

SECOND REGULAR SESSION

HOUSE BILL NO. 1390

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES THOMSON (Sponsor), SWAN, WALKER, LICHTENEGGER,
MORRIS, FITZWATER AND ROWDEN (Co-sponsors).

5049L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 163.191, 173.1006, and 178.638, RSMo, and to enact in lieu thereof four new sections relating to allocation of core-funding increases in state funding for public institutions of higher education.

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

Section A. Sections 163.191, 173.1006, and 178.638, RSMo, are repealed and four new sections enacted in lieu thereof, to be known as sections 163.191, 173.1006, 173.1540, and 178.638, to read as follows:

163.191. 1. **As used in this section, the following terms shall mean:**

(1) **"Community college", an institution of higher education deriving financial resources from local, state, and federal sources, and providing postsecondary education primarily for persons above the twelfth grade age level, including courses in:**

(a) **Liberal arts and sciences, including general education;**

(b) **Occupational, vocational-technical; and**

(c) **A variety of educational community services.**

Community college course offerings lead to the granting of certificates, diplomas, or associate degrees, but do not include baccalaureate or higher degrees;

(2) **"Operating costs", all costs attributable to current operations, including all direct costs of instruction, instructors' and counselors' compensation, administrative costs, all normal operating costs and all similar noncapital expenditures during any year, excluding costs of construction of facilities and the purchase of equipment, furniture, and**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

15 **other capital items authorized and funded in accordance with subsection 6 of this section.**
16 **Operating costs shall be computed in accordance with accounting methods and procedures**
17 **to be specified by the department of higher education;**

18 **(3) "Year", from July first to June thirtieth of the following year.**

19 **2.** Each year public community colleges in the aggregate shall be eligible to receive from
20 state funds, if state funds are available and appropriated, an amount up to but not more than fifty
21 percent of the state community colleges' planned operating costs as determined by the department
22 of higher education. [As used in this subsection, the term "year" means from July first to June
23 thirtieth of the following year. As used in this subsection, the term "operating costs" means all
24 costs attributable to current operations, including all direct costs of instruction, instructors' and
25 counselors' compensation, administrative costs, all normal operating costs and all similar
26 noncapital expenditures during any year, excluding costs of construction of facilities and the
27 purchase of equipment, furniture, and other capital items authorized and funded in accordance
28 with subsection 2 of this section. Operating costs shall be computed in accordance with
29 accounting methods and procedures to be specified by the department of higher education.] The
30 department of higher education shall review all institutional budget requests and prepare
31 appropriation recommendations annually for the community colleges under the supervision of
32 the department. The department's budget request shall include a recommended level of funding.

33 **3. (1) Except as provided in subdivision (2) of this subsection,** distribution of
34 appropriated funds to community college districts shall be in accordance with the community
35 college resource allocation model. This model shall be developed and revised as appropriate
36 cooperatively by the community colleges and the department of higher education. The
37 department of higher education shall recommend the model to the coordinating board for higher
38 education for their approval. The core funding level for each community college shall initially
39 be established at an amount agreed upon by the community colleges and the department of higher
40 education. This amount will be adjusted annually for inflation, limited growth, and program
41 improvements in accordance with the resource allocation model starting with fiscal year 1993.
42 [The department of higher education shall request new and separate state aid funds for any new
43 districts for their first six years of operation. The request for the new districts shall be based
44 upon the same level of funding being provided to the existing districts, and should be sufficient
45 to provide for the growth required to reach a mature enrollment level.]

46 **(2) Beginning in fiscal year 2016, at least ninety percent of any increase in core**
47 **funding over the appropriated amount for the previous fiscal year shall be distributed in**
48 **accordance with the achievement of performance-funding measures under section**
49 **173.1006.**

50 4. The department of higher education will be responsible for evaluating the
51 effectiveness of the resource allocation model and will submit a report to the **governor, the joint**
52 **committee on education, the** speaker of the house of representatives and president pro tem of
53 the senate by [November 1997] **October 31, 2019**, and every four years thereafter.

