

Model Bill:

Rewarding Workforce Readiness in Four-Year Institutions of Higher Education Act

SECTION 1. This Act shall be known and may be cited as the “Rewarding Workforce Readiness [*in Four-Year Institutions of Higher Education*] Act.”

(A) Purpose. This Act will phase-in allocation of state funding to [*four-year public institutions of higher education*] based partially on the earnings of students six and ten years after initial enrollment. The purpose of this Act is to incentivize the state’s [*four-year public institutions of higher education*] to employ practices that improve the job market success of their students.

(B) Definitions. As used in this Act:

(i) “Department” means the state agency that oversees the rules, regulations, and policy of the state’s [*four-year public institutions of higher education*];

(ii) “Four-year public institution” means any postsecondary entity that is regulated by the Department and [*primarily offers postsecondary degrees that require four years of full-time enrollment to complete*];

(iii) “Four-year system RWR funding” means [*seventy-five percent*] of the total sum of appropriations to [*the general fund of*] four-year public institutions for purposes of [*general support and operations*] but excluding [*specific appropriations*];

(iv) “Full-time equivalent student enrollment” means the total number of students enrolled at an institution calculated by dividing the total number of part-time students enrolled at the institution by two and adding the quotient to the total number of full-time students enrolled at the institution;

(v) “High school threshold earnings” means 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 from the National Center for Education Statistics;

(vi) “Long-term earnings weight” means a weight of [*forty*] percent;

(vii) “Long-term low-income student” means any person who is a long-term student and a low-income student;

(viii) “Long-term student” means any person who:

- (a) Enrolled as a new student in a four-year public institution ten years prior,
- (b) Is currently employed, and
- (c) Is not currently enrolled in any postsecondary institution;

(ix) “Low-income enrollment weight” means a weight of [*thirty*] percent;

(x) “Low-income student” means any person who has received a federal Pell Grant;

(xi) “Short-term earnings weight” means a weight of [thirty] percent;

(xii) “Short-term low-income student” means any person who is a short-term student and a low-income student;

(xiii) “Short-term student” means any person who:

- (a) Enrolled as a new student in a four-year public institution six years prior,
- (b) Is currently employed, and
- (c) Is not currently enrolled in any postsecondary institution.

SECTION 2. A new section of State Code is created, which shall read:

(A) Short-term earnings ratio. The Department shall determine the short-term earnings ratio for each four-year public institution by:

- (i) calculating the mean annual earnings of the four-year public institution’s short-term students;
- (ii) averaging the amount calculated in paragraph (i) of this subsection and the same amounts for the previous two academic years;
- (iii) adjusting the amount calculated in paragraph (ii) of this subsection with a cost-of-living index based on the four-year public institution’s location, and;
- (iv) dividing the amount calculated in paragraph (iii) of this subsection by the high school threshold earnings.

(B) Long-term earnings ratio. The Department shall determine the long-term earnings ratio for each four-year public institution by:

- (i) calculating the mean annual earnings of the four-year public institution’s long-term students;
- (ii) averaging the amount calculated in paragraph (i) of this subsection and the same amounts for the previous two academic years;
- (iii) adjusting the amount calculated in paragraph (ii) of this subsection with a cost-of-living index based on the four-year public institution’s location, and;
- (iv) dividing the amount calculated in paragraph (iii) of this subsection by the high school threshold earnings.

(C) Short-term low-income earnings ratio. The Department shall determine the short-term low-income earnings ratio for each four-year public institution by:

(i) calculating the mean annual earnings of the four-year public institution's short-term low-income students;

(ii) averaging the amount calculated in paragraph (i) of this subsection and the same amounts for the previous two academic years;

(iii) adjusting the amount calculated in paragraph (ii) of this subsection with a cost-of-living index based on the four-year public institution's location, and;

(iv) dividing the amount calculated in paragraph (iii) of this subsection by the high school threshold earnings.

(D) Long-term low-income earnings ratio. The Department shall determine the long-term low-income earnings ratio for each four-year public institution by:

(i) calculating the mean annual earnings of the four-year public institution's long-term low-income students;

(ii) averaging the amount calculated in paragraph (i) of this subsection and the same amounts for the previous two academic years;

(iii) adjusting the amount calculated in paragraph (ii) of this subsection with a cost-of-living index based on the four-year public institution's location, and;

(iv) dividing the amount calculated in paragraph (iii) of this subsection by the high school threshold earnings.

(E) Short-term earnings measure. The Department shall determine the short-term earnings measure for each four-year public institution by:

(i) Subtracting one from the four-year public institution's short-term earnings ratio, and;

(ii) Multiplying the amount calculated in paragraph (i) of this subsection by one thousand.

(F) Long-term earnings measure. The Department shall determine the long-term earnings measure for each four-year public institution by:

(i) Subtracting one from the four-year public institution's long-term earnings ratio, and;

(ii) Multiplying the amount calculated in paragraph (i) of this subsection by one thousand.

