<table>
<thead>
<tr>
<th>Rec. #</th>
<th>Topic/Level of Priority (Tier 1-Highest; Tier 3-Lowest)</th>
<th>Division/Staff Lead</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tier 1 - Major Priorities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Relating to outcomes-based funding for universities</td>
<td>P&amp;A/Susan Brown</td>
</tr>
<tr>
<td>2</td>
<td>Relating to authorizing opportunities for certain community colleges to offer new applied baccalaureate degrees in Applied Science and Nursing</td>
<td>P&amp;A/Susan Brown</td>
</tr>
<tr>
<td>3</td>
<td>Relating to supporting Tuition Revenue Bonds</td>
<td>P&amp;A/Susan Brown</td>
</tr>
<tr>
<td><strong>Tier 2 - Programmatic Changes</strong></td>
<td></td>
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<tr>
<td>4</td>
<td>Relating to developing programs of study and revising fields of study to align career and technical education between public high schools and community and technical colleges</td>
<td>WAAR/Rex Peebles</td>
</tr>
<tr>
<td>5</td>
<td>Relating to replacing Top 10 Percent Scholarship Program statutory language to reflect program operations</td>
<td>BSS/Lesa Moller</td>
</tr>
<tr>
<td>6</td>
<td>Relating to the inclusion of Basic Academic Skills Education in the Texas Success Initiative</td>
<td>P-16/Judy Loredo</td>
</tr>
<tr>
<td>7</td>
<td>Relating to providing institutions flexibility in packaging Texas Educational Opportunity Grants</td>
<td>BSS/Lesa Moller</td>
</tr>
<tr>
<td>8</td>
<td>Relating to an institution’s continued eligibility for the T-STEM Challenge Scholarship Program</td>
<td>WAAR/Rex Peebles</td>
</tr>
<tr>
<td><strong>Tier 3 - Statutory Updates and Efficiencies</strong></td>
<td></td>
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<tr>
<td>9</td>
<td>Relating to making multiple changes to the Math and Science Scholars Loan Repayment Program to improve program administration</td>
<td>BSS/Lesa Moller</td>
</tr>
<tr>
<td>10</td>
<td>Relating to transferring the authority of energy savings performance contracts to the State Energy Conservation Office</td>
<td>P&amp;A/Susan Brown</td>
</tr>
<tr>
<td>11</td>
<td>Relating to collecting fees for Certificates of Authorization and recognition of accreditors</td>
<td>WAAR/Rex Peebles</td>
</tr>
<tr>
<td>12</td>
<td>Relating to authorizing the Coordinating Board to serve as the portal for the State Authorization Reciprocity Agreement</td>
<td>WAAR/Rex Peebles</td>
</tr>
</tbody>
</table>

P&A = Planning and Accountability Division; WAAR = Workforce, Academic Affairs, and Research; BSS = Business and Student Services; P-16 - P-16 Initiatives Division
Tier 1:
Major Priorities
OUTCOMES-BASED FORMULA FUNDING
Recommendation of the General Academic Institution Formula Advisory Committee

MARCH 2014

Texas Education Code Section 61.0593 states that, “it is in state's highest public interest to evaluate student achievement at institutions of higher education and to develop higher education funding policy based on that evaluation.” It further charges the Coordinating Board, in consultation with institutions of higher education, to incorporate the consideration of undergraduate student success measures in developing recommendations for university formula funding for the next biennium.

BACKGROUND

Each interim, the General Academic Institution Formula Advisory Committee (GAIFAC), composed of representatives of Texas public universities, examines the formulas that are used to allocate state funding among institutions. In line with the requirements of TEC 61.0593, this interim the committee was charged to, “study and make recommendations for alternative approaches to incorporating undergraduate student success measures into the funding formulas. . .” This overview outlines the outcomes-based funding recommendations adopted by the GAIFAC at their March meeting.

GAIFAC RECOMMENDATION

The GAIFAC recommends that some state funding for public universities be allocated among institutions on the basis of their relative performance on certain student success measures.

Basic Principles

Outcomes funded above the base. The committee recommends creation of a $235 million outcomes-based funding pool to be allocated by the success metrics defined below. This pool should be outside of and in addition to the enrollment-based formula funding, and should only be funded if the base formulas are fully funded.

Phase-in: The model should be phased-in over three biennia, with no institution’s percentage of outcomes funding varying more than 0.5 percent from their percentage of undergraduate formula funding for the first biennium, and no more than 1 percent for the second biennium. Beyond that, the model should function without such restrictions.

Biennial Review: The model should be examined each interim to monitor the equity and effectiveness of the outcomes-based methodology, and to address any unanticipated impacts.

Student Success Metrics

Under the GAIFAC proposal, each institution earns points for their performance on seven student success metrics, with the points being used to determine each institution’s proportional share of outcomes-based
funding. The proposed metrics measure actual outcomes (rather than institutional increases in performance), and use a three-year rolling average to determine each institution’s performance on each metric. The points are then scaled and weighted.

**Scaling:** Because the number of points generated by different metrics is very disproportionate, a multiplier is applied to the points generated by each metric to ensure all metrics are meaningful to the methodology.

**Weighting:** The proposal requires each institution to assign a percentage weight to each of their metrics, which will allow the institution to prioritize the metrics they consider most advantageous in determining their point total. The weights will sum to 100 percent, and the institution will assign a zero percent weight to one (and only one) metric. These weights would remain in place for three biennia. This incent institutions to identify and focus on those student success metrics most in line with their missions and the needs of their student populations.

**Metric Definitions**

**Total Undergraduate Degrees:** The total number of undergraduate degrees awarded by an institution. This directly incents institutions to increase degree completions, a primary goal of *Closing the Gaps*.

**Undergraduate degrees adjusted by graduation rate:** The institution’s total undergraduate degrees multiplied by its 6-year graduation rate (3-year graduation rate for upper-level institutions). The adjustment for graduation rate provides an incentive to have students graduate in a timely manner.

**Undergraduate degrees per 100 undergraduate FTSE:** The institution’s total undergraduate degrees divided by enrolled Full-Time Student Equivalents (FTSE) and multiplied by 100. FTSE represents aggregate enrollment at the institution, and captures both transfer students and part-time students. This metric measures degree production relative to all undergraduate students, and provides a common basis for comparing and incentivizing degree productivity regardless of institutional size or mission.

**Undergraduate degrees to At-Risk Students:** The institution’s undergraduate degrees to students who meet criteria for being at higher risk for not completing. These include being a Pell grant recipient, having an SAT/ACT score below the national average, being enrolled part-time, having earned a GED, or first enrolling at age 20 or higher. (The Committee recommends continued study of at-risk factors to refine this metric in future biennia.) This measure incents institutions to adopt effective and efficient practices that will aid at-risk students to the completion of a degree.

**Retention (30, 60, and 90 SCH):** The institution’s count of each undergraduate student that completes their 30\textsuperscript{th}, 60\textsuperscript{th}, or 90\textsuperscript{th} college-level semester credit-hour at that institution. The count does not include hours earned prior to the student enrolling at the institution. These measures are designed to incentivize the use of effective persistence policies.
Staff recommendations are guided by a statewide study assessing unmet workforce needs in nursing and applied science

Staff recommendations are based on the following principles:

- Provide multiple pathways for post-secondary credential for a diverse population;
- Ensure that current programs are being fully utilized and that partnerships, articulation agreements and distance learning options have been fully explored;
- Expand the Board’s evaluation of workforce need for community colleges offering baccalaureate degrees; and
- Address the shortage of faculty in certain fields
Legislative Recommendation:

1. Authorize certain community colleges, that meet criteria, to have opportunities for new applied baccalaureate degrees in Applied Science and Nursing programs with a demonstrated workforce need at community colleges using a measured, phased-in approach.

