

# AGENCY STRATEGIC PLAN For the Fiscal Years 2005-09 Period

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# **AGENCY STRATEGIC PLAN**

**For the Fiscal Years 2005-09 Period**

**By**

**The Texas Higher Education Coordinating Board**

Submitted June 17, 2004

Texas Higher Education Coordinating Board  
P.O. Box 12788  
Austin, TX 78711  
(512) 427-6101  
<http://www.thecb.state.tx.us>

# AGENCY STRATEGIC PLAN

For the Fiscal Years 2005-09 Period

By

## The Texas Higher Education Coordinating Board

Board Member	Dates of Term	Hometown
Mr. Jerry Farrington, <i>Chairman</i>	2001-2007	Dallas
Mr. Robert W. Shepard, <i>Vice Chairman</i>	1997-2009	Harlingen
Ms. Cathy Obriotti Green, <i>Secretary of the Board</i>	1999-2005	San Antonio
Mr. Neal W. Adams	2001-2007	Bedford
Dr. Ricardo G. Cigarroa MD	1999-2005	Laredo
Mr. Gerry Griffin	1999-2005	Hunt
Mr. Carey Hobbs	1999-2005	Waco
Ms. Lorraine Perryman	2001-2007	Odessa
Mr. Curtis E. Ransom	2001-2007	Dallas
Dr. Hector de J. Ruiz PhD	1999-2005	Austin
Mr. Terdema L. Ussery II	1999-2005	Dallas

Submitted June 17, 2004

Original Signed By: \_\_\_\_\_  
Teri E. Flack, Interim Commissioner of Higher Education

Original Signed and Approved By: \_\_\_\_\_  
Jerry Farrington, Chairman

## STATEWIDE STATEMENTS OF PURPOSE

Required elements and presentation format instructions for the Texas Higher Education Coordinating Board's Strategic Plan are provided in *Planning for Progress: The Statewide Strategic Planning Elements for Texas State Government* from the Legislative Budget Board and the Governor's Office of Budget, Planning and Policy each biennium. Required state agency strategic plans cover a five-year period that begins approximately two months after submission. The internal process used at the Coordinating Board for developing its Strategic Plan is provided in Appendix A.

The Texas Higher Education Coordinating Board also engages in planning outside of this strategic planning process, such as through the development, adoption, and implementation of *Closing the Gaps by 2015*, the state's higher education plan, and other efforts.

This section of the Coordinating Board's Strategic Plan begins with the vision, mission and philosophy<sup>1</sup> of statewide government as provided by the Governor's Office. This section concludes with a table providing linkages to *Closing the Gaps* goals and strategies, state benchmarks for higher education, and agency strategies.

### Vision of Texas State Government

Priority goals for Texans:

- Assuring open access to an educational system that not only guarantees the basic core knowledge necessary for citizenship, but also emphasizes excellence and accountability in all academic and intellectual undertakings;
- Creating and retaining job opportunities and building a stronger economy that will lead to more prosperity for our people, and a stable source of funding for core priorities;
- Protecting and preserving the health, safety and well-being of our citizens by ensuring healthcare is accessible and affordable, and our neighborhoods and communities are safe from those who intend us harm; and
- Providing disciplined, principled government that invests public funds wisely and efficiently.

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<sup>1</sup> The vision, mission and philosophy of Texas state government are provided in *Planning for Progress: The Statewide Strategic Planning Elements for Texas State Government*.

## **Mission of Texas State Government**

Texas State Government must be limited, efficient, and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities, and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just, and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.

## **Philosophy of Texas State Government**

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise we will promote the following core principles.

- First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics, or individual recognition.
- Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.
- Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local government closest to their communities.
- Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. And just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.
- Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.
- State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse, and providing efficient and honest government.

Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

## Statewide Priority Goal for Higher Education

The priority goal for higher education is to provide an affordable, accessible, and high quality system of higher education that prepares individuals for a changing economy and workforce that furthers the development and application of knowledge through instruction, research, and public service.

## State-level Benchmarks for Higher Education

State-level priorities have been defined in *Planning for Progress: The Statewide Strategic Planning Elements for Texas State Government*. Operational definitions of measures associated with the state-level priorities are provided in Appendix D. Sources of data that are used (or derived) to serve as output measures are described with agency goals and objectives in a separate section of this document. Projected outcomes for 2005-2009 are provided in Appendix C. The state-level benchmarks for higher education include:

