

ASSEMBLY, No. 310

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

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District 27 (Essex and Morris)

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District 14 (Mercer and Middlesex)

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SYNOPSIS

Directs Secretary of Higher Education to establish performance-based funding plans for public institutions of higher education.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 3/1/2021)

1 **AN ACT** establishing performance-based funding plans for public
2 institutions of higher education, amending N.J.S.18A:64A-22,
3 and supplementing chapter 3B of Title 18A of the New Jersey
4 Statutes.

5
6 **BE IT ENACTED** *by the Senate and General Assembly of the State*
7 *of New Jersey:*

8
9 1. N.J.S.18A:64A-22 is amended to read as follows:
10 18A:64A-22. Notwithstanding any other law to the contrary, the
11 Council of County Colleges may submit to the State Treasurer
12 annual budget requests for State support of county colleges. Within
13 the limits of funds appropriated for such purposes, the board of
14 trustees of a county college may based upon the itemized statement
15 fixed and determined pursuant to N.J.S.18A:64A-17 apply to the
16 State Treasurer and receive State support:

17 a. For capital projects in amounts not to exceed one-half of the
18 cost of said capital projects, and

19 b. **【For】** Except as otherwise provided pursuant to
20 P.L. , c. (C.) (pending before the Legislature as this bill), for
21 operational costs to the extent of 43% but not to exceed 50% of the
22 educational and general costs of the county colleges in the base
23 year; provided, however, that for the purposes of determining State
24 aid, only credit courses and noncredit remedial, developmental,
25 general education development and adult basic education courses
26 shall be included in calculating such costs. This sum shall be
27 distributed to the county colleges by the treasurer in consultation
28 with the Council of County Colleges according to a formula that
29 includes categorical support and differential funding based on
30 program costs.

31 No county college shall receive more than 50% of its projected
32 educational and general costs through the provisions of this act.

33 Each county which operates a county college shall continue to
34 provide moneys for the support of the college in an amount no less
35 than those moneys provided in the year in which this act is enacted
36 or 25% of the operational expense in the base State fiscal year,
37 whichever is greater.

38 State support for the operational expenses of county colleges
39 shall be made within limits of State appropriation.

40 (cf: P.L.1994, c.48, s.134)

41
42 2. (New section) a. The Secretary of Higher Education shall
43 develop performance-based funding plans for the public institutions
44 of higher education. The purpose of the plans shall be to increase
45 accountability and efficiency and improve student outcomes at the

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】 in the above bill is not enacted and is intended to be omitted in the law.**

Matter underlined thus is new matter.

1 public institutions of higher education. The secretary shall develop
2 a plan for the county colleges and a plan for the four-year public
3 institutions of higher education. The secretary may develop a
4 separate plan for the public research institutions if the secretary
5 determines that to be appropriate.

6 b. The secretary shall collaborate with the presidents and the
7 governing boards of the public institutions of higher education,
8 business and industry, Statewide organizations representing faculty
9 and staff, and such other stakeholders as the secretary deems
10 appropriate, to develop a system for allocating a percentage of State
11 operating aid to each public institution based upon the institution's
12 achievement of established measures.

13 c. In developing the performance-based funding plans, the
14 secretary shall review performance-based funding models in other
15 states, including funding measures and methodologies, and the
16 weighting of measures to better recognize the unique mission of
17 each sector of public higher education. The secretary shall align the
18 performance-based funding plans with the goals and priorities of the
19 State as outlined in the comprehensive master plan created pursuant
20 to subsection a. of section 14 of P.L.1994, c.48 (C.18A:3B-14).

21 The performance-based funding plans shall seek to promote and
22 increase the satisfactory progression, matriculation, and graduation
23 of all students enrolled in State-supported public institutions of
24 higher education. The plans shall be sensitive to the differing
25 programmatic missions of the institutions, responsive to changes
26 within the institutions, and hold institutions accountable for the
27 quality of instruction and student learning.

28

29 3. (New section) a. The performance-based funding plan for
30 the county colleges shall include, but is not limited to, the following
31 measures:

32 (1) the number of students earning their first 15 semester credit
33 hours of college-level course work at that institution by a given year
34 of enrollment;

35 (2) the number of students earning their first 30 semester credit
36 hours of college-level course work at that institution by a given year
37 of enrollment;

38 (3) the number of students who progress from remedial courses
39 to college-level courses during the academic year;

40 (4) number of students who earn an associate's degree from that
41 institution or complete a certificate program during the academic
42 year; and

43 (5) the number of students who completed at least 15 semester
44 credit hours at that institution and subsequently enroll for the first
45 time in a four-year institution of higher education.