2. Legislation should direct the THECB, in collaboration with the TWC, institutions, and local workforce development boards, to conduct a process each biennium to select 3-5 disciplines to study in Applied Science.

3. Remove limitation, maximum of 5 programs, on current institutions authorized to offer BATs.

Legislation should require all new applied science baccalaureates to:

✓ Meet Coordinating Board established criteria for new program approval including unnecessary program duplication, adequate faculty resources, demonstrated workforce need, etc.;

✓ Be based on successful Associate of Applied Science program at the Community College in the same field;

✓ Be approved only for disciplines which have been studied by THECB and after a workforce need has been demonstrated, university partnership possibilities have been explored, and consideration has been given to student costs; and

✓ Be offered only at community colleges that meet the current statutory criteria of $2.5 billion in property valuation.
Community college baccalaureates will be reviewed with the same standards as all baccalaureates

✓ **Job Market Need** – Data on the number of potential job openings in the discipline that reflect both short- and long-term need.

✓ **Student Demand** – Data and other evidence of short-and long-term student interest at the institution.

✓ **Enrollment Projections** – Institution’s calculated enrollment projections that reflect student demand estimates to ensure financial self-sufficiency of the program by the end of the fifth year.

✓ **Curriculum** – Includes required courses, prescribed and free electives and an approved core curriculum.

✓ **Faculty** - Core faculty & support faculty sufficient to meet CB and accrediting standards

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Community college baccalaureates will be reviewed with the same standards as all baccalaureates

✓ **Library Resources** – meet standards of accrediting body

✓ **Facilities & Equipment** – equivalent to similar program in state or nation

✓ Identifiable new and reallocated revenues **shall cover the incremental costs** of operating the program

✓ New formula funding shall not be considered as a funding source of the first two years and shall not exceed 50% of all funding for years three through five

✓ Institution has a **regular program review process** to assess quality and effectiveness
# STAKEHOLDER COMMENTS ON NURSING

<table>
<thead>
<tr>
<th>CONCERNS</th>
<th>STAFF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty &amp; clinical shortages</td>
<td>Proposal evaluation will include review of faculty,</td>
</tr>
<tr>
<td></td>
<td>clinical resources, and admission standards</td>
</tr>
<tr>
<td>Program quality</td>
<td>Requirement added for program accreditation</td>
</tr>
</tbody>
</table>

Staff recommends additional standards be integrated into the agency’s degree program approval process to ensure quality Bachelor of Science in Nursing Programs

### Non-Legislative Recommendations Specific to Nursing

- Determine under what conditions existing programs would be able to expand capacity before authorizing new programs; make sure that resources are utilized most efficiently.
- Given current clinical space and faculty shortages, evaluate if and how additional program will affect current programs.
- Consistent with the overall recommendation of having baccalaureates based on a successful ADN program, authorize only RN to BSN programs.
- Start with a limited number of programs in geographic areas of highest need.
- To ensure quality, adopt the following criteria: the ADN program must a) meet a minimum 70 percent nursing graduation rate and b) maintain an 80 percent pass rate on NCLEX (National Council Licensure Examination) over three years.
- Must build upon, or be seeking accreditation by CCNE or ACEN.
## STAKEHOLDER COMMENTS ON APPLIED SCIENCE

<table>
<thead>
<tr>
<th>CONCERNS</th>
<th>STAFF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Duplication with online programs</td>
<td>• Capacity and quality of existing programs is considered</td>
</tr>
<tr>
<td>• Increased cost for taxpayers and students</td>
<td>• Criteria for approval will include review of duplicated programs</td>
</tr>
<tr>
<td>• Reduced flexibility to address local needs</td>
<td>• Proposal must indicate available resources</td>
</tr>
<tr>
<td>• Capacity and quality of existing programs is considered</td>
<td>• Selection of disciplines for review will involve stakeholders</td>
</tr>
<tr>
<td>• Criteria for approval will include review of duplicated programs</td>
<td></td>
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<tr>
<td>• Proposal must indicate available resources</td>
<td></td>
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<tr>
<td>• Selection of disciplines for review will involve stakeholders</td>
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</table>

## WHAT DISCIPLINES ARE CONSIDERED APPLIED SCIENCE AT COMMUNITY COLLEGES?

- Computer and Information Sciences
- Physical Sciences
- Science Technologies/Technicians
- Homeland Security, Law Enforcement, Firefighting
- Health Information/Medical Records Technology
- Business, Management, Marketing, and Related Support Services
Staff recommends additional standards be integrated into the agency’s degree program approval process to ensure quality Applied Science Baccalaureates

**Legislative Recommendations Specific to Applied Science**

- Each biennium, select 3-5 disciplines to study, including participation from institutions, TWC, and local workforce development boards. Survey all community colleges for suggestions on which fields to study.

**Non-Legislative Recommendations Specific to Applied Science**

- Engage the Community and Technical College Leadership Council in identifying the fields.
- Include other stakeholders in the process, as appropriate.
- Use the needs assessment process developed by RAND, in conjunction with TWC, workforce boards, and industry representatives to identify which, if any, of the three to five applied science disciplines have a baccalaureate level need.
- Need can be determined to be: a) none; b) local/regional; or c) statewide.

**If Legislature approves new opportunities, Applied Science Baccalaureate proposals will be considered by the Coordinating Board once the level of need has been established**

- Acceptable licensure pass rate if applicable to program field
- Demonstrated availability of qualified faculty
- Must provide evidence that startup costs would be covered without harming current programs
- As is currently required, proposing institution must notify all other institutions within a 50 mile radius and invite those institutions to submit comments on the proposal to the Coordinating Board
COMMUNITY COLLEGES ARE LESS EXPENSIVE FOR STUDENTS

<table>
<thead>
<tr>
<th>Upper Level Hours</th>
<th>15 SCH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazosport College</td>
<td>$2,048</td>
</tr>
<tr>
<td>Midland College</td>
<td>$1,845</td>
</tr>
<tr>
<td>South Texas College</td>
<td>$1,755</td>
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</tbody>
</table>

• Currently, community colleges charge between $30 and $60 per SCH over lower division rates.

• Universities have the same tuition and fee rate for all undergraduate years.

<table>
<thead>
<tr>
<th>Undergraduate Hours*</th>
<th>15 SCH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tarleton</td>
<td>$3,451</td>
</tr>
<tr>
<td>UT Tyler</td>
<td>$3,656</td>
</tr>
<tr>
<td>University of North Texas</td>
<td>$4,852</td>
</tr>
</tbody>
</table>

• With the upper level fees, community colleges are less costly for students.

• Universities do not have special rates for BAT or BAAS programs.

*Universities selected based on providing BATs and BAAS degrees.

Next steps if proposed legislation passes

• Per findings from the RAND study, consider proposals for applied baccalaureates such as fire science, computer and information technology, nursing, and science technology management for the first biennium.

• Work with the Community and Technical College Leadership Council and survey all community colleges to determine 3 to 5 disciplines in applied science to study for opportunities to meet workforce needs.

• Collaborate with TWC and local workforce boards to begin the review cycle that will determine if there is a workforce need in any of the selected disciplines by region or statewide.
Regardless of legislation, the RAND study identified the following recommendations for additional work

**TIMELINE**
AUGUST 2014 – SEPTEMBER 2015

- CB Staff work with all institutions to develop clear definitions of the BAAS, BAT, BAS (RAND Recommendation).
- Study the constraints created by faculty shortages on nursing programs at all levels and work on developing seamless transitions.
- Work with all institutions to develop criteria for defining “workforce need” at the local or regional level; include RAND workforce need study recommendations in the process.
- Review basis for determining duplication of programs – including factors such as commute time, capacity, delivery method, and hours of operation.
Legislative Proposal  
84th Texas Legislature, 2014

**Recommendation**  
Relating to supporting Tuition Revenue Bonds

**Action**  
Amend existing statute

**Previously Recommended?**  
No

**PROPOSAL**

### BACKGROUND AND RECOMMENDATION

Tuition Revenue Bonds (TRBs) are an important vehicle for universities, health-related institutions, Texas State Technical Colleges and Lamar State Colleges to finance capital needs on their campuses. TRBs allow institutions to obtain bond funding for facilities projects by pledging certain revenues, including income from tuition, to service the debt. However, the Legislature had traditionally appropriated funding to cover the debt service on TRBs. Each TRB project requires specific legislative authorization. No TRBs have been authorized since the 2009 session, when only two hurricane-damage related projects were approved. Prior to that, the last wide-spread authorization of TRBs was during the 2006 third called session, which authorized 63 TRB projects. Different versions of a TRB authorization bill (SB 16) passed the Texas House and Senate during the 83rd Legislature, but these were not reconciled before the session expired.

