairperson and vice chairperson of
28 the council shall be selected by the members of the council.

29 (d) Term.--Members of the council appointed pursuant to this
30 section shall serve terms as follows:

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

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

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

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

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

10 (e) Quorum.--A majority of the members of the council shall
11 constitute a quorum, and a quorum shall be required for all
12 actions.

13 (f) Vacancies.--A vacancy occurring on the council by
14 resignation, removal, death or other reason shall be filled
15 within 30 business days of the vacancy in the manner in which
16 that position was originally filled. An individual appointed to
17 fill a vacancy shall be appointed for the unexpired term of the
18 member who created the vacancy.

19 (g) Reimbursement of expenses.--The members of the council
20 may not receive compensation for their services but shall be
21 reimbursed by the department for all necessary travel and other
22 reasonable expenses incurred in connection with the performance
23 of their duties.

24 (h) Administrative support.--The department shall provide
25 administrative support, data, research, meeting space and other
26 assistance or information required by the council to carry out
27 the duties under this article.

28 (i) Actions.--A vote of the majority of the members of the
29 council shall be sufficient for all actions taken by the
30 council.

1 (j) Meetings.--

2 (1) The council shall meet no less than four times a
3 year at the call of the chairperson.

4 (2) The council shall hold its first meeting no later
5 than 90 business days after the effective date of this
6 section.

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

10 Section 2004-L. Duties of the council.

11 The council shall:

12 (1) Adopt guidelines to administer a performance-based
13 funding incentive program.

14 (2) Adopt performance-based metrics and minimum
15 eligibility thresholds pursuant to section 2006-L to evaluate
16 each State-related university's performance for eligibility
17 to receive a performance-based funding incentive from the
18 Commonwealth.

19 (3) Monitor State-related universities with performance
20 improvement plans under section 2008-L.

21 (4) Consult with the department and other Commonwealth
22 agencies and utilize experts to assist in carrying out the
23 duties of this article.

24 (5) Hold hearings and receive input from interested
25 parties, including State-related universities, parents and
26 students.

27 Section 2005-L. State-related university performance-based
28 funding incentive.

29 Beginning with the 2024-2025 fiscal year, the department
30 shall award a performance-based funding incentive, using

1 performance-based metrics adopted by the council under section
2 2006-L, to a State-related university.

3 Section 2006-L. Performance-based metrics.

4 (a) General rule.--The council shall adopt the following
5 performance-based metrics to evaluate a State-related
6 university's performance for eligibility to receive performance-
7 based funding from the Commonwealth:

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

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

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

14 (4) The four-year graduation rate for baccalaureate
15 students.

16 (5) Student retention rates.

17 (6) Baccalaureate degree production per 100 full-time
18 enrolled students.

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

20 (8) Postgraduation employment rates and salaries,
21 including wage thresholds that reflect the added value of a
22 baccalaureate degree. The department shall provide wage data
23 from the State wage interchange system to the council.

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

26 (i) Agriculture.

27 (ii) Science.

28 (iii) Technology.

29 (iv) Engineering.

30 (v) Mathematics.

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

3 (11) The percentage of credits articulated.

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

6 (b) Minimum eligibility thresholds to be adopted.--The
7 council shall adopt minimum eligibility thresholds to evaluate a
8 State-related university's achievement of institutional
9 excellence or need for improvement and minimum requirements for
10 eligibility to receive a performance-based funding incentive.

11 (c) Publication.--Within 30 days of the adoption of
12 performance-based funding metrics or minimum eligibility
13 thresholds, the council shall transmit notice of the adoption of
14 performance-based funding metrics or minimum eligibility
15 thresholds to the Legislative Reference Bureau for publication
16 in the next available issue of the Pennsylvania Bulletin. The
17 performance-based funding metrics or minimum eligibility
18 thresholds shall become effective upon publication of the notice
19 in the Pennsylvania Bulletin.

20 (d) Periodic review.--The council shall review, and revise
21 if necessary, the performance-based funding metrics and minimum
22 eligibility thresholds at least every five years. Within 60 days
23 of the completion of the review, the council shall issue a
24 report to the Governor, the department and the General Assembly,
25 post the report on the department's publicly accessible Internet
26 website and transmit notice of the updates to the Legislative
27 Reference Bureau for publication in the next available issue of
28 the Pennsylvania Bulletin.

29 (e) Adjustment prohibited.--After being published in the
30 Pennsylvania Bulletin, metrics and minimum eligibility

1 thresholds may not be adjusted for the next fiscal year.

2 Section 2007-L. Allocation of funding.

3 (a) General rule.--Beginning with the 2024-2025 fiscal year,
4 the amount of funds available for allocation to the State-
5 related universities based on the performance-based funding
6 incentive provisions of this article shall be from the base
7 State funding.

8 (b) Minimum eligibility thresholds.--

9 (1) The council shall establish minimum performance
10 funding eligibility thresholds for the State's investment for
11 excellence and the institutional investments.

12 (2) A State-related university that meets the minimum
13 institutional investment performance funding eligibility
14 threshold, but fails to meet the minimum State investment
15 eligibility threshold, shall have its institutional
16 investment restored but is ineligible for a share of the
17 State's investment for excellence in performance funding.

18 (3) The institutional investment shall be restored for
19 all State-related universities eligible for the State's
20 investment for excellence if all State-related universities
21 meet the minimum institutional investment threshold under the
22 performance-based funding model.

23 (c) Determination of share.--A State-related university's
24 share of the performance funding shall be calculated based on
25 the university's performance relative to the established metrics
26 in conjunction with the institutional size and scope.

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

30 (e) Report.--By December 31 of each year money is

1 appropriated for a performance-based funding incentive, the
2 council shall submit a report containing the rankings and award
3 distributions for the fiscal year which ended the prior June 30
4 to the Governor, the department and the General Assembly. A copy
5 of the report shall be posted on the department's publicly
6 accessible Internet website.

7 Section 2008-L. Improvement plans.

8 (a) Withholding of institutional investment.--The department
9 shall withhold a portion of a State-related university's
10 institutional investment if the State-related university fails
11 to meet the minimum institutional investment performance funding
12 eligibility threshold. The State-related university shall submit
13 an improvement plan to the council that specifies the activities
14 and strategies for improving the university's performance.

15 (b) Review of improvement plan.--The council shall review
16 the improvement plan and, if the plan is approved, monitor the
17 university's progress in implementing the activities and
18 strategies specified in the plan.

19 (c) Monitoring reports.--The State-related university shall
20 submit monitoring reports to the council by December 31 and May
21 31 of each year in which an improvement plan is in place. The
22 ability of the university to submit an improvement plan to the
23 council is limited to one fiscal year.

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

25 (1) The department shall withhold disbursement of the
26 institutional investment until the monitoring report is
27 approved by the council.

28 (2) A State-related university determined by the council
29 to be making satisfactory progress on implementing the
30 improvement plan shall receive no more than one-half of the

1 withheld institutional investment in January and the balance
2 of the withheld institutional investment in June.

3 (3) A State-related university that fails to make
4 satisfactory progress may not have the university's full
5 institutional investment restored. Institutional investment
6 funds that are not restored shall be redistributed in
7 accordance with the council's performance-based metrics.

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