54 [2.] 5. **The department of higher education shall request new and separate state-aid**
55 **funds for any new community college district for its first six years of operation. The**
56 **request for the new district shall be based upon the same level of funding being provided**
57 **to the existing districts, and should be sufficient to provide for the growth required to**
58 **reach a mature enrollment level.**

59 6. In addition to state funds received for operating purposes, each community college
60 district shall be eligible to receive an annual appropriation, exclusive of any capital
61 appropriations, for the cost of maintenance and repair of facilities and grounds, including surface
62 parking areas, and purchases of equipment and furniture. Such funds shall not exceed in any year
63 an amount equal to ten percent of the state appropriations, exclusive of any capital
64 appropriations, to community college districts for operating purposes during the most recently
65 completed fiscal year. The department of higher education may include in its annual
66 appropriations request the necessary funds to implement the provisions of this subsection and
67 when appropriated shall distribute the funds to each community college district as appropriated.
68 The department of higher education appropriations request shall be for specific maintenance,
69 repair, and equipment projects at specific community college districts, shall be in an amount of
70 fifty percent of the cost of a given project as determined by the coordinating board and shall be
71 only for projects which have been approved by the coordinating board through a process of
72 application, evaluation, and approval as established by the coordinating board. The coordinating
73 board, as part of its process of application, evaluation, and approval, shall require the community
74 college district to provide proof that the fifty-percent share of funding to be defrayed by the
75 district is either on hand or committed for maintenance, repair, and equipment projects. Only
76 salaries or portions of salaries paid which are directly related to approved projects may be used
77 as a part of the fifty-percent share of funding.

78 [3.] 7. School districts offering two-year college courses pursuant to section 178.370 on
79 October 31, 1961, shall receive state aid pursuant to [subsections 1 and 2] **subsection 2,**
80 **subdivision (1) of subsection 3, and subsection 6** of this section if all scholastic standards
81 established pursuant to sections 178.770 to 178.890 are met.

82 [4.] 8. In order to make postsecondary educational opportunities available to Missouri
83 residents who do not reside in an existing community college district, community colleges
84 organized pursuant to section 178.370 or sections 178.770 to 178.890 shall be authorized
85 pursuant to the funding provisions of this section to offer courses and programs outside the

86 community college district with prior approval by the coordinating board for higher education.
87 The classes conducted outside the district shall be self-sustaining except that the coordinating
88 board shall promulgate rules to reimburse selected out-of-district instruction only where prior
89 need has been established in geographical areas designated by the coordinating board for higher
90 education.

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92 Funding for such off-campus instruction shall be included in the appropriation recommendations,
93 shall be determined by the general assembly and shall continue, within the amounts appropriated
94 therefor, unless the general assembly disapproves the action by concurrent resolution.

95 [5. A "community college" is an institution of higher education deriving financial
96 resources from local, state, and federal sources, and providing postsecondary education primarily
97 for persons above the twelfth grade age level, including courses in:

98 (1) Liberal arts and sciences, including general education;

99 (2) Occupational, vocational-technical; and

100 (3) A variety of educational community services.

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102 Community college course offerings lead to the granting of certificates, diplomas, and/or
103 associate degrees, but do not include baccalaureate or higher degrees.

104 6.] 9. When distributing state aid authorized for community colleges, the state treasurer
105 may, in any year if requested by a community college, disregard the provision in section 30.180
106 requiring the state treasurer to convert the warrant requesting payment into a check or draft and
107 wire transfer the amount to be distributed to the community college directly to the community
108 college's designated deposit for credit to the community college's account.

173.1006. 1. [The following performance measures shall be established by July 1, 2008:

2 (1) Two institutional measures as negotiated by each public institution through the
3 department of higher education; and

4 (2) Three statewide measures as developed by the department of higher education in
5 consultation with public institutions of higher education.

6 One such measure may be a sector-specific measure making use of the 2005 additional Carnegie
7 categories, if deemed appropriate by the department of higher education.