At the request of the legislature, for the last several biennia the Coordinating Board has solicited TRB proposals from institutions in advance of each legislative session. The agency developed a list of criteria for scoring and ranking submitted projects, evaluating factors such as space need, space efficiency, compliance with cost standards, and contribution to Closing the Gaps goals. The scored and ranked list of TRB projects is submitted to the legislature, but is only advisory – the legislature is free to authorize or reject any and all TRB projects as they see fit.

Recently, Coordinating Board staff hosted a conference call with facilities officers and governmental relations staff at universities and university systems to review and revise the criteria used to evaluate TRB projects. This resulted in several changes to the criteria (attached), including the elimination of more subjective measures, harmonizing possible point totals for new construction and renovation projects, and scaling multi-institutional teaching centers (MITC) project points to provide equity with institutional projects. The agency has also hired a consultant to examine facilities financing in other states and other sectors to provide information on other methods of capital financing to inform legislative discussions.

In the past, the Coordinating Board has not taken a stance on whether TRBs should or should not be authorized – the agency’s role has been limited to providing analysis of submitted TRB projects on their merits. Given that there has not been a major round of TRB authorizations since 2006, and given the collaboration with institutional facilities officers to develop a more objective, equitable set of evaluation criteria, the staff recommends that the Board official endorse the importance of a TRB authorization bill being adopted by the Legislature during the 84th session.

**APPLICABLE STATUTE(S)**

Texas Education Code, Section 61.0572(e) defines the responsibility of the Coordinating Board regarding TRBs and limits its authority to evaluation and review of the projects in comparison with Coordinating Board...
standards.

<table>
<thead>
<tr>
<th>COST ESTIMATES</th>
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<tbody>
<tr>
<td>The potential cost to the state would be in the appropriated debt service should the legislature authorize TRBs. For SB 16, 83rd Legislature, Regular Session, the Legislative Budget Board estimated the cost of debt service for the TRBs authorized in the bill at $450,206,975 during the FY14-15 biennium.</td>
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<tr>
<th>EFFECTIVE DATE</th>
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<tr>
<td>Immediately</td>
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</table>
Texas Higher Education Coordinating Board
Revised August 2010 June 2014

TUITION REVENUE BOND PROJECTS
EVALUATION METHODOLOGY

To be used for the 83rd-84th Legislature

EVALUATION CRITERIA

Measure 1  Extraordinary Circumstances

10 Points Maximum - for all New Construction and Repair and Renovation projects.

- Points for extraordinary circumstances are awarded to applications that addressed issues critical to the state, such as:
  - Exceptional opportunities for outside funding of important projects.
  - The impact of natural disasters on Texas colleges and universities.
  - Recently constructed colleges or universities in high growth regions, including areas with large numbers of potential first-generation students, identified in Closing the Gaps (state higher education plan).
  - Accreditation or reaffirmation requirements.

Measure 2  Efficiency (5 Points Maximum)

5 Points Maximum - for GAIs and HRIs New Construction projects only.
10 Points Maximum - for MITCs, New Construction projects only.

- Points are assigned by comparing a building’s projected total space with its usable space, as measured by the ratio of Net Assignable Square Feet to Gross Square Feet of space. Net Assignable Square Feet is the sum of all areas within the interior walls of rooms on all floors of a building assigned to or available to an occupant or use, excluding unassigned space. Gross Square Feet refers to the sum of the square feet of space of all floor areas within the outside faces of a building’s exterior walls.

- The intent of this measure is to ensure that institutions are constructing and renovating buildings in a manner that maximizes available space.

GAI and HRI Universities New Construction
5.0 Points  The ratio of NASF to GSF meets the THECB standard
2.5 Points  The ratio of NASF to GSF is zero to 10 percent below the THECB standard
0.0 Points  The ratio of NASF to GSF is less than 10 percent below the THECB standard

Repair and Renovation
5.0 Points  The project increases ratio of NASF to GSF
2.5 Points  The project does not change the ratio of NASF to GSF
0.0 Points  The project decreases the ratio of NASF to GSF

MITC

10 Points  Space efficiency campus-wide is more than 10 percent above the Coordinating Board’s standard

5 Points  Space efficiency campus-wide meets the Coordinating Board’s standard (plus or minus 10 percent)

0 Points  Space efficiency campus-wide is more than 10 percent below the Coordinating Board’s standard

Measure 3  Space Need (10 Point Maximum, GAI and HRI new construction only)

10 Points Maximum  for GAIIs and HRIs, New Construction only

0 Points for MITCs

- Points are assigned based on an institution’s need for space as determined by a Coordinating Board space model. The space model assesses whether an institution has appropriate amounts of Education and General space to adequately accommodate students and research activities at the institution. Education and General space refers to a net-assignable area that is used for academic instruction, research, and support of the institution’s mission. It does not include auxiliary space, or space which is permanently unassigned.

- This is a campus-wide rating.

GAI and HRI Universities

10 Points  Space deficit is greater than 75 percent of total Education and General space on campus

7 Points  Space deficit is between 51 percent and 75 percent of total Education and General space on campus

5 Points  Space deficit is between 26 percent and 50 percent of total Education and General space on campus

3 Points  Space deficit is between one percent and 25 percent of total Education and General space on campus

0 Points  Campus has a space surplus

Measure 4  Planned Projects (10 Points Maximum)

10 Points Maximum  for GAIIs and HRIs, New Construction and Repair and Renovation projects

0 Points for MITCs

- Points are assigned based on the project’s rank in the institution’s Campus Master Plan, which is an institution’s long-range plan for institutional physical plant needs, including facilities construction and/or development, land acquisitions, and campus facilities infrastructure. Each Master Plan has two parts, MP1 and MP2. MP1 is a detailed report of institutional capital projects for the next five years. MP2 is an institution’s assessment of the amount of Deferred Maintenance (DM), including Critical Deferred Maintenance (CDM), on the campus. DM refers to the accumulation of facility components in need of repair as a result of age, use, or
damage and for which remedies are postponed or considered backlogged. CDM refers to DM that places occupants at risk, or places the facility at risk of not fulfilling its functions.

- Points are assigned based on the project’s rank in the institution’s Campus Master Plan ([MP1]), which is an institution’s long-range plan for institutional physical plant needs, including facilities construction and/or development, land acquisitions, and campus facilities infrastructure; is a detailed report of institutional capital projects for the next five years.

- This measure ensures an institution is proposing projects that fit into the overall vision of its campus as laid out in its master plan, which provides long-range and strategic analyses of facilities development for the campus.

<table>
<thead>
<tr>
<th>Points</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Project ranked above 75th percentile of MP1/2</td>
</tr>
<tr>
<td>8</td>
<td>Project ranked above 50th percentile of MP1/2</td>
</tr>
<tr>
<td>6</td>
<td>Project ranked above 25th percentile of MP1/2</td>
</tr>
<tr>
<td>4</td>
<td>Project ranked above 10th percentile of MP1/2</td>
</tr>
<tr>
<td>2</td>
<td>Project ranked below 10th percentile of MP1/2</td>
</tr>
<tr>
<td>0</td>
<td>Project is not ranked on MP1/2</td>
</tr>
</tbody>
</table>

**Measure 5  Cost Standard (10 Point Maximum)**

- **5 Points Maximum** - GAIs and HRIs, New Construction and Repair and Renovation projects.
- **10 Points Maximum** - for MITCs, New Construction and Repair and Renovation projects.