- Percent of recent high school graduates enrolled in a Texas public college or university
- Percent of first-time, full-time freshmen returning after one academic year
- Percent of first-time, full-time freshmen who graduate within four years
- Percent of first-time, full-time freshmen who graduate within six years
- Percent of two-year college students who transfer to four-year institutions
- Percent of two-year transfer students who graduate from four-year institutions
- Percent of population age 24 and older with vocational/technical certificates as highest level of educational attainment
- Percent of population age 24 and older with two-year college degree as highest level of educational attainment
- Percent of population age 24 and older with four-year college degree as highest level of educational attainment
- Number of students majoring in math, science, engineering, and computer science programs at public universities
- Percent of M.D. graduates remaining in Texas for residency
- Percent of nursing graduates remaining in Texas
- Percent increase in nursing enrollment over previous biennium
- Texas public colleges and universities cost per student as a percentage of the national average
- Percent increase in average tuition over past biennium
- Number of students receiving grants from the TEXAS grants programs
- Percent of four-year public college students receiving financial aid
- Percent of students attending private universities receiving financial aid
- Percent of total federal research and development expenditures received by Texas institutions of higher education
- Percent increase in research and development expenditures in biotechnology over previous biennium
- Number of patents obtained in biotechnology.

These benchmark elements evolve over time to reflect public policy emphases. Accordingly, these priorities may require information for which no previous vehicles have existed for collection of supporting data. In such cases, the best available proxies must be found until directly applicable data can be generated.

The following table aligns the state-level benchmarks identified above with agency strategies and the goals of *Closing the Gaps by 2015*, the state's higher education plan (Appendix J). These agency strategies are provided in context with agency objectives and performance measures in the Impact section of this document (immediately prior to the first appendix).

**Agency Strategies Linked to State Benchmarks  
and Closing the Gaps Goals  
PARTICIPATION**

Texas Higher Education Coordinating Board Higher Education Plan <i>Closing the Gaps by 2015</i>	State Benchmarks Linked to <i>Closing the Gaps</i>	Agency Strategies Linked to State Benchmarks
<b>PARTICIPATION</b> Goal: By 2015, close the gaps in participation rates across Texas to add 500,000 more students.	Percent of recent high school graduates enrolled in a Texas public college or university	<p>Close the gaps in participation by conducting a public awareness and outreach campaign.</p> <p>Close the gaps in participation and success by:</p> <ul style="list-style-type: none"> <li>• developing and promoting student participation and success;</li> <li>• administering federal Teacher Quality Grants;</li> <li>• administering the federal First Generation Initiative;</li> <li>• administering grants, scholarships and work-study programs;</li> <li>• administering loan programs and loan forgiveness and loan repayment programs;</li> <li>• administering programs which provide financial assistance: Toward EXcellence, Access, &amp; Success (TEXAS) Grants, Tuition Equalization Grants (TEG), Texas College Work-Study, Public Student Incentive Grants, Texas Success Initiative Assessment Fee Waivers, License Plate Scholarships, Doctoral Incentive Program, State Military Tuition Assistance, Fifth-Year Accounting Students Scholarships, Early High School Graduation Scholarships, Temporary Assistance to Needy Families (TANF) Scholarships, Certified Educational Aides Grants, Teach for Texas Loan Repayments, Border Faculty Loan Repayments, TEXAS Grant II, Texas B-on-Time Loans, Baylor College of Medicine, Family Practice Residency Program, Preceptorship Program, Primary Care Residency Program, Graduate Medical Education Program, Joint Admission Medical Program, Physician's Education Loan Repayments, Professional Nursing Aid, Vocational Nursing Aid; and</li> <li>• providing federal funds to institutions and students: Student Financial Assistance, Technical-Vocational Education, Teacher Quality Grants, and Other Federal Grants.</li> </ul> <p>Provide planning, information services, and a performance and accountability system.</p> <p>Review and recommend changes to funding formulas and approve state-funded new construction, renovations and property acquisitions at public institutions of higher education.</p> <p>Provide higher education information to governmental entities and the public.</p>
Participation Strategies: Recommended High School Program, well-qualified educators, citizens understand benefits of higher education, affordability policies	<p>Number of students receiving grants from the TEXAS grants programs</p> <p>Percent of four-year public college students receiving financial aid</p> <p>Percent of students attending private universities receiving financial aid</p> <p>Percent increase in average tuition over past biennium</p> <p>Percent of M.D. graduates remaining in Texas for residency</p> <p>Percent increase in nursing enrollment over previous biennium</p> <p>Texas public colleges and universities cost per student as a percentage of the national average</p>	

