

**Model Bill:**  
**Rewarding Workforce Readiness Act**

**SECTION 1.** This Act shall be known and may be cited as the “Rewarding Workforce Readiness Act.”

**(A) Purpose.** This Act will phase in performance funding for institutions in the [*higher education system*] based on the wages of each institution’s alumni. The purpose of this Act is to incentivize institutions in the [*higher education system*] to employ practices that improve the job market success of their students.

**(B) Definitions.** As used in this Act:

(i) “Alumni” means all persons who:

(a) were previously enrolled at a [*higher education system*] institution, including both graduates and non-graduates,

(b) completed at least [X] [*credit hours*] at that institution,

(c) are employed, as indicated by the most recent information available to the Department under Section 2(D), and

(d) are not enrolled in any postsecondary institution for the [*semester*] immediately preceding the Department’s calculations under Section 2(A);

(ii) “Department” means the state agency that oversees the rules, regulations, and policy of the [*higher education system*];

(iii) “Full-time equivalent enrollment” means the total number of students enrolled at an institution during the [*semester*] immediately preceding the Department’s calculations under Section 2(A), 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;

(iv) “Total general operations appropriation” means [*the sum of appropriations, before adjusting for the performance funding share under Section 2, to all institutions in the higher education system in a fiscal year for general operations, like “Teaching and Administration” appropriations in Texas*];

(v) “Institution” means [*reference state law definition*];

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

**(A) Performance score.** The Department shall calculate a performance score for each institution in the [*higher education system*] using the following metrics and weights [*the sum of these weights should equal 100%*]:

(i) Average wages earned [5] years after beginning coursework at the institution by Alumni who did not receive a federal Pell Grant over \$3,000 during enrollment [*represents short-term wages for non-low-income students*], with a [10] percent weight;

(ii) Average wages earned [8] years after beginning coursework at the institution by Alumni who did not receive a federal Pell Grant over \$3,000 during enrollment [*represents long-term wages for non-low-income students*], with a [20] percent weight;

(iii) Average wages earned [5] years after beginning coursework at an institution by Alumni who received a federal Pell Grant over \$3,000 during enrollment [*represents short-term wages for low-income students*], with a [15] percent weight;

(iv) Average wages earned [8] years after beginning coursework at an institution by Alumni who received a federal Pell Grant over \$3,000 during enrollment [*represents long-term wages for low-income students*], with a [30] percent weight; and

(v) The number of students who received a federal Pell Grant over \$3,000 at an institution during the [semester] immediately preceding the Department's calculations under this Section 2, with a [25] percent weight.

**(B) Performance funding share.** The Department shall weight the institution's performance score calculated in paragraph (A) of this section with the institution's full-time equivalent enrollment and divide by the sum of all [*higher education system*] institutions' enrollment-weighted performance scores, the quotient of which represents each institution's performance funding share. The Department must report each institution's performance funding share to the [*Legislature or committee*] by [date] of each year.

**(C) Performance funding phase-in.** The [*Legislature*] shall appropriate funding to each [*higher education system*] institution for general operations as follows:

(i) For the state fiscal year beginning on [July 1, 2025], [X] percent of each institution's appropriation for general operations shall be determined by multiplying the total general operations appropriation by the respective institution's performance funding share calculated in paragraph (B) of this section and [X] percent shall be determined by [*either the appropriation mechanism in place before [July 1, 2024] OR prorated amounts*].

[x] [*Repeat Section (C)(i) as needed for desired phase-in*]

**(D) Wage Data.**

(i) The Department shall determine wage data necessary for the calculations under this Section 2 for those employed in this state by reference to each such individual's unemployment insurance wage records maintained by this state's [*department of labor*].

(ii) The Department may establish other means of collecting wage data necessary for the calculations under this Section 2, including by conducting surveys of Alumni or employers of Alumni, to supplement the data from this state's unemployment insurance wage records.

(iii) The [*department of labor*] in this state may execute data sharing agreements with agencies in other states or territories or federal agencies to assist the Department in effectuating the purposes of this Act by determining wage data necessary for the calculations under this Section 2.

**(E) Appropriations.** Notwithstanding any other law, including the [*General Appropriations Act*], all appropriations for each institution's general operations appropriation shall be limited to the lesser of (1) the amount that does not exceed the appropriation determined under paragraph (C) of this section or (2) an amount appropriated by the Legislature for such purpose. Appropriations with a specified purpose other than general operations shall be made separately from the appropriation determined under paragraph (C) of this section.

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

*{Repeat Section 2 and add definitions to Section 1 as needed for each higher education system.}*

**SECTION [X].** This Act takes effect on [*January 1, 2024*].