- Points are assigned based on estimated project costs per square foot not to exceed one standard deviation above the mean of similar projects approved by the Board within the last seven years, adjusted for inflation. The estimated construction cost of the project will be adjusted by the future inflation factor based on the projected timeline of the construction midpoint. This measure ensures institutions are constructing and renovating buildings in a cost-efficient manner.

**GAI and HRI Universities**

<table>
<thead>
<tr>
<th>Points</th>
<th>Description</th>
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<tbody>
<tr>
<td>5</td>
<td>Cost per square foot is greater than 10 percent less than the standard</td>
</tr>
<tr>
<td>4</td>
<td>Cost per square foot is within six percent to 10 percent of the standard</td>
</tr>
<tr>
<td>3</td>
<td>Cost per square foot is within zero percent to five percent of the standard</td>
</tr>
<tr>
<td>0</td>
<td>Cost per square foot exceeds the standard</td>
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</table>

**MITC**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>10</td>
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<tr>
<td>6</td>
<td>Cost per square foot is within six percent to 10 percent of the standard</td>
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<td>Cost per square foot is within zero percent to five percent of the standard</td>
</tr>
<tr>
<td>0</td>
<td>Cost per square foot exceeds the standard</td>
</tr>
</tbody>
</table>

**Measure 6  Matching Funds (10 Point Maximum)**

- **10 Points Maximum** - for GAIs and HRIs, New Construction projects only.
- **15 Points Maximum** - for MITCs, New Construction and Repair and Renovation projects.
Points are assigned based on the percentage of non-TRB funding identified by the institution for the project. The intent is to measure the importance an institution places on the project by comparing the amount of non-TRB funding that the institution is willing to provide to the amount of TRB funding requested.

**GAI and HRI Universities**
- **10 Points**  
  Project funding includes 51 percent or more funds other than TRB
- **5 Points**  
  Project funding includes 26 percent to 50 percent funds other than TRB
- **3 Points**  
  Project funding includes 10 percent to 25 percent funds other than TRB
- **0 Points**  
  Less than 10 percent or no funds other than TRB

**MITC**
- **15 Points**  
  Project funding includes more than 50 percent of funds other than TRB
- **10 Points**  
  Project funding includes 26 percent to 50 percent funds of other than TRB
- **5 Points**  
  Project funding includes 10 percent to 25 percent funds of other than TRB
- **0 Points**  
  Less than 10 percent or no funds other than TRB

**Measure 7  Deferred Maintenance (10 Points Maximum, GAI and HRI repair and renovation only)**

- **15 Points Maximum**  
  for GAIIs and HRIs, Repair and Renovation projects only.
- **10 Points Maximum**  
  for MITCs, Repair and Renovation projects only.

Points are assigned to a project based on the percentage of the project’s cost that addresses identified DM items. DM refers to the accumulation of facility components in need of repair brought about by age, use, or damage and for which remedies are postponed or considered backlogged. CDM refers to DM that places occupants at risk, or places the facility at risk of not fulfilling its functions.

**GAI and HRI Universities**
- **15 Points**  
  More than 50 percent of the project cost addresses CDM and DM
- **8 Points**  
  Between 25 percent to 50 percent of project costs addresses CDM and DM
- **5 Points**  
  Less than 25 percent of the project cost addresses CDM and DM
- **0 Points**  
  Project cost does not address CDM or DM

**MITC  THIS NEEDS DISCUSSION**
- **10 Points**  
  More than 50-10 percent of the project cost addresses CDM and DM
- **6-8 Points**  
  Between 25-10 percent to 50-more than 8 percent of project costs addresses CDM and DM
- **6 Points**  
  Between 8 percent to more than 6 percent of project costs addresses CDM and DM
- **4 Points**  
  Between 6 percent to more than 4 percent of project costs addresses CDM and DM
- **2 Points**  
  Between 4 percent to more than 2 percent of project costs addresses CDM and DM
- **1 Point**  
  Between 2 percent to more than 0 percent of project costs addresses CDM and DM
- **3 Points**  
  Less than 25 percent of the project cost addresses CDM and DM
Measure 8 Space Usage Efficiency (SUE) For Colleges and Universities or Campus-wide Efficiency for Health-Related Institutions. (10 Point Maximum)

- 10 Points Maximum — GAIs and HRIs, New Construction and Repair and Renovation projects.
- 15 Points Maximum — for MITCs, New Construction and Repair and Renovation projects.

- For universities, points are assigned based on a comparison of an institution's use of its classroom and class lab space to Coordinating Board guidelines. This campus-wide measure is designed to ensure that institutions are using their classroom and class labs efficiently. For health-related institutions, a similar usage measurement does not exist. Their evaluation is based on campus-wide efficiency.

**GAI Universities**

- 5 points Classroom SUE is more than 10 percent above the Board’s standard
- 2.5 points Classroom SUE meets the Board’s standard (plus or minus 10 percent)
- 0 points Classroom SUE is more than 10 percent below the Board’s standard
- 5 points Class Laboratory SUE is more than 10 percent above the Board’s standard
- 2.5 points Class Laboratory SUE meets the Board’s standard (plus or minus 10 percent)
- 0 points Class Laboratory SUE is more than 10 percent below the Board’s standard

**MITC**

- 15 Points Classroom SUE is more than 10 percent above the Board’s standard
- 10 Points Classroom SUE meets the Board’s standard (plus or minus 10 percent)
- 0 Points Classroom SUE is more than 10 percent below the Board’s standard

- Points are assigned based on the percentage of Gross Square Feet of space attributable to Net Assignable Square Feet. Net Assignable Square Feet is the sum of all areas within the interior walls of rooms on all floors of a building assigned to or available to an occupant or use, excluding unassigned space. Gross Square Feet refers to the sum of the square feet of space of all floor areas within the outside faces of a building’s exterior walls. This measure shows how efficiently institutions are utilizing their space.

**HRI’s**

- 10 Points Space efficiency campus-wide is more than 10 percent above the Board’s standard
- 5 Points Space efficiency campus-wide meets the Board’s standard (plus or minus 10 percent)
- 0 Points Space efficiency campus-wide is more than 10 percent below the Board’s standard

Measure 9 Closing the Gaps—Participation

- 6 Points Maximum — for GAIs and HRIs
- 16 Points Maximum — for MITCs, New Construction and Repair and Renovation projects.
- Participation - By 2015, close the gaps in participation rates to add 630,000 more students.
- GAI & HRI - Maximum of 6 points
- MITC - Maximum of 16 points

**Measure 109 Closing the Gaps Indices - Participation 1 (7.5 Points Maximum)**

**Make the Participation Each 7.5**

**2 Points Maximum** - for GAIs and HRIs

**5 Points Maximum** - for MITCs, New Construction and Repair and Renovation projects.

- Points are awarded for progress toward *Closing the Gaps* goals and for improvement on Accountability System elements that measure institutions’ progress toward *Closing the Gaps* goals.
- Participation (Enrollment of underrepresented minorities and improvement in their percentage of the student body from underrepresented minorities over the past five years).

**GAI and HRI**

Percent change of underrepresented minority enrollment

- **27.0-5 Points** - for six percent or greater
- **15.5-0 Points** - for three percent to less than six percent
- **1.03.0 Points** - for two percent to less than three percent
- **01.5 Points** - for 0.5 percent to less than two percent
- **0.0 Points** - for less than 0.5 percent

**MITC**

Percentage of growth in FTSE in the last 5 years.