**Agency Strategies Linked to State Benchmarks  
and *Closing the Gaps* Goals  
SUCCESS**

Texas Higher Education Coordinating Board Higher Education Plan <i>Closing the Gaps by 2015</i>	State Benchmarks Linked to <i>Closing the Gaps</i>	Agency Strategies Linked to State Benchmarks
<p><b>SUCCESS</b> Goal: By 2015, increase by 50 percent the number of degrees, certificates and other identifiable student successes from high quality programs.</p>	<p>Percent of first-time, full-time freshmen who graduate within four years.</p> <p>Percent of first-time, full-time freshmen who graduate within six years</p> <p>Percent of two-year college students who transfer to four-year institutions</p> <p>Percent of two-year transfer students who graduate from four-year institutions</p> <p>Percent of population age 24 and older with vocational/ technical certificates as highest level of educational attainment</p> <p>Percent of population age 24 and older with two-year college degree as highest level of educational attainment</p> <p>Percent of population age 24 and older with four-year college degree as highest level of educational attainment</p>	<p><i>(As indicated above, many of the strategies that promote closing the gaps in participation also promote closing the gaps in success.)</i></p>
<p>Success Strategies: Uniform recruitment and retention strategy, reward increases in retention and graduation, increase graduates in critical fields, seamless student transitions, community, and business partnerships</p>	<p>Percent of first-time, full-time freshmen returning after one academic year</p> <p>Number of students majoring in math, science, engineering, and computer science programs at public universities</p> <p>Percent of nursing graduates remaining in Texas</p>	<p>Centers for Teacher Education</p> <p>Technology Workforce Development</p>

**Agency Strategies Linked to State Benchmarks  
and Closing the Gaps Goals  
EXCELLENCE**

Texas Higher Education Coordinating Board Higher Education Plan <i>Closing the Gaps by 2015</i>	State Benchmarks Linked to <i>Closing the Gaps</i>	Agency Strategies Linked to State Benchmarks
<b>EXCELLENCE</b> Goal: By 2015, substantially increase the number of nationally recognized programs or services at colleges and universities in Texas.		Close the gaps in excellence by coordinating and evaluating: <ul style="list-style-type: none"> <li>• university programs and health-related programs;</li> </ul>
Excellence Strategies: Establish ladders of excellence, programs nationally recognized, identify peer institutions, fund competitive grants		<ul style="list-style-type: none"> <li>• public two-year college programs;</li> <li>• federal technical education programs; and</li> <li>• career schools and college programs.</li> </ul>

**Agency Strategies Linked to State Benchmarks  
and Closing the Gaps Goals  
RESEARCH**

Texas Higher Education Coordinating Board Higher Education Plan <i>Closing the Gaps by 2015</i>	State Benchmarks Linked to <i>Closing the Gaps</i>	Agency Strategies Linked to State Benchmarks
<b>RESEARCH</b> Goal: By 2015, increase the level of federal science and engineering research funding by 50 percent to \$1.3 billion.	Percent of total federal research and development expenditures received by Texas institutions of higher education  Number of patents obtained in biotechnology  Percent increase in research and development expenditures in biotechnology over previous biennium	Close the gaps in research by administering and evaluating research programs.
Research Strategies: Universities to retain all overhead income from grants, establish the Texas Science and Engineering Collaborative, increase funding for ARP/ATP, establish a competitive grant program		Provide programs to promote research at Texas institutions: <ul style="list-style-type: none"> <li>• Advanced Research Program</li> <li>• Advanced Technology Program</li> </ul>

**Agency Strategies Linked to State Benchmarks  
and *Closing the Gaps* Goals  
PERFORMANCE SYSTEM**

Texas Higher Education Coordinating Board Higher Education Plan <i>Closing the Gaps by 2015</i>	State Benchmarks Linked to <i>Closing the Gaps</i>	Agency Strategies Linked to State Benchmarks
<b>PROGRESS TOWARD THE GOALS:</b> Develop benchmarks and measures to assess progress toward goals of the plan by each institution and by higher education as a whole.		Close the higher education gaps by providing planning and information services

**Additional Coordinating Board Budgeting Strategies  
(no direct link to *Closing the Gaps* or State Benchmarks)**

Provide trusted funds to institutions and students through special programs designed to improve health care related to higher education: Chiropractic Colleges, Dentist's Education Loan.
Provide trusted funds to institutions through special programs designed to improve the quality and delivery of instruction and also increase the participation and success of Texans: STARLINK, Two-Year Institution Enrollment Growth, General Academic Enrollment Growth, African American Museum Internship.
Special Programs Related to Tobacco Settlement Receipts: Earnings-Minority Health, Earnings-Nursing/Allied Health, Earnings-HECB for Baylor College of Medicine.
Indirect Administration: Central Administration, Information Resources, Other Support Services.

## **AGENCY STATEMENTS OF PURPOSE**

The *Agency Strategic Plan Instructions* (2004, page 5) define an agency's mission as "the reason for an agency's existence" and the agency's philosophy as "the expression of core values and principles for the conduct of the agency in carrying out its mission." This section provides the current mission and philosophy of the Coordinating Board.<sup>2</sup>

### **Mission of the Coordinating Board**

The Texas Higher Education Coordinating Board's mission is to work with the Legislature, Governor, governing boards, higher education institutions and other entities to provide the people of Texas the widest access to higher education of the highest quality in the most efficient manner.

