83rd Texas Legislature
Higher Education Summary

Presentation to the Community, State & Technical College Liaisons

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October 30, 2013
83rd Texas Legislature Statistics

• 83rd Texas Legislature convened its Regular Session on January 8, 2013 and concluded on May 27
• 5,868 bills were introduced: of these, 1,437 were passed by both chambers and sent to the Governor*
• By June 16, Governor vetoed:
  – 26 bills
  – 10 budget line items in SB 1
  – 11 budget line items in HB 1025

Higher Education Statistics

- During the Regular Session, THECB staff tracked 657 bills related to educational funding and policies.
  - Of these, 155 were ultimately signed into law by the Governor

- Vetoes
  - SB 15 relating to the authority of governing boards
  - $3M in THECB budget in SB 1 for Water Aquifer Research
  - Total of $5.25M in HB 1025 for special item funding for 6 universities
State Funding for Education Increased in the 2014-15 Biennium

• Overall, state funding across all functions of state government increased by 8.1% to $101.4B over 2012-13

• Total state funding for education increased by $53B (or 6.9%)

<table>
<thead>
<tr>
<th>Sector</th>
<th>FY12-13</th>
<th>FY14-15</th>
<th>$ Increase</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Education</td>
<td>$34,729.2</td>
<td>$37,493.2</td>
<td>$2,764.0</td>
<td>8.0%</td>
</tr>
<tr>
<td>Higher Education</td>
<td>$15,076.8</td>
<td>$15,745.6</td>
<td>$668.8</td>
<td>4.4%</td>
</tr>
<tr>
<td>THECB</td>
<td>$1,402.3*</td>
<td>$1,488.8</td>
<td>$86.45</td>
<td>6.0%</td>
</tr>
<tr>
<td>All State Government</td>
<td>$93,792.2</td>
<td>$101,419.9</td>
<td>$7,627.7</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

General Revenue and General Revenue-Dedicated only, in millions.
*Adjusted base includes HB 1025 supplemental funding

Source: Legislative Budget Board
State Funding for Student Financial Aid Programs Increased

**TEXAS Grant Funding**

- **2012-2013**: $579.70
- **2014-2015**: $724.62
- Increase: 25%

**Texas Educational Opportunity Grant Funding**

- **2012-2013**: $23.15
- **2014-2015**: $27.81
- Increase: 20%

**Texas Equalization Grant Program**: $180M, 7% increase

**Texas Work Study Program**: $18M, 6% increase

**Texas B-on-Time Loan Program**: $112M, 5% increase

**Teach for Texas Program**: $4.4M, 343% increase
State Funding for Graduate Medical Education and Nursing Programs Increased

Family Practice Residency Program
✓ $7.75M increase in FY13 (with unexpended balance carry forward authority) plus $5M in FY14-15

Physician Education Loan Repayment Program
✓ $33.8M ($28.1M or 495% increase)

Professional Nursing Shortage Reduction Program
✓ $33.75M ($4.1M or 14% increase)

Graduate Medical Education Expansion
✓ $9.25M in FY13 plus $7.1M in FY14-15
Texas Research Incentive Program
  ✓ $34.4M increase in FY13; level funding in FY14-15

Joint Admissions Research Program
  ✓ $10.2M ($3.2M or 46% increase)

Hazelwood Exemptions (institutional reimbursements)
  ✓ $30M in FY13

Texas Teacher Residency Program
  ✓ $1.3M in FY14-15

Compliance Monitoring
  ✓ $665,734 in FY14-15
FORMULA FUNDING FOR 2-YEAR COLLEGES EXPERIENCED MODEST INCREASES

Technical and State Colleges

<table>
<thead>
<tr>
<th>Technical and State Colleges Formulas</th>
<th>FY12-13 Appropriated</th>
<th>FY 14-15 Appropriated</th>
<th>Difference Dollar +/-</th>
<th>Percentage +/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction &amp; Administration*</td>
<td>$114</td>
<td>$120</td>
<td>$6</td>
<td>5.5%</td>
</tr>
<tr>
<td>Infrastructure Support</td>
<td>21.9</td>
<td>19.6</td>
<td>(2.3)</td>
<td>-10.3%</td>
</tr>
<tr>
<td>Small Institution Supplement</td>
<td>5.1</td>
<td>5.2</td>
<td>0.0</td>
<td>0.8%</td>
</tr>
<tr>
<td><strong>Total Technical and State Colleges</strong></td>
<td><strong>$141</strong></td>
<td><strong>$145</strong></td>
<td><strong>$4</strong></td>
<td><strong>2.9%</strong></td>
</tr>
</tbody>
</table>

*Texas State Technical College I&A transitions from contact hours to Value Added Model as of FY14-15. Lamar State College I&A continues to be allocated on contact hour enrollment.
### FORMULA FUNDING FOR 2-YEAR COLLEGES EXPERIENCED MODEST INCREASES