- **5.07.5 Points** - for growth over 25 percent
- **46.0 Points** - for growth between 21 percent to 25 percent
- **34.0 Points** - for growth between 16 percent to 20 percent
- **2.0-5 Points** - for growth between 11 percent to 15 percent
- **1.0 Points** - for growth between greater than zero percent to 10 percent
- **0.0 Points** - for no growth

**Measure 1110 Closing the Gaps Indices - Participation 2 (7.5 Points Maximum)**

**3 Points Maximum** - for GAIs and HRIs

**5 Points Maximum** - for MITCs, New Construction and Repair and Renovation projects.

- Points are awarded for progress toward *Closing the Gaps* goals and for improvement on Accountability System elements that measure institutions’ progress toward *Closing the Gaps* goals.
- Participation (Enrollment of underrepresented minorities and improvement in their percentage of the student body from underrepresented minorities over the past five years).
GAI and HRI
Underrepresented minority enrollment change (points given for sustained high rate of underrepresented minority enrollment):

<table>
<thead>
<tr>
<th>Points</th>
<th>Underrepresented minority enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.0 - 7.5</td>
<td>For 2000 or more</td>
</tr>
<tr>
<td>2.5 - 6.0</td>
<td>For 1,500 to less than 2,000</td>
</tr>
<tr>
<td>2.0 - 4.0</td>
<td>For 1,000 to less than 1,500</td>
</tr>
<tr>
<td>1.5 - 3.0</td>
<td>For 500 to less than 1,000</td>
</tr>
<tr>
<td>1.0</td>
<td>For 50 to less than 500</td>
</tr>
<tr>
<td>0.0</td>
<td>For less than 50</td>
</tr>
</tbody>
</table>

MITC
Total number of FTSE

<table>
<thead>
<tr>
<th>Points</th>
<th>Over 2,000 FTES in most recent fall semester</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0 - 7.5</td>
<td></td>
</tr>
<tr>
<td>4.0 - 6.0</td>
<td>Between 1,500 to 2,000 FTES, recent fall semester</td>
</tr>
<tr>
<td>3.0 - 4.0</td>
<td>Between 1,000 to 1,499 FTES, recent fall semester</td>
</tr>
<tr>
<td>2.0 - 3.0</td>
<td>Between 700 to 999 FTES, recent fall semester</td>
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<tr>
<td>1.0</td>
<td>Between 500 to 699 FTES, recent fall semester</td>
</tr>
<tr>
<td>0.0</td>
<td>Less than 500 FTES, recent fall semester</td>
</tr>
</tbody>
</table>

Measure 12—Closing the Gaps—Success

6 Points Maximum—For GAI and HRI
10 Points Maximum—For MITC, New Construction and Repair and Renovation projects.

- Success—By 2015, award 210,000 undergraduate degrees, certificates and other identifiable student successes from high-quality programs.
- GAI & HRI—Maximum of 6 points
- MITC—Maximum of 10 points

Measure 1311 Closing the Gaps Indices—Success 1 (5 Points Maximum, GAI and HRI only)

2 Points Maximum—For GAI and HRI
0 Points for MITC (Degrees awarded are reported under the parent institution)

- Success (Six-year graduation rate of first-time, full-time students in the most recent year and improvement in this over the past five years) — Maximum of 2 points

Universities: Graduation rate (points given for high first time, full time undergraduate students’ six-year graduation rate from same or another institution. This also applies to former upper-level institutions that are now four-year schools)

Upper level: Percentage of undergraduate enrollments who are transfer students from Texas two-year colleges with a minimum of 30 semester credit hours in the six years prior to transferring and graduated from the same or another within four years (points given for high graduation rates):
State Colleges: Total graduation and persistence rate (points given for high first time, full-time undergraduate students’ 6-year graduation rate from same or another institution or persisting):

- **25.0 Points** for 75 percent or greater graduation rate
- **13.5 Points** for 50 percent to less than 75 percent
- **10.25 Points** for 40 percent to less than 50 percent
- **7.5 Points** for 30 percent to less than 40 percent
- **0.5 Points** for Less than 30 percent

HRI: Number of degrees awarded (points given for large increase in the total number of degrees):

- **25.0 Points** for 200 or more additional degrees awarded
- **13.5 Points** for 100 to less than 200
- **10.25 Points** for 50 to less than 100
- **7.5 Points** for 20 to less than 50
- **0.5 Points** for Less than 20

**Measure 1412 Closing the Gaps Indices-Success 2 (5 Points Maximum, GAI and HRI only)**

- **3 Points Maximum** for GAI and HRI
- **0 Points** for MITCs

  Degrees awarded are reported under the parent institution

- **Success** (Six-year graduation rate of first-time, full-time students in the most recent year and improvement in this over the past five years) — Maximum of 3 points

Universities: Graduation rate improvement (points given for high rate of improvement in percentage of first time, full-time undergraduate students graduating within six years):

Upper level: Graduation rate improvement (points given for high rate of improvement in percentage of two-year college students who completed at least 30 semester credit hours before transferring to a university and graduated from the same or another within four years):

State Colleges: Graduation and persistence rate improvement (points given for high rate of improvement in percentage of first time, full-time undergraduate students graduating within six years or persisting):

- **35.0 Points** for 10 or more point change
- **23.5 Points** for six to less than 10 point change
- **20.5 Points** for four to less than 6 point change
- **10 Points** for two to less than four point change
- **0.0 Points** for Less than two points change
HRI: Rate of change in the number of academic degrees awarded (points given for large increase in academic degrees awarded):

- **35.0 Points** for 200 percent growth in academic degrees awarded
- **25.54.0 Points** for 150 percent to less than 200 percent
- **23.0 Points** for 100 percent to less than 150 percent
- **15.2 Points** for 50 percent to less than 100 percent
- **1.0 Points** for 30 percent to less than 50 percent
- **0.5 Points** for 10 percent to less than 30 percent
- **0.0 Points** for Less than 10 percent growth

**Measure 15 – Closing the Gaps – Excellence**

7 Points Maximum – for GAI and HRI

4 Points Maximum – for MITC, New Construction and Repair and Renovation projects.

- Excellence—By 2015, substantially increase the number of nationally recognized programs or services at colleges and universities.
- GAI & HRI—Maximum of 7 points
- MITC—Maximum of 4 points

**Measure 16 – Closing the Gaps – Research**

6 Points Maximum – for GAI and HRI

0 Points for MITC (Research expenditures are reported under the parent institution)

Research—By 2015, increase the level of federal science and engineering research and development obligations to Texas institutions to 6.5 percent of obligations to higher education institutions across the nation.

- GAI & HRI—Maximum of 6 points
- MITC—No points

**Measure 17-- Closing the Gaps Indices—Research (5 Points Maximum, GAI and HRI only)**

5 Points Maximum – for GAI and HRI

0 Points for MITC (Research expenditures are reported under the parent institution)

- Research (Percentage-Actual change in total research expenditures from all sources generated by an institution over the past five years) — Maximum of 5 points

Universities:

- **5.0 Points** for $10 million or over
- **4.0 Points** for $3 million to less than $10 million
- **3.0 Points** for $1 million to less than $3 million
2.0 Points for $500,000 to less than $1 million
1.0 Points for $1 to $500,000
0.0 Points for $0 or less

HRI's:

5.0 Points for $100 million or over
4.0 Points for $40 million to less than $100 million
3.0 Points for $10 million to less than $40 million
2.0 Points for $3 million to less than $10 million
1.0 Points for $1 million to less than $3 million
0.0 Points for less than $1 million

Measure 14 Closing the Gaps Indices-Research 1 (5 Points Maximum, GAI and HRI only)

- Research (Percentage change in total research expenditures from all sources generated by an institution over the past five years) – Maximum of 5 points

  5.0 Points for growth over 25%
  4.0 Points for 21% but less than 25%
  3.0 Points for 16% but less than 21%
  2.0 Points for 11% but less than 16%
  1.0 Points for greater than 0% but less than 11%
  0.0 Points for 0% or less

Total possible points:

- GAI – 100 points for all project types.
- HRI – 100 points for all project types.
- MITC – 70 points for all project types. Aggregate MITC score is multiplied by 1.429 to provide equity between institutional project types for a total score of 100 points.
OVERVIEW: TUITION REVENUE BONDS

**BACKGROUND**

Universities, health-related institutions, Texas State Technical Colleges and Lamar State Colleges may issue tuition revenue bonds (TRBs) for capital projects after following a thorough review and authorization process. Institutions pledge certain revenues, which may include income from tuition charged to students, to service the debt. However, the Texas Legislature has historically appropriated general revenue to cover the annual cost of debt service.