8 2. The department shall report to the joint committee on education established in section
9 160.254 on its progress at least twice a year in developing the statewide measures and
10 negotiating the institution-specific measures and shall develop a procedure for reporting the
11 effects of performance measures to the joint committee on education at an appropriate time for
12 consideration during the appropriations process.] **The coordinating board for higher education**
13 **has adopted institutional performance measures for each public four-year institution of**

14 higher education, each community college, and the state technical college in collaboration
15 with the institutions that shall be used for performance funding under sections 163.191,
16 173.1540, and 178.638. Five institutional performance measures have been adopted for
17 each institution.

18 2. The coordinating board shall evaluate and, if necessary, revise the institutional
19 performance measures every three years beginning in calendar year 2019 or more
20 frequently at the coordinating board's discretion.

21 3. The department of higher education shall be responsible for evaluating the
22 effectiveness of the performance funding measures, including their effect on statewide
23 postsecondary, higher education, and workforce goals, and shall submit a report to the
24 governor, the joint committee on education, the speaker of the house of representatives and
25 president pro tem of the senate by October 31, 2019, and every four years thereafter.

173.1540. 1. Annually each public four-year institution of higher education shall
2 prepare an institutional budget request and submit it to the department of higher
3 education. The department of higher education shall review all institutional budget
4 requests and prepare appropriation recommendations annually for each public four-year
5 institution of higher education.

6 2. The appropriation of core-funding increases in state funding to public four-year
7 institutions of higher education shall be in accordance with the increase allocation model,
8 subject to the parameters set forth in subsection 4 of this section. The increase allocation
9 model shall be developed and revised as appropriate cooperatively by the public four-year
10 institutions of higher education and the department of higher education. The department
11 of higher education shall recommend the model to the coordinating board for higher
12 education for its approval by October 31, 2014.

13 3. The core-funding level for each public four-year institution of higher education
14 shall initially be the appropriated amount for each institution for fiscal year 2015.
15 Increases under subsection 4 of this section shall be incorporated into the core-funding
16 level annually in accordance with the increase allocation model starting with fiscal year
17 2016.

18 4. (1) The increase allocation model shall comply with the parameters of this
19 subsection in allocating annual increases in core appropriations to public four-year
20 institutions of higher education.

21 (2) No more than ten percent of any increase in core appropriations shall be
22 distributed through any combination of the following:

23 (a) To address inequitable state funding determined on a per-student basis, as
24 determined by calculating full-time equivalency or on such other basis as determined by

25 the department and agreed upon by the institutions. To the extent inequities result from
26 an institution's performance on its performance funding measures adopted under section
27 173.1006, such inequities shall not be eligible for an allocation under this paragraph; and

28 (b) No more than ten percent of annual core-funding increases shall be distributed
29 based on weighted full-time equivalent credit hours so as to provide enrollment, program
30 offering, and mission sensitivity on an on-going basis.

31 (3) At least ninety percent of annual increases shall be distributed in accordance
32 with the performance funding model adopted under section 173.1006.

33 5. The department of higher education shall be responsible for evaluating the
34 effectiveness of the increase allocation model and shall submit a report to the governor, the
35 joint committee on education, the speaker of the house of representatives and the president
36 pro tem of the senate by October 31, 2019, and every four years thereafter.

178.638. 1. State Technical College of Missouri shall be under the oversight of the
2 coordinating board for higher education. The institution shall also be subject to oversight by the
3 state board of education to the extent it serves as an area vocational technical school. Beginning
4 in the first full state fiscal year subsequent to the approval of State Technical College of
5 Missouri's plan by the coordinating board submitted pursuant to section 178.637, the state of
6 Missouri shall, subject to appropriation, provide the funds necessary to provide the staff, cost of
7 operation, and payment of all new capital improvements commencing with that fiscal year.

8 2. All funds designated for the institution shall be included in the coordinating board's
9 budget request as provided in chapter 173, except that vocational technical education
10 reimbursements shall continue to be requested through the state board of education.

11 3. Beginning with fiscal year 2016, at least ninety percent of any annual increase
12 in core funding over the previous year shall be distributed in accordance with the
13 performance-funding measures under section 173.1006.

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