#### Community Colleges

<table>
<thead>
<tr>
<th>Community Colleges Formulas</th>
<th>FY12-13 Appropriated</th>
<th>FY 14-15 Appropriated</th>
<th>Dollar +/-</th>
<th>Percentage +/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction and Administration</td>
<td>$1,732</td>
<td>$1,546</td>
<td>$(186)</td>
<td>-10.8%</td>
</tr>
<tr>
<td>Student Success Funding*</td>
<td>-</td>
<td>172.0</td>
<td>172.0</td>
<td>100.0%</td>
</tr>
<tr>
<td>Base Funding*</td>
<td>-</td>
<td>50.0</td>
<td>50.0</td>
<td>100.0%</td>
</tr>
<tr>
<td>Small Institution Supplement</td>
<td>4.5</td>
<td>4.5</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Community Colleges</strong></td>
<td>$1,737</td>
<td>$1,772</td>
<td>$36</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

*New formulas added by 83rd Legislature as part of the transition to the Student Success Model for community colleges.*
To Close the Gaps and lay the foundation for a competitive workforce, the THECB focused on three areas this legislative session:

**Productive Higher Education System**
- Implement outcomes-based funding
- Reduce credits and time to degree
- Execute cost-efficiencies

**Restructured Financial Aid System**
- Extend TEXAS Grants to more students, including more transfer students

**Rigorous Public Education**
- Sustain rigor in the high school curriculum
The Legislature adopted a credit hour cap on Associate’s degrees (SB 215)

Average time to an Associate’s Degree: 4.3 years

Associate degrees capped to no more credits than required by licensure or accreditation for that particular degree field—in most cases 60 SCH.

Source: Texas Higher Education Coordinating Board
The Legislature adopted changes to the major state financial aid programs that will affect 2-year college students (SB 215)

- **TEXAS Grants**
  - Community colleges are ineligible for the program in FY15.
  - Provides an additional eligibility pathway for community college students who transfer to a university with at least 24 semester credit hours and a 2.5 GPA.
  - Award amount target set at $5,000 at universities ($1,325 at 2-year colleges\(^1\)) will serve about 84% of new eligible students over the next 2 years.

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To serve a commensurate amount of 2-year students with state financial aid in FY 15, the THECB will transfer **$34M** to TEOG from TEXAS Grants to cover students who would have been served by TEXAS Grants.

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1. Targets at 2-year colleges only apply to FY 14 awards. Beginning in FY 15, these students will be served with TEOG
The Legislature adopted changes to the major state financial aid programs that will affect 2-year college students (SB 215)

• **B-on-Time Loan Program**
  - Community colleges are ineligible to participate in the program beginning in FY15.
  - Institutions are given flexibility to set award amounts.
  - As of FY15, institutions will receive their proportional share of the funds they collect in tuition set-asides to support the program.
The Legislature adopted changes to the Hazlewood program

- **Hazlewood program** – tuition exemption for veterans and their families
- **SB 1158** – Transferred the administration of the program from THECB to the Texas Veterans Commission
  - TVC engaging in negotiated rulemaking with stakeholders, including CB staff, on administrative rules
- **SB 1159** – requires the LBB, in consultation with the THECB and TVC, to conduct a study and make recommendations to promote the sustainability, fiscal efficiency and effectiveness of the program
  - CB staff has been working with LBB staff on the data that will be used to conduct the study which is due December 1, 2014
The Legislature revised the high school curriculum to provide increased flexibility for school districts and students (HB 5)

- Requires a student to choose one or more of the five endorsements upon entering the 9th grade
- All endorsements require four math credits and four science credits
- Distinguished level of achievement requires an endorsement plus Algebra II (required for Top 10% automatic admission)
- Reduces the number of assessments from 15 to 5
- High school counselors are critical to ensuring that students are provided meaningful information about the benefits of choosing certain graduation plans and endorsements.
The Legislature adopted bills relating to workforce needs and projections

- **HB 1296** – three-year workforce needs projection, including the level and field of education/training needed
- **SB 414** – identify regions that would benefit from community colleges offering BA degrees in nursing and applied science
- Contracted with Rand Corporation to conduct the study
- Survey results issued to institutions for input on the types of **applied science degree fields** to include in the study:
  - Computer and information science
  - Fire science and administration
  - Health information/medical records
  - Laboratory /science technician (e.g., biology, chemistry, or other)
The Legislature reauthorized the THECB via Sunset legislation (SB 215)

- Powers and Duties of the Board
- Stakeholder Input
  - Negotiated Rulemaking
    - Compliance Monitoring
    - Allocation Methodology for:
      - TEG
      - BOT (for private institutions)
      - Texas College Work Study
  - Advisory Committee Rules
  - GR Briefings