Texas Education Code, Section 61.0572(e) defines the responsibility of the Coordinating Board regarding TRBs and limits its authority to evaluation and review of the projects in comparison with Coordinating Board standards. Authorization to issue a TRB must be obtained from the Texas Legislature through specific legislation, and Boards of Regents hold ultimate responsibility for project approvals.

TRBs may be used only as specified in the statute. Generally the bonds are used to provide funds to acquire, purchase, construct, improve, renovate, enlarge or equip property, buildings, structures, facilities, roads or related infrastructure on or for an eligible institution of higher education.

**PROCESS FOR EVALUATION**

Prior to a legislative session, the legislature will often direct the Coordinating Board to evaluate TRB requests submitted by institutions in their Legislative Appropriations Requests (LARs). The Coordinating Board solicits information and data from each institution about their TRB request and produces an analysis that examines factors such as efficiency, space need and the contribution to state goals for higher education. The legislature is in no way bound by the analysis, and has complete discretion to authorize the issuance of any or all TRBs through legislation.

Upon authorization from the legislature, institutions request project and financing approval from their respective board of regents and submit information about the project to the Coordinating Board for evaluation relative to existing state standards for facilities. If the project fails to meet state standards, the Coordinating Board reports the information to the institution, appropriate university system board, as well as the Governor and the legislature. Ultimately, state law authorizes the boards of regents of each
university system to approve or disapprove TRB projects based on information submitted by the institution and the analysis of the Coordinating Board.

Following board of regent approval, the institution or system then completes an application for the bond review board for the issuance of bonds to finance the project. The bond review board verifies the institution has approval for the issuance of the bonds, analyzes the project request to determine that the funds are available to service the debt, and confirms the financing system is appropriate. The attorney general then reviews and approves the issuance of the bonds and the institution or system sells the bonds and services the debt. Upon completion of the project funded by the TRB, the institution or system includes the facility (if appropriate) in its facilities inventory.

**LEGISLATIVE HISTORY OF TUITION REVENUE BONDS**

- The Texas Legislature first authorized $267.5 million in TRBs for particular campuses in 1971 and 1973. By 1974, $242.5 million in TRBs had been issued.
- In 1991, as part of the South Texas Border initiative, the 72nd-74th Texas Legislatures granted $421.4 million in new bonding authority.
- In 1997, the 75th Texas Legislature authorized new bonding authority to 41 institutions, totaling $638.4 million.
- In 2001, the 77th Texas Legislature authorized $1.08 billion to 49 institutions.
- In 2003, the 78th Texas Legislature, regular session, authorized $220.4 million to eight institutions, and the third called session authorized $48.5 million for two institutions.
- In 2005, during the 79th Texas Legislature, regular session, higher education institutions initially requested $3.1 billion in tuition revenue bond authority for 119 projects, requiring an annual debt service of $286.7 million. The legislature did not act on these requests during the regular session.
- In 2006, during the 79th Texas Legislature, third called session, the legislature requested that the Coordinating Board develop new criteria by which TRB projects could be evaluated for funding decisions. A total of 155 proposals valued at $4.5 billion were resubmitted for review and evaluation by the Coordinating Board using the new criteria. The legislature finally approved 63 projects totaling $1.86 billion, but did not provide funding for the projects at that time.
- In 2007, the 80th Texas Legislature appropriated funding for the TRB projects approved during the previous legislative session.
- In 2007, the 80th Texas Legislature authorized $13 million for Stephen F. Austin State University’s nursing building.
- In 2009, the 81st Texas Legislature authorized $155 million for two institutions – Texas A&M-Galveston, erosion control ($5 million) and The University of Texas Medical Branch at Galveston, Hurricane Ike repairs ($150 million).
- In 2011 and 2013, institutions of higher education submitted TRB project requests for consideration by the legislature. Legislation was filed but was not approved.

**FINANCING WITH TRBS**

- Fixed rate interest payments, also known as coupon payments, are distributed over the term of the note.
- Tuition, rentals, rates and other charges of an institution of higher education may be pledged to the bond payments.
- Historically, the state has paid the annual debt service of TRBs with general revenue appropriations.

For more information:
Office of External Relations
512-427-6111
er@thecb.state.tx.us
Tier 2: Programmatic Changes
The applicability of courses to a student’s major is the most important transfer issue facing students today. Everyone wants more graduates, but the pipeline from high school to college graduation must be straightforward and transparent.

There are two primary pathways that need to be addressed: Career and Technical Education (CTE) and academic. The CTE pathway leads to Level I and II certificates and Associate of Applied Science degrees. The academic pathway leads to Associate of Arts, Associate of Science, and Bachelor’s degrees. The CTE pathway focuses on high school to college and the academic pathway focuses on two year to four year institutions. However, Texas students often engage in what is commonly referred to as the “swirl effect”—transferring regularly between and among two- and four-year colleges and universities. Students may also attend more than one institution at the same time, or attend one institution during the regular academic year and enroll in another during summer or interim semesters. While building direct pathways between high school and college and two to four year institutions does not directly address the phenomenon of “swirling”, clear pathways will ameliorate the loss of credit that often occurs when moving from one institution to another.

Career and Technical Education

Business and industry leaders around the country are sounding the alarm that there are not enough skilled workers to meet the demands of the growing economy. The Center on Education and Workforce estimates that by 2020, 65 percent of all U.S. jobs will require postsecondary education and/or skills. Job growth for associate’s degrees is projected to increase by 19 percent between now and 2018. Employers struggle to fill many high-wage, high-skill jobs in areas such as advanced manufacturing, computer technology, and the health sciences, often referred to as middle-skill employment opportunities. Many of these positions require more than a high school diploma but less than a bachelor’s degree. The shortage of middle-skill workers is expected to grow in the coming year as more baby boomers retire.

In Texas, less than 15 percent of full-time community college students complete a credential in three years. Fewer than 8 in 100 part-time community college students complete college in the same timeframe.

For several years, the Texas Education Agency (TEA) has used Perkins funding to support the Achieve Texas College and Career Initiative. The project is designed to help students achieve excellence by preparing them for secondary and postsecondary opportunities, career preparation and advancement,
meaningful work, and active citizenship. It is based on the belief that the curricula of the 21st century should combine rigorous academics with relevant career education. The system also facilitates a seamless transition from secondary to postsecondary opportunities.

This initiative used the National Career Clusters™ Framework, which is based upon sixteen federally defined career clusters (http://www.careertech.org), as the foundation for restructuring how schools arrange their instructional programs. The sixteen career clusters provide an organizing tool for schools, small learning communities, academies, and magnet schools. Programs of Study (POS) have been developed for each of the career clusters.

The THECB has used Perkins leadership funds to begin the development of the higher education side of the model. Collectively, these two projects have developed the framework for CTE alignment.