### **Philosophy of the Coordinating Board**

The Texas Higher Education Coordinating Board will promote access to quality higher education across the state with the conviction that access without quality is mediocrity and that quality without access is unacceptable. The Board will be open, ethical, responsive, and committed to public service. The Board will approach its work with a sense of purpose and responsibility to the people of Texas and is committed to the best use of public monies. The Coordinating Board will engage in actions that add value to Texas and to higher education. The agency will avoid efforts that do not add value or that are duplicated by other entities.

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<sup>2</sup> As published in the Agency Strategic Plan for the Fiscal Years 2003-2007 by Texas Higher Education Coordinating Board, June 2003.

## Agency Statements of Direction

### Scope and Function: An Overview

The Texas Higher Education Coordinating Board was created by the Texas Legislature in 1965 to ensure quality and efficiency as public higher education expands to meet the needs of a growing and changing population and work force.

The Board is comprised of 15 members (to be gradually reduced, as required by Senate Bill 286 of the 78th Legislature, to nine members by the end of Fiscal Year 2007) from all geographic regions of the state who are appointed to overlapping six-year terms by the Governor and confirmed by the Texas Senate. The Board meets quarterly in Austin.

Board members appoint a Commissioner of Higher Education as the chief administrator for agency, which has approximately 301 full-time employees (including 32 federally funded positions). The agency's organizational chart is provided in Appendix B.

### Major Statutory Responsibilities

Most of the Coordinating Board's statutory authority is cited in Title 3, Chapter 61 of the Texas Education Code (TEC). TEC 61.002(a) directs the Coordinating Board to "provide leadership and coordination for the Texas higher education system, institutions, and governing boards, to the end that the State of Texas may achieve excellence for college education of its youth through the efficient and effective utilization and concentration of all available resources and the elimination of costly duplication in program offerings, faculties, and physical plants."

To meet these broad obligations to all of the people of Texas, the Board has a wide range of statutory duties, including:

- Develop and update the state's higher education plan, *Closing the Gaps by 2015*.
- Review and recommend changes in formulas for allocating legislative appropriations to higher education institutions.
- Approve institutions' requests for new academic programs to meet academic needs, ensure quality, and eliminate unnecessary duplication.
- Approve and monitor postsecondary technical/vocational educational programs and adult vocational education offerings.

- Administer Carl Perkins federal grant funds for the purpose of improving workforce education, including inter-agency initiatives with cooperative administration of Tech-Prep and School-to-Work programs.
- Collect and report higher education data, allowing studies and recommendations for improving higher education.
- Study higher education issues and report on them, making recommendations for improving higher education. Report to the Legislature on policy issues, as well as on legislatively mandated issues.
- Approve new construction, renovations, and property acquisitions funded with state money at public institutions of higher education.
- Prescribe changes in the roles and missions of public higher education institutions.
- Administer the state's student financial aid programs, including the Toward EXcellence, Access, & Success (TEXAS) Grant Program, the Texas B-On-Time Student Loan Program, and the Hinson-Hazlewood College Student Loan Program.
- Administer the Texas Success Initiative to help ensure that new college students have the reading, writing, and math skills they need to do college-level work.
- Administer the state's competitive grants to Texas college and university researchers for projects expected to enhance economic development in the state.
- Approve degree programs at career colleges and regulate unaccredited private postsecondary institutions.

These and other duties and responsibilities affect the state's public higher education community, which include students, faculty, administrators, and others at 35 universities, 50 community college districts, three state colleges, one technical college system, and nine health-related institutions.

### **Legislative Trends**

Since *Closing the Gaps by 2015* was adopted by the Coordinating Board in 2000, the Texas Legislature has passed a considerable amount of legislation to support it. Examples include laws to require all students entering a public high school in 2004 or later to be automatically enrolled in the college-preparatory Recommended High School Program, establishing and funding the *College for Texans* public awareness

and motivational campaign, and establishing major new financial aid program for students. Much of this new legislation establishes new duties and responsibilities for the Coordinating Board, continuing a long-term trend of assigning new activities to the Board and its staff with each regular legislative session.

In 2003, the 78th Legislature passed additional legislation that related to achieving *Closing the Gaps by 2015* goals:

