THECB LEGISLATIVE APPROPRIATIONS REQUEST

2014-2015

Preserving the State's Highest Priorities

OCTOBER 2012

LAR HIGHLIGHTS

$1.147B in All Funds
$1.05B in GR and GR-Dedicated
(Represents Level Funding Compared to 12-13)
$105M (in Two 5% Reduction Schedules)

Key Changes to Base Budget:

- ✓ $21.2M increase for TEXAS Grants
- ✓ $41.2M increase for TEOG
- ✓ $31.4M decrease for BOT
- ✓ $31.1M decrease for Top 10%
- ✓ $4M increase for Family Practice Residency
- ✓ $3M decrease for JAMP
- ✓ $1M decrease for Alzheimer's Research
- ✓ $1.5M decrease for Centers for Teacher Ed
- ✓ $1.5M increase for College Readiness

$160M in Exceptional Items:

- ✓ $106.5M for TEXAS Grants
- ✓ $544K for Data Center Services
- ✓ $9M for Teach for Texas
- ✓ $11.5M for GME Expansion
- ✓ $3.5M for T-STEM Challenge Scholarships
- ✓ $10M for Family Practice Residency
- ✓ $8M for NH Advanced Research Program
- ✓ $500K for Engineering Recruitment
- ✓ $4.5M for Emergency & Trauma Care
- ✓ $4.7M for Physician Education
- ✓ $570K for Compliance and Monitoring
- ✓ $1.15M for IT Resources

PRESERVING MOMENTUM

In developing its Legislative Appropriations Request (LAR), the Texas Higher Education Coordinating Board's (THECB) highest priority was to preserve or strengthen the programs that contribute most directly and effectively to achieving the goals of the state's higher education plan, Closing the Gaps by 2015. While the state has made significant progress in achieving these goals, maintaining the momentum will require continued investment in key programs supporting students and institutions. Texas has made significant progress in the four goals of *Closing the Gaps by 2015*: student participation, student success, institutional excellence, and research. Today, 542,000 more students are enrolled at our colleges and universities compared to 2000 levels. In 2012 alone, Texas awarded 196,000 postsecondary credentials. However, important challenges persist.

Hispanics and African Americans are not enrolling and graduating at sufficient levels. The state is not producing enough graduates in STEM fields or with teacher certifications to support a 21st century economy and strengthen public education. Most strikingly, 60% of current students in the P-12 pipeline are considered economically disadvantaged—a growing barrier to higher education access. The THECB's LAR seeks to address these challenges through the effective use of new and existing resources. In particular, the THECB prioritized student financial aid programs that serve the neediest students, such as the TEXAS Grant and the Texas Educational Opportunity Grant (TEOG) programs. Additionally, the THECB's budget proposal seeks to strengthen Graduate Medical Education, given the severe shortage of physicians in Texas.

KEY PROPOSED CHANGES TO BASE BUDGET

The THECB proposed changes within the base budget in order to target resources toward the most critical programs. The B-on-Time Loan Program (because of structural problems), and Top 10% Scholarships (because this program does not serve the neediest students) are each reduced by approximately $31M in order to increase funding for TEXAS Grants (from $559M to $580M) and the TEOG (from $24M to$65M).

The THECB is recommending legislative changes to the TEXAS Grant program to reach almost all eligible entering freshman, all renewal students, and transfer students. With the THECB's proposed changes to the TEXAS Grant program, $580M can serve 133,500 students, including 95% of eligible

"The TEXAS Grant program is the state's largest financial aid program that serves the neediest students and is the THECB's number one priority."

entering students. Without these changes, only 72,300 students, including just 18% of eligible entering students, can be served. Because these changes would also make the TEXAS Grant program a university-only program, the THECB proposes transferring the amount of TEXAS Grants that would have been allocated to community colleges (approximately $36M) to the TEOG program.

The THECB is also recommending a reduction of $3M to the Joint Admissions Medical Program (JAMP) and $1M for the Alzheimer's Disease Research Center in order to increase funding to the Family Practice Residency Program by $4M. While JAMP is an effective program, it is a high cost program that has received more than a 100% increase in funding since 2005. The THECB believes it is imperative that funding for residency programs be sustained and grown as the size of medical school classes increases. Without sufficient residencies, these students will leave the state, exacerbating an already severe shortage of physicians.

OTHER IMPORTANT STRATEGIES

The THECB has been engaged in several pilot projects to reinvent developmental and adult basic education. The results of these projects are becoming available and the state will have a set of best practices that can be replicated statewide. The $4M each in base funding for developmental and adult basic education is critical for institutions to implement these best practices.

The THECB recommends a 50% reduction to the Centers for Teacher Education, which impacts five private Historically Black Colleges and Universities. These Centers have not met key performance measures and the THECB believes these funds can be more effectively used under the College Readiness strategy. These funds would be allocated to the Education Service Centers in Dallas and Houston for the purpose of providing in-service teacher professional development

CONCLUSION

Now is a critical time for Texas to ensure that higher education is affordable and accessible, and that efforts remain in place for increasing student success and completion. As the state approaches its target year of 2015 for meeting the goals of *Closing the Gaps*, the THECB is focused on a wide range of legislative changes designed to meet these goals while increasing cost efficiencies and productivity in higher education. For more information about these recommendations, the THECB's LAR, including exceptional items and potential budget reduction schedules, visit our website:

Legislative Appropriations Request for 2014-2015:
http://www.thecb.state.tx.us/83rdAppropriations
Legislative Recommendations (83rd Legislature):
http:/www.thecb.state.tx.us/83rdLegislativeRecommendations

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NOTES ABOUT LAR

Changes within the base budget for the THECB's program administrative strategies (approximately $1.1M) are primarily due to the restructuring of the agency's bill pattern, in accordance with the Sunset Commission's recommendation. A portion of these funds ($75K) is redirected to the agency's Central Administration strategy in order to support the Compliance and Monitoring function also recommended by the Sunset Commission.

Formula funding for Baylor College of Medicine (BCOM) was removed from the THECB's LAR by LBB staff in order for BCOM to be treated similarly to the public health-related institutions whose formula funding appropriations do not flow through the LAR process.