**Academic**

Time to degree is an issue of concern. Completion rates are usually measured in terms of three and six years for programs designed to complete in two and four years, respectively. Increasingly, completion rates are described in five and ten year intervals. One consistent challenge to on-time completion is attributable to the loss of credit hours when making the transition from one institution to another. All courses transfer, but not all apply to a student’s major. Three particular initiatives, two of which are in statute, address the applicability of courses to degrees/majors – Core Curriculum, Fields of Study (FOS), and Voluntary Transfer Compacts. The Core Curriculum has been revised to reduce the number of required hours and align learning outcomes for coursework. The Voluntary Transfer Compacts are lists of lower division courses in certain fields that select four year institutions have agreed to apply to certain degrees when taken at a two year institution. However, they are voluntary and not technically a FOS. FOS are already in statute and several have been developed. However, they are either obsolete or rapidly becoming so. The result is that many institutions do not use them and increasingly have not even heard of them. As with POS, FOS meet the requirement of the “structured hypothesis” by providing a clear pathway from the coursework taken at a two year college to the coursework taken at a four year college culminating in a bachelor’s degree. FOS, like POS, need to be reviewed and revised on a periodic basis to account for changes in disciplines and advances in knowledge.

Staff propose the development of POS to align public community and technical college (CTC) CTE programs with business and industry identified standards to ensure seamless pathways between high school and college CTE programs and direct labor market entry. Further, staff recommend funding be provided to develop POS and FOS and once developed, ensure accuracy through periodic review.

**Proposed Outcomes**

- The proposed legislation will build on House Bill 5 which allows districts to partner with public or private institutions of higher education to develop programs in conjunction with local business and community leaders to provide career and technology courses to students.

- Statewide alignment of CTE programs will help students transfer from one college in the state to another without having to repeat courses or miss the opportunity to enroll in courses because the sequence of courses between institutions is misaligned. The alignment of the P-16 pipeline will attract more students to in-demand, middle-skill careers and make student advising easier.

- The POS developed, with input from business and industry, would provide clearer pathways for students, but still maintain enough flexibility to meet the needs of local communities.
- Utilizing subject matter experts to focus on horizontal and vertical alignment for POS will create a seamless pipeline between high school and college, afford greater dual credit and transfer opportunities, and facilitate multiple reentry points for students who have stopped or dropped out of school.

- The POS will provide students opportunities to earn degrees and certificates faster and to build one credential upon another.

- The process will focus on 20-25 POS per year for five years and allow for systematic review of POS every five years after initial development.

- Conduct ongoing analysis of retention and completion rates to determine the validity of the structured hypothesis.

- Conduct validity study of College and Career Readiness Standards to determine proper alignment with CTE courses.

- Develop transfer and dual credit guidelines.

- Transition existing Voluntary Transfer Compacts to FOS.

- Review and revise all existing FOS.

### APPLICABLE STATUTE(S)

Add new section to Texas Education Code, Chapter 61 pertaining to POS

Amend Texas Education Code, Section 61.823 regarding FOS

### COST ESTIMATES

Total Cost: $375,000 per year

Approximately $225,000 for three full-time equivalents

Approximately $150,000 to facilitate advisory groups for each program of study and field of study

### EFFECTIVE DATE

Effective fall 2015
### Legislative Proposal

**84th Texas Legislature, 2014**

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Relating to replacing Top 10 Percent Scholarship Program statutory language to reflect program operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action</td>
<td>Amend existing statute</td>
</tr>
<tr>
<td>Previously Recommended?</td>
<td>No</td>
</tr>
</tbody>
</table>

#### PROPOSAL

**BACKGROUND AND RECOMMENDATION**

The Top 10 Percent Scholarship Program is administered under the authority of SB 1, General Appropriations Act, Rider 32 (III-53), not in accordance with Texas Education Code, Chapter 56, Subchapter R. In order to generate consistency between existing operating practices and statute, staff propose rewriting Texas Education Code, Chapter 56, Subchapter R to reflect current program operations.

Staff also propose the Top 10 Percent Scholarship Program allocation of funds be distributed directly to institutions of higher education rather than the Coordinating Board distributing statewide. This change is expected to expedite the delivery of scholarship funds to students.

#### APPLICABLE STATUTE(S)

Texas Education Code, Sections 61.9831-61.9841

#### COST ESTIMATES

The recommended changes should have no impact on the costs of the program.

#### EFFECTIVE DATE

September 1, 2015
### Recommendation
Relating to the inclusion of Basic Academic Skills Education in the Texas Success Initiative

### Action
Amend existing statute

### Previously Recommended?
No

## PROPOSAL

### BACKGROUND AND RECOMMENDATION

In 2011, the Texas Legislature adopted HB 1244 which allowed for the use of one statewide assessment for Texas Success Initiative (TSI) purposes under Texas Education Code, 51.3062. The new assessment is the first diagnostic tool yet to measure college readiness in Texas and is aligned to the College and Career Readiness Standards (CCRS). The assessment classifies students’ knowledge and skills levels, by subject area, as one of the following:

- College Ready – Knowledge and skills necessary to succeed in entry-level higher education courses.
- Developmental Education – Secondary education (high school) knowledge and skill levels.
- Adult Basic Education (ABE) – Below secondary education knowledge and skill levels.

If students are directed into the ABE diagnostic portion of the assessment and score at specific levels (levels 3-4), those skill levels are classified as Basic Academic Skills Education (BASE). Scoring within the BASE education levels equates to fourth through eighth grade skill levels.

The THECB staff recommend including the term BASE in the TSI statute in order to broaden remediation definitions. Current definitions only include remediation of students at secondary school skill levels.

### APPLICABLE STATUTE(S)

Texas Education Code, Sections 51.3062(a-1), (i), (i-4) and (l)

### COST ESTIMATES

None

### EFFECTIVE DATE

Immediately
### Legislative Proposal
#### 84th Texas Legislature, 2014

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Relating to providing institutions flexibility in packaging Texas Educational Opportunity Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action</td>
<td>Amend Existing Statute</td>
</tr>
<tr>
<td>Previously Recommended?</td>
<td>No</td>
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</table>

#### PROPOSAL

**BACKGROUND AND RECOMMENDATION**

The Texas Educational Opportunity Grant (TEOG) program was originally called “TEXAS Grant II” and its statute was fashioned after the TEXAS Grant statute. Over time, however, improvements in the TEXAS Grant statute regarding the use of other aid to fill the gap between tuition and fees and a student’s state grant have not been replicated in the TEOG statute. The THECB staff propose changes be made to the TEOG statute in order to provide two-year institutions the same flexibility in packaging awards to students as universities have in awarding TEXAS Grants.

In addition, staff propose amending TEOG statutory language to allow an award to be combined with other gift aid as long as the grant plus gift aid received does not exceed the student’s financial need. Existing statutory language states a student’s grant and gift aid may not exceed the total cost of attendance.

#### APPLICABLE STATUTE(S)

Texas Education Code, Section 56.407

#### COST ESTIMATES

None

#### EFFECTIVE DATE

Effective with awards made for fall 2015
Recommendation | Relating to an institution's continued eligibility for the T-STEM Challenge Scholarship Program
Action | Amend existing statute
Previously Recommended? | No

PROPOSAL

BACKGROUND AND RECOMMENDATION

House Bill 2910, 82nd Legislature, Regular Session, 2011 (HB 2910), authorized the Coordinating Board to establish and administer the Texas Science, Technology, Engineering, and Mathematics (T-STEM) Challenge Scholarship program. Texas Education Code 61.9794 provides the conditions under which institutions shall be initially eligible to apply for funding under the program and the conditions that shall be met in order to maintain eligibility. In summer 2012, the Coordinating Board made initial awards to eligible institutions. In summer 2014, under the statute, each awarded institution was required to document its continued eligibility by demonstrating to the Coordinating Board that, within three months after graduation, at least 70 percent of its initial year's T-STEM Challenge Scholarship award graduates were employed in a STEM field or enrolled in upper-division courses leading to a baccalaureate degree in a STEM field.

Institutions could not meet these conditions in a comprehensive fashion for three reasons:

1. Institutions report graduation figures to the Board in October annually, more than three months after spring 2014 graduation, making it impossible to account for the full number of graduates.