- **Senate Bill 4: Freshman SUCCESS Pilot Program.** Requires the Coordinating Board to establish the Freshman SUCCESS Program to focus on retention of high-risk students who are first generation in college, low-income, and/or educationally under-prepared by providing proactive intervention modalities to meet the demands of college. Part of the pilot program's evaluation is to indicate the impact the program has on the goals of *Closing the Gaps*.
- **Senate Bill 4: B-On-Time Student Loan Program.** Requires the Coordinating Board to administer the Texas B-On-Time Student Loan Program. The purpose of the program is to provide zero-interest loans to students who complete the Recommended High School Program to enable them to attend a Texas public or independent institution of higher education. If students complete degrees "on time," the loans can be forgiven.
- **Senate Bill 4: Freshman SUCCESS Pilot.** Requires the Coordinating Board to develop the Freshman SUCCESS Pilot Program that will focus on retention of high-risk students.
- **Senate Bill 286: Higher Education Master Plan.** Adds directives for developing and reviewing the higher education master plan *Closing the Gaps* and on monitoring progress toward the goals within the plan.
- **Senate Bill 286: Higher Education Funding.** Requires the Coordinating Board to develop higher education funding policies that provide incentives for supporting the higher education master plan *Closing the Gaps*. It also requires the board to report findings and recommendations to the Legislature regarding the degree to which the current funding system supports implementation of the plan.
- **Senate Bill 286: Financial Aid Administration.** Directs the Coordinating Board to conduct a study and make recommendations for reducing administrative burdens and increasing participation in student financial aid programs. The board shall report its findings to the standing committee of each house of the Legislature with primary jurisdiction over higher education by November 1, 2004.

- **Senate Bill 286: P-16 Council.** Repeals the Joint Advisory Committee and replaces it with the P-16 Council, designates composition of the membership in the council, and outlines duties of the council.
- **Senate Bill 286: TASP Repeal/Success Initiative.** Repeals the Texas Academic Skills Program and enacts the “Success Initiative” regarding student assessment and developmental education.
- **Senate Bill 1652: Importance of *Closing the Gaps*.** States that it is vital to the economy that all areas of the state have access to quality higher education, that it is in the best interests of all residents that an efficient and sufficiently funded higher education infrastructure be in place, and that the Coordinating Board’s *Closing the Gaps* provides an appropriate starting point for constructing a plan for meeting those needs.
- **House Bill 3015: *Closing the Gaps* Progress.** Expresses legislative intent that each institution of higher education shall make satisfactory progress towards the goals of *Closing the Gaps* and that each institution shall meet acceptable performance criteria, including measures such as graduation rates, retention rates, enrollment growth, educational quality, minority participation, financial aid, and affordability.
- **House Bill 3015: Tuition Deregulation.** Provides that a governing board may charge any student an amount designated as tuition that the governing board considers necessary for the effective operation of the institution in addition to amounts that an institution is authorized to charge as tuition under other provisions of the Texas Education Code. It allows a governing board to set a different tuition rate for each program and course level offered by each institution of higher education and to set a different tuition rate as the board considers appropriate to increase graduation rates, encourage efficient use of facilities, or enhance employee performance.
- **House Bill 1887: Indirect Research Cost Retention.** Provides for universities to retain 100 percent of indirect cost income from research grants and contracts to encourage further research projects conducted by the universities.
- **House Bill 3526: Research Development Fund.** Repeals the Texas Excellence Fund and the University Research Fund created by the 77th Texas Legislature. The two funds are replaced by a Research Development Fund to promote increased research capacity at eligible universities.
- **TEXAS Grant Appropriation:** The TEXAS Grant program was appropriated \$324 million for the 2004-2005 biennium, a 21 percent increase over the previous biennium.

- **Governor's Line-Item Veto: ARP Appropriation.** The Governor vetoed \$9.5 million appropriation for the Advanced Research Program for the 2004-2005 biennium.

In addition to duties and responsibilities resulting from these new statutes, the Coordinating Board and its staff are heavily involved in providing information and data for a variety of other state government efforts. For example, a January, 2004 Executive Order from Governor Rick Perry requires Texas higher education governing boards to direct each institution and system to work with the Coordinating Board to create a comprehensive system of accountability. In addition, the Senate Finance Committee and the Senate Subcommittee on Higher Education have been charged by the Lieutenant Governor to study higher education accountability. The Coordinating Board, through its involvement with these efforts, has a strong opportunity to promote and focus state efforts toward the goals of *Closing the Gaps by 2015*.

In addition to accountability, the affordability of higher education is a major concern throughout the state, especially after the 78th Legislature de-regulated public university tuition rates and the institutions began to increase those charges to students. The appropriate balance among state appropriations, tuition and fees, and financial aid is critical for ensuring that higher education is affordable, and the Coordinating Board helps provide the Legislature with information to maintain the right balance among these factors. In particular, the House Higher Education Committee, the Senate Subcommittee on Higher Education, and the Joint Interim Select Committee on Higher Education are studying the extent to which parents and students have access to and are aware of financial aid opportunities for college. Additionally, the Coordinating Board has been statutorily required to conduct a study on reducing administrative burdens and increasing participation in student financial aid programs. The offices of the Governor, Lieutenant Governor, Speaker, and the Comptroller have also been charged with studying student financial assistance in Texas.

