

SECOND REGULAR SESSION

HOUSE BILL NO. 2164

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES KELLY (27) AND BURTON (Co-sponsors).

Read 1st time March 13, 2002, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

5041L.01I

AN ACT

To amend chapter 173, RSMo, by adding thereto four new sections relating to the higher education funding formula.

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

Section A. Chapter 173, RSMo, is amended by adding thereto four new sections, to be known as sections 173.940, 173.943, 173.946, and 173.949, to read as follows:

173.940. The provisions of sections 173.940 to 173.949 shall be applicable to state funding for the institutions listed in the following: subsection 1 of section 174.020, RSMo, section 174.600, RSMo, and section 175.010, RSMo.

173.943. 1. Beginning July 1, 2003, adjustments in funding for the institutions referred to in section 173.940 shall be based on full-time equivalent (FTE) student counts, with each full-time equivalent student in a general education program, undergraduate program, or undeclared major given the same weight of 1.0. The coordinating board for higher education shall calculate the weighted average cost of teaching one undergraduate credit hour by discipline, and where appropriate, by program. Institutions with graduate programs shall provide documentation of costs for graduate programs that exceed the undergraduate programs in the same discipline, and the coordinating board shall consider this information when allocating funds to graduate programs but shall not permit a weighting of more than 1.25 for such programs except upon proof that a specific program exceeds that cost ratio.

2. In the event that full-time equivalent enrollment drops, any institution funded pursuant to this section shall be held harmless to the effects of dropping enrollment until enrollment has dropped ten percent over a four-year period. In the fifth year of enrollment that has cumulatively dropped ten percent, the funding of such institution shall

16 be reduced by five percent, and in the sixth year, by the percentage that remains between
17 five percent and the actual percentage of decrease from the first to the sixth year.

18 3. Up to five percent of the total appropriation pursuant to this section may be used
19 for performance-based funding according to a set of indicators that the coordinating board
20 for higher education shall establish in cooperation with the institutions. Performance
21 funding shall contain some elements for which all institutions may be eligible and shall also
22 contain elements that are specific to each institution's mission. The coordinating board
23 shall also allocate maintenance and repair funding, technology infrastructure funding, and
24 mission enhancement funding according to a prioritization method that grants additional
25 weight to institutions that have experienced significant, documented, long-term
26 underfunding.

173.946. The funding formula in section 173.943 shall be phased in over four years.
2 For fiscal year 2004, twenty-five percent of new appropriations shall be made according
3 to this formula, and the percentage shall be increased by twenty-five percent each year
4 until fiscal year 2007, by which time one hundred percent of new appropriations shall be
5 made according to this formula.

173.949. 1. During fiscal year 2006, the coordinating board for higher education
2 shall issue a request for proposal from a research firm that does not have financial ties to
3 any Missouri state-supported higher education institution for an equity analysis to be
4 completed during fiscal year 2007. In such study, in addition to such elements as the
5 coordinating board shall specify, equivalent institutions within the state shall be identified
6 for comparison purposes in making a judgment about funding equity for the institutions
7 receiving funding according to the formula set out in section 173.943. Comparisons with
8 other institutions in other states may be made for an overall comparison of higher
9 education funding in Missouri with other states.

10 2. Every four years thereafter, the coordinating board for higher education shall
11 conduct or shall contract for the completion of a study of equity in funding among the
12 state's higher education institutions that are funded according to the formula in section
13 173.943.