2. Spring 2014 graduates who enroll in upper-division courses during the summer did not appear on universities’ enrollment reports until October, more than three months after spring 2014 graduation, making it impossible to account for the full number of upper division enrollments.

3. The Texas Workforce Commission (TWC), whose quarterly workforce reports provide the required employment data, compiles figures by industry rather than by field. Graduates may end up working in STEM fields, such as computer and information sciences, but in non-STEM industries, such as education and state agencies.

These structural limitations placed several institutions at risk for losing continued eligibility for the T-STEM program. Permitting eligible institutions to demonstrate continued eligibility beginning in the third year following initial awards to student cohorts, instead of in the second year as required by the statute, would allow for an accounting for the full range of graduates within each scholarship cohort and their employment and upper-division enrollment outcomes.

Coordinating Board staff propose revising the continued eligibility criteria in order to avoid structural limitations in the future. To maintain eligibility for continuation of the grant, beginning with the third year following the first-year implementation of a scholarship program under this subchapter, an institution must demonstrate to the board that at least 70 percent of the institution's initial cohort of T-STEM Challenge Scholarship award recipients have:

1. Graduated with an associate degree in a STEM field;
2. Become employed in the state of Texas, as shown by the latest available Texas Workforce Commission
quarterly employment data; or
3. Enrolled in upper division courses leading to a baccalaureate degree in a Science, Technology, Engineering, and Mathematics (STEM) field.

To maintain eligibility in subsequent years following the third year after the initial implementation year, an institution must demonstrate that each academic year’s new T-STEM Challenge Scholarship award recipients have attained the outcomes enumerated above, beginning with the third year following each academic year.

<table>
<thead>
<tr>
<th>APPLICABLE STATUTE(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas Education Code, Section 61.9794(b)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COST ESTIMATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EFFECTIVE DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective September 1, 2015</td>
</tr>
</tbody>
</table>
Tier 3:
Statutory Updates
and Efficiencies
Recommendation | Relating to making multiple changes to the Math and Science Scholars Loan Repayment Program to improve program administration
---|---
Action | Amend existing statute
Previously Recommended? | No

PROPOSAL

BACKGROUND AND RECOMMENDATION

The purpose of the Math and Science Scholars Loan Repayment Program (Program), as created by the 83rd Texas Legislature, Regular Session through SB 1720, is to recruit and retain certified math and science teachers who graduated with a 3.5 or higher GPA from an undergraduate or graduate program in math or science and who are math or science teachers in Texas public schools that receive Title I federal assistance. Participants are required to agree to provide at least four consecutive years of service as certified math or science teachers in a school that receives Title I federal assistance, and four additional years of service in any Texas public school, for a total of eight consecutive years.

Eligibility requirements allow students enrolled in an educator preparation program in an institution of higher education to be accepted into the Program. Further, eligible applicants are required to have been employed for at least one year as a math or science teacher. These requirements are contradictory given a student who is enrolled in an educator preparation program is unable to be employed as a teacher simultaneously. Therefore, staff recommend the requirement to be enrolled in an educator preparation program be removed for eligibility into the Program. Further, staff recommend moving statutory language regarding additional Program requirements to other more appropriate sections to aid in program administration.

APPLICABLE STATUTE(S)

Texas Education Code, Sections 61.9831-61.9841

COST ESTIMATES

The recommended changes should have no impact on the costs of the program.

EFFECTIVE DATE

September 1, 2015
**Recommendation**
Relating to transferring the authority of energy savings performance contracts to the State Energy Conservation Office

**Action**
Modify existing statute

**Previously Recommended?**
No

### BACKGROUND AND RECOMMENDATION
The 83rd Texas Legislature, Regular Session, transferred the authority for the approval of capital projects from the Coordinating Board to the governing boards of public universities and health-related institutions. However, Texas Education Code, Section 51.927 still requires the Coordinating Board to have an approval process for energy savings performance contracts at these institutions. Staff recommend transferring this responsibility and oversight to the State Energy Conservation Office (SECO), which oversees this process for all other state agencies. The Coordinating Board would continue to provide input to the Governor and legislature similar to the reporting requirement for capital projects and the performance monitoring of energy savings performance contracts in accordance with existing statute.

### APPLICABLE STATUTE(S)
Texas Education Code, Section 51.927

### COST ESTIMATES
The recommended changes should have no impact on the costs of the program

### EFFECTIVE DATE
Immediately upon passage of legislation
<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Relating to collecting fees for Certificates of Authorization and recognition of accreditors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action</td>
<td>Amend existing statute</td>
</tr>
<tr>
<td>Previously Recommended?</td>
<td>Yes, 83rd Texas Legislature, Regular Session</td>
</tr>
</tbody>
</table>

**PROPOSAL**

**BACKGROUND AND RECOMMENDATION**

In 2008, the Board made significant revisions to THECB Chapter 7 rules relating to the regulation of degrees offered by private, for-profit career schools and colleges. Specifically, the Board expanded the list of recognized national accreditors, and as a result, also expanded the number of institutions eligible to operate in Texas under a Certificate of Authorization. Prior to these rule revisions, staff collected funds regularly from institutions operating under Certificates of Authority (required by institutions not accredited by a THECB recognized accreditor in order to operate in Texas). With the expanded list of recognized national accreditors, the vast majority of institutions now operate under a Certificate of Authorization. The THECB, however, is not statutorily authorized to collect fees from institutions operating under a Certificate of Authorization; authorization only exists for collecting fees from institutions operating under a Certificate of Authority.

To date, two institutions are operating under a Certificate of Authority and the THECB may collect fees from them once every two years. In comparison, 426 institutions (in-state locations or out-of-state institutions, but conducting clinicals or internships in Texas) are currently under a Certificate of Authorization, but the agency cannot collect fees from these institutions. The THECB is also not authorized to collect fees from accrediting agencies seeking recognition. The THECB has had to absorb the cost of processing the increased number of institutions operating under Certificates of Authorization. This has resulted in a very challenging workload and reduced resources to attend to other division responsibilities.

Staff recommend seeking authorization to collect fees for processing Certificates of Authorization and accrediting agencies seeking the Board’s recognition. The institutions that would be affected by this have supported a fee structure in the past.

**APPLICABLE STATUTE(S)**

Texas Education Code, Sections 61.301-320 and 61.401-405

**COST ESTIMATES**

There would be no cost to the state. This would have a positive revenue fiscal note.

**EFFECTIVE DATE**

September 1, 2015
Legislative Proposal
84th Texas Legislature, 2014

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Relating to authorizing the Coordinating Board to serve as the portal for the State Authorization Reciprocity Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action</td>
<td>Add new statute</td>
</tr>
<tr>
<td>Previously Recommended?</td>
<td>No</td>
</tr>
</tbody>
</table>

PROPOSAL

BACKGROUND AND RECOMMENDATION

Texas higher education institutions have to seek authority from other states in order to offer courses and programs in other states. The same is true of institutions in other states that wish to offer courses and programs in Texas. This is often a costly and time consuming process for institutions. The State Authorization Reciprocity Agreement (SARA) facilitates this process for institutions.

Coordinating Board staff propose authorizing the Coordinating Board to act as the portal for SARA for all institutions in Texas. This would include public and private institutions, both non-profit and proprietary. By establishing the Coordinating Board as the portal or administrator for SARA, Texas institutions would apply for membership in SARA through the Coordinating Board. Accepted Texas institutions would be accepted by all states participating in SARA.

To date, seven states participate in SARA such as: Alaska, Washington, Idaho, Nevada, Colorado, North Dakota, and Indiana. The definition of physical presence may also need to be altered to accommodate the SARA definition.

APPLICABLE STATUTE(S)


COST ESTIMATES

None

EFFECTIVE DATE

September 1, 2015