(G) Short-term low-income earnings measure. The Department shall determine the short-term low-income earnings measure for each four-year public institution by:

(i) Subtracting one from the four-year public institution's short-term low-income earnings ratio, and;

(ii) Multiplying the amount calculated in paragraph (i) of this subsection by one thousand.

(H) Long-term low-income earnings measure. The Department shall determine the long-term low-income earnings measure for each four-year public institution by:

(i) Subtracting one from the four-year public institution's long-term low-income earnings ratio, and;

(ii) Multiplying the amount calculated in paragraph (i) of this subsection by one thousand.

(I) Low-income enrollment measure. The Department shall determine the low-income enrollment measure for each four-year public institution by:

(i) Dividing the four-year public institution's low-income student enrollment for the current year by the four-year public institution's total student enrollment for the current year, and;

(ii) Multiplying the amount calculated in paragraph (i) of this subsection by one thousand.

(J) Rewarding Workforce Readiness score. The Department shall determine the Rewarding Workforce Readiness score for each four-year public institution by:

(i) Adding the four-year public institution's short-term earnings measure to the four-year public institution's short-term low-income earnings measure;

(ii) Adding the four-year public institution's long-term earnings measure to the four-year public institution's long-term low-income earnings measure;

(iii) Multiplying the amount calculated in paragraph (i) of this subsection by the short-term earnings weight;

(iv) Multiplying the amount calculated in paragraph (ii) of this subsection by the long-term earnings weight;

(v) Multiplying the four-year public institution's low-income enrollment measure by the low-income enrollment weight, and;

(vi) Summing the amounts calculated in paragraphs (iii), (iv), and (v) of this subsection.

(K) Enrollment-weighted score. The Department shall determine the enrollment-weighted score for each four-year public institution by multiplying the institution's Rewarding Workforce Readiness score by the institution's full-time equivalent student enrollment.

(L) Allocation share. The Department shall determine the allocation share for each four-year public institution by dividing the institution's enrollment-weighted score by the sum of all enrollment-weighted scores for all four-year public institutions.

(M) Institution Allocation. The [Legislature] shall determine the allocation of the four-year system RWR funding to each four-year public institution in accordance with the following timetable:

(i) For the state fiscal year beginning on [July 1, 2023], one hundred percent of the four-year system RWR funding shall be allocated according to [any allocation mechanism in place before July 1, 2023].

(ii) For the state fiscal year beginning on [July 1, 2024], fifty percent of the four-year system RWR funding shall be allocated according to [any allocation mechanism in place before July 1, 2023], and fifty percent of the four-year system RWR funding shall be allocated by multiplying each four-year public institution's allocation share by the four-year system RWR funding.

(iii) For all state fiscal years beginning on or after [July 1, 2025], one hundred percent of the four-year system RWR funding shall be allocated by multiplying each four-year public institution's allocation share by the four-year system RWR funding.

(N) Earnings Data.

(i) The Department may determine the relevant earnings data of any individual who is a resident of this state and who does not earn the majority of his or her income by independent contracting by reference to such individual's unemployment insurance wage records housed in this state's [department of labor].

(ii) The Department may establish other means of collecting relevant earnings data such as voluntary responses provided by alumni of four-year public institutions to supplement the data from this state's unemployment insurance wage records.

(iii) The [department of labor] in this state [may/shall] execute data sharing agreements with departments of labor in other states or commonwealths to assist the Department in effectuating the purposes of this Act by determining the relevant earnings data of individuals who are alumni of a four-year public institution but who are not residents of this state.

(iv) The Department may determine the relevant earnings data of any individual who participated in federal workforce training benefit programs through the federal State Wage Interchange System.

(O) Report. [By December 31 of each calendar year/each even-numbered year], the Department shall report to the [Legislature] each institution's allocation share as determined under Section (L). The Department may recommend institution allocations based on Section (M) and the previous fiscal year's higher education allocations.

(P) Additional Performance Funding. The department shall make recommendations to the [Legislature] for the distribution of the [twenty-five percent] of state allocations to [the general funds of] four-year public institutions that are not dedicated to the four-year system RWR funding as defined in Section 1, Subsection (B)(iii), for purposes of [general support and operations], but

excluding [*specific appropriations*], provided that such recommendations shall base institution allocations on the value that four-year public institutions provide to students and taxpayers.

[(Q) Appropriations. *Notwithstanding any other law, including the [General Appropriations Act], the funds that the [Legislature] may appropriate to [the general fund] of each four-year public institution) for [general operations and support] but excluding [specific appropriations] may not exceed the institution allocations determined under Sections (M) and (P) of this Act.*]

(R) Rulemaking. The Department shall promulgate all necessary rules and regulations for the administration of this Act within ninety days of the enactment.

SECTION 3. This Act takes effect on [*January 1, 2023*].