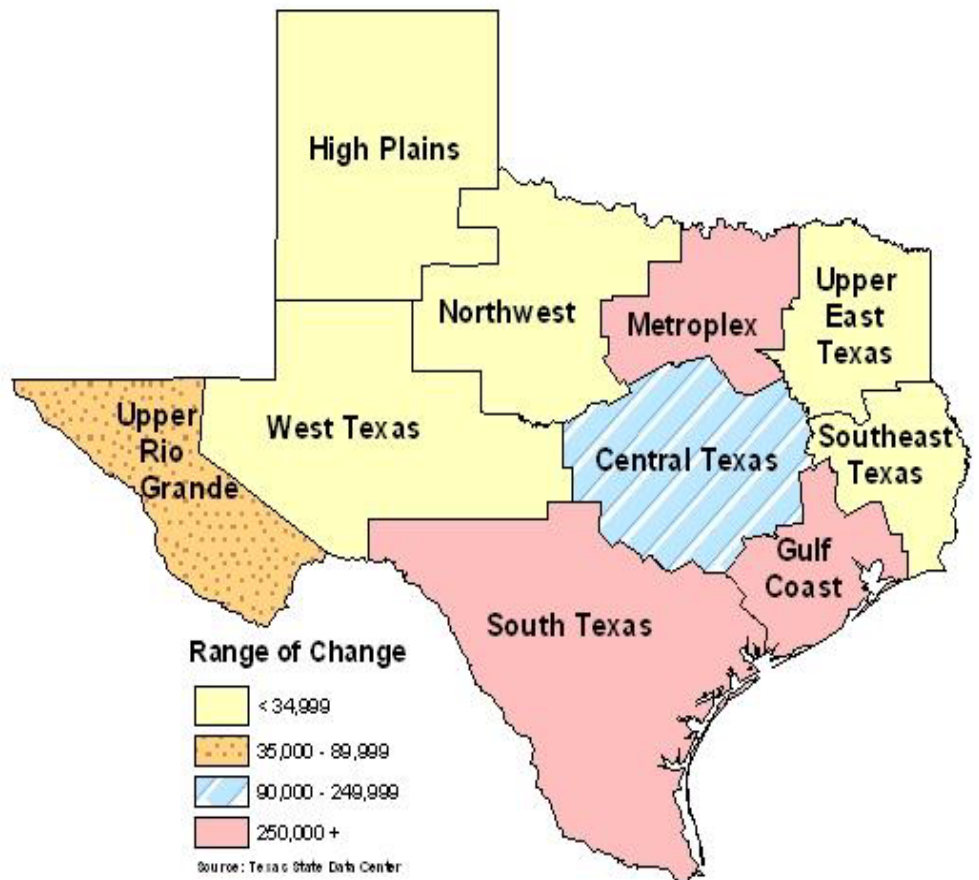
## Vision for Texas Higher Education

*Every Texan educated to the level necessary to achieve his or her dreams; no one is left behind, and each can pursue higher education; colleges and universities focus on the recruitment and success of students while defining their own paths to excellence; education is of high quality throughout; and all levels of education, the business community, and the public are constant partners in recruiting and preparing students and faculty who will meet the state's workforce and research needs.*

Source: *Closing the Gaps, by 2015: The Texas Higher Education Plan, 2000.*

Education has never been more important for the future of Texas and its people, no matter where they live – in rural areas, in urban areas, along our borders with other states and Mexico, in the more central parts of the state, or along the Gulf Coast. Studies indicate that people with more education tend to earn much higher incomes, help build and sustain strong economies, and have a higher quality of life. Clearly, Texas must close the educational gaps between it and other states, as well as among its people and regions, to ensure a brighter future for all the people of the state.

Texas' population increase varies throughout the state (see map of ten regions, right). Since 1965, Texas has added 42 public community and technical college campuses, 12 public universities and four public health science centers. In total, the Texas public higher education system includes 50 community and junior college districts, one technical college system with four main campuses, three lower



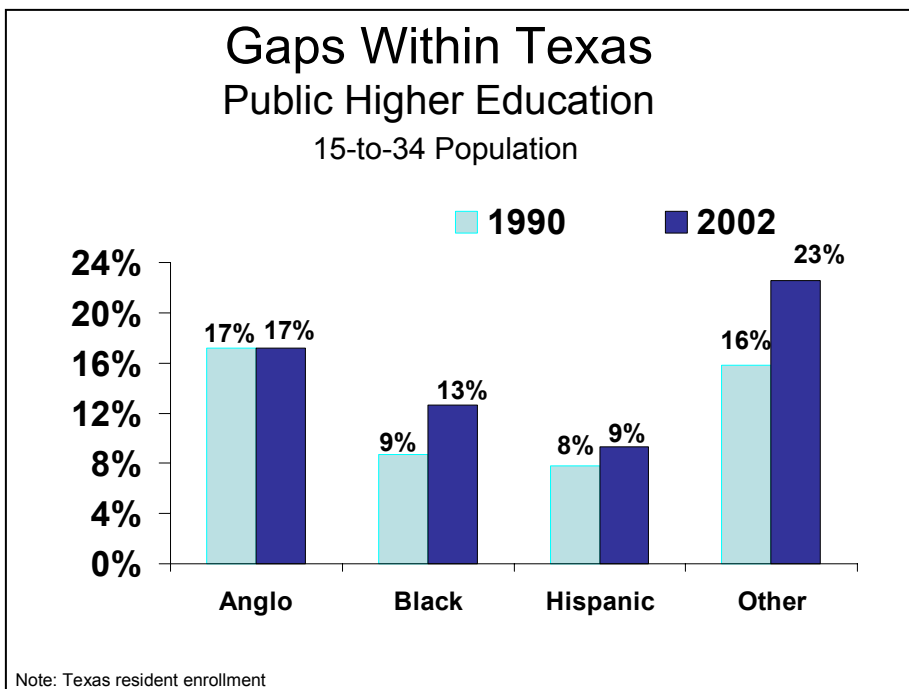
division state colleges, 35 general academic teaching institutions (including law schools), and nine health-related institutions/health science centers. The health-related institutions operate seven state medical schools, three dental schools, three schools of public health and numerous allied health and nursing schools. There are also eight service agencies within the Texas A&M University System.