46 b. The performance-based funding plan for the four-year public
47 institutions of higher education shall include, but is not limited to,
48 the following measures:

- 1 (1) student graduation rate;
- 2 (2) student retention;
- 3 (3) student transfers;
- 4 (4) completion of credit hours;
- 5 (5) completion of degree programs;
- 6 (6) types of degrees awarded;
- 7 (7) job placement and employment rate upon graduation;
- 8 (8) academic degrees awarded in critical needs shortage areas,
- 9 such as the science, technology, engineering, and mathematics
- 10 (STEM) fields; and
- 11 (9) reducing achievement gaps for low-income students,
- 12 minority students, and transfer students.

13

14 4. (New section) a. Upon approval of the performance-based
15 funding plans, State operating aid appropriated to each public
16 institution of higher education shall incorporate the performance-
17 based funding plan in accordance with the following percentages
18 and schedule:

- 19 (1) 5% for fiscal year 2019;
- 20 (2) 10% for fiscal year 2020
- 21 (3) 15% for fiscal year 2021;
- 22 (4) 20% for fiscal year 2022; and
- 23 (5) 25% for fiscal year 2023 and each successive fiscal year.

24 b. During fiscal year 2018, the secretary shall provide each
25 institution with a detailed report on what the impact of the
26 performance-based funding plan would have been, if it had been
27 implemented at 5% in fiscal year 2018.

28 c. For fiscal year 2019, no institution shall receive more than a
29 2% reduction in State operating aid as compared to fiscal year 2018
30 due to the implementation of the performance-based funding plan.

31 d. Each institution that uses enrollment as part of its budgeting
32 process shall calculate enrollment as the number of students
33 enrolled in the institution at the end of the prior academic year.

34

35 5. (New section) The Office of the Secretary of Higher
36 Education shall post on its website by September 1 of each year the
37 performance-based funding plans, evaluation criteria, performance
38 results for each institution, and the amount of funding each
39 institution received in the fiscal year based on the performance-
40 based funding plan. The information shall be posted on the website
41 in a prominent and easily accessible location.

42

43 6. (New section) The secretary shall review the performance-
44 based funding plans established pursuant to P.L. , c. (C.)
45 (pending before the Legislature as this bill) on an annual basis, and
46 submit a report by September 1 of each year to the Governor, and to
47 the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-
48 19.1). The report shall contain an assessment of the performance-

1 based funding plans, including the effects on student outcomes, and
2 recommendations for any modifications to the plans and on the
3 continued use of the plans in the allocation of State operating aid.

4
5 7. This act shall take effect immediately.

6
7
8 STATEMENT

9
10 This bill directs the Secretary of Higher Education to develop
11 performance-based funding plans for the public institutions of
12 higher education. The purpose of the plans will be to increase
13 accountability and efficiency and improve student outcomes at the
14 public institutions. In addition, the plans should seek to promote
15 and increase the satisfactory progression, matriculation, and
16 graduation of all students enrolled in the public institutions. The
17 secretary will create a funding plan for the county colleges and a
18 funding plan for the four-year public institutions, and may create a
19 separate funding plan for the public research institutions if deemed
20 appropriate.

21 Under the bill's provisions, the secretary is directed to work with
22 the presidents and governing boards of the public institutions of
23 higher education, business and industry, Statewide organizations
24 representing faculty and staff, and other stakeholders to develop a
25 system for allocating a percentage of State operating aid based on
26 the institution's achievement of established measures. The secretary
27 will review performance-funding models in other states to assess
28 funding measures and methodologies, and the weighting of
29 measures. The plans should be sensitive to the differing
30 programmatic missions of the institutions, responsive to changes
31 within the institutions, and hold institutions accountable for the
32 quality of instruction and student learning.

33 The bill establishes a number of performance measures,
34 including degree and credit completion, to be included in the
35 performance-based funding plans; however, the secretary is not
36 limited to those measures.

37 The bill establishes a schedule that will gradually phase-in the
38 percentage of each public institution's State operating aid that will
39 be affected by the performance-based funding plan. Beginning in
40 fiscal year 2019, the following percentages and schedule will apply:

- 41 - 5% for fiscal year 2019;
42 - 10% for fiscal year 2020;
43 - 15% for fiscal year 2021;
44 - 20% for fiscal year 2022; and
45 - 25% for fiscal year 2023 and each successive fiscal year.

46 Fiscal year 2018 will be a "learning year" in which no institution
47 will be affected by the performance-based funding plans, but the
48 secretary will provide each institution with a detailed report on what

1 the impact of the plans would have been, if they had been
2 implemented at 5% in that year. The bill includes a stop-loss
3 provision for fiscal year 2019, so that no institution will experience
4 a reduction of more than 2% in State operating aid as compared to
5 fiscal year 2018.