Texas has a thriving private and independent sector – including 37 independent senior colleges and universities, two junior colleges, one independent medical school, one accredited independent law school, and 39 degree granting private career colleges. Today, total enrollment exceeds 1.15 million students.

Even with the creation of new institutions and enormous enrollment growth, much work remains for Texas to develop its higher education system to meet the needs for the continued growth of the state’s economic prosperity.

The state’s Hispanic population, which has the lowest college-participation rate, is rapidly growing. By 2006, Texas is expected to become a minority-majority state. Based on participation trends of the past, that would probably mean that a smaller proportion of the state’s population would go to college.

As a result, the educational levels of the workforce would be unable to attract and retain businesses and industries that offer the best jobs. The state’s total annual household income would drop by an estimated \$60 billion annually by 2040. The need for social and government services will grow as tax revenue falls, and inadequate support for a vibrant economy will reduce the quality of life for all Texans. To prevent that undesirable outcome, higher education participation and success rates for all Texans will have to rise more rapidly than ever to avoid a decline in educational levels.



In response, Texas is responding to this challenge with a plan, called *Closing the Gaps by 2015*. *Closing the Gaps* lays out four goals: to close the gaps—both within the state and when Texas is compared to other states—in student participation, student success, excellence, and research.

Although much more work is needed, after the first few years of implementing the plan, Texas is making progress in closing the gaps in higher education participation, success, excellence, and research. The state must now maintain this early momentum and build on it. The opportunities and threats identified here are based primarily on issues that the Coordinating Board expects to face in efforts to achieve *Closing the Gaps* goals during the 2005-2009 period covered by this legislatively mandated agency strategic plan. The Coordinating Board planning process is provided in Appendix A.

## **External/Internal Assessment**

The *Closing the Gaps* plan focuses the efforts of the higher education community, the public school community, the business community, community leaders, and political leaders as they strive to improve higher education in the state. Since its adoption by the Coordinating Board in 2000, the plan has been widely accepted and supported across the state. Sustained and diligent effort to promote and support the plan is needed continually, however, to ensure its success -- especially as different people move into leadership and other key positions in the higher education community.

The plan's four goals are to:

- Close the Gaps in Participation – By 2015, close the gaps in participation rates across Texas to add 500,000 more students.
- Close the Gaps in Success – By 2015, increase by 50 percent the number of degrees, certificates, and other identifiable student successes from high quality programs.
- Close the Gaps in Excellence – By 2015, substantially increase the number of nationally recognized programs or services at colleges and universities in Texas.
- Close the Gaps in Research – By 2015, increase the level of federal science and engineering research funding to Texas institutions by 50 percent to \$1.3 billion.

Although need for additional resources – including additional funding – is at least an implied response for meeting some of the challenges identified in this document, the Coordinating Board continues to develop and implement efforts to respond as effectively and efficiently as possible within any necessary budgetary restraints. Policies that have tightened funding throughout the agency and at institutions across the state have led to increased competition for those funds. Additionally, the ability to forecast and predict funding levels (such as predicting the availability of student financial aid) is an increasing challenge.

The Coordinating Board is actively developing accountability measures as required by the January 2004 executive order by the Governor.

## Opportunities and Threats for Achieving *Closing the Gaps* Goals

The first two goals – directed at recruiting, retaining, and graduating more students – share many of the same opportunities and threats. This analysis looks at them together.

*Goal 1: By 2015, close the gaps in participation rates across Texas to add 500,000 more students. Closing the Gaps* reports that approximately 5 percent of the state’s population is enrolled in higher education, compared to a national average of 5.4 percent. To raise the state’s participation rate to 5.7 percent – comparable to the participation rate today in other large states – Texas will have to enroll 500,000 more students (above fall 2000 enrollment figures) in 2015.

*Goal 2: Close the Gaps in Success – By 2015, increase by 50 percent the number of degrees, certificates, and other identifiable student successes from high quality programs.* In addition to enrolling more students in college, Texas must also ensure the success of those students in college. Enrolling 500,000 more students annually suggests a proportionately similar increase in success rates – meaning at least a 50 percent increase in the number of degrees and certificates awarded and other indicators of success in college. A *Closing the Gaps* target, however, calls for increasing the number of students earning bachelor’s degrees, associate’s degrees, and certificates from 95,000 to 163,000 annually – considerably more than the overall 50 percent enrollment increase established in the goal.

### Opportunities Related to Participation and Success:

**Public Awareness and Motivational Campaign.** In 2001, the 77th Texas Legislature passed several pieces of key legislation in support *Closing the Gaps*. For example, Senate Bill 573 directed the Coordinating Board to conduct a statewide public awareness and motivational campaign (now known officially as the *College for Texans* Campaign, with the slogan: “Education. Go Get It.”) that will ensure students and parents understand the benefits of a higher education and the steps necessary to prepare academically and financially for it. The *Closing the Gaps* participation goal calls for increasing higher education enrollment by 500,000 students by 2015. Based on the trends of the 1990s, 200,000 of those students could be expected to enroll even without additional recruitment and retention efforts, so the campaign targets the 300,000 “missing” students who would not otherwise enroll in higher education.

In addition to directing the Coordinating Board to conduct the *College for Texans* Campaign, the 77th Legislature appropriated \$5 million in seed money to fund the effort through the 2002-2003 biennium, and the 78th Texas Legislature continued to

support the campaign through an appropriation to the Coordinating Board for the 2004-05 biennium. The Coordinating Board created the College for All Texans Foundation: Closing the Gaps to raise additional funds to support the campaign.

*College for Texans* Campaign coordinators determined, after study, that the campaign should focus on increasing awareness among students and their parents that college is possible and affordable for all Texas families. The Campaign is reaching students through local community-based organizations and through mass media strategies, including television and radio advertisements and public service announcements in target markets.

Work with community-based organizations relies on P-16 partnerships and support of local organizations to reach targeted audiences. A recent effort is the establishment of GO Centers at high schools across the state where trained, peer mentors counsel other students about preparing for college. Additional campaign activities include training thousands of local people to establish and implement campaign-related activities across the state, awarding grants to local community-based organizations to establish and implement campaign-related activities, sponsoring innovative, creative-arts strategies such as GO Theatre Motivational and Performance Teams, the “Wiley’s Way” children’s book, lively music, and a Reel Life video contest. The Campaign also supports teacher and counselor outreach efforts.

**Introducing New Programs as Pilot Projects.** Several pilot projects directly relating to the strategies supporting the participation and success goals have been introduced. In one project, medical and dental school applicants who were denied professional school admission were contacted with the suggestion that they consider a career in teaching mathematics and science. In another pilot project, the Coordinating Board partnered with the Houston Community College System to identify HCCS students who transferred to a public university in Texas and subsequently qualified for an associate’s degree through courses completed at the university.

**Efficiency Through Combined Efforts.** The agency is investigating opportunities to combine related programs. For example, possibly several financial aid programs could be collapsed into a single program to increase effectiveness and efficiency. Additional opportunities are under consideration in the areas of information technology processing and human resources.

**The Recommended High School Program.** The Coordinating Board is following the progress of high school graduates who complete the Recommended High School Program and is preparing for its transition as the standard curriculum in Texas public high schools beginning with students entering the ninth grade in the 2004-2005 academic year. This requirement, enacted in House Bill 1144 in the 77th Legislature, is aimed at improving the preparation of high school students for college and increase the number of students entering higher education. The RHSP will require more teachers who are qualified to provide instruction in college-preparatory courses and other considerations to ensure the academic quality is maintained – so

that courses identified as "college-preparatory" continue to provide college-preparatory instruction.

**Uniform Recruitment and Retention Strategy.** At the direction of the 76th Texas Legislature in 1999, the Coordinating Board developed a uniform strategy to be used by public universities and community/technical/state colleges in recruiting and retaining students. The strategy calls on each institution to set enrollment and graduation goals to reflect the Texas population, or, when the institution's region contains larger proportions of the state's historically underrepresented groups, the regional population. Each community, technical and state college's enrollment and graduation goal should be to reflect the population of its service area. The uniform recruitment and retention strategy is designed to bring universities and colleges to those goals so that higher education enrollment and graduation mirrors the population of Texas. The agency intends to form an active advisory committee to encourage institutional adoption and implementation of the most successful recruitment and retention practices. In addition to the advisory committee, speakers and attendees of the annual Recruitment & Retention Conference will be invited to promote the goals of *Closing the Gaps* as partners across the state.

**Information Access Initiative.** The Coordinating Board's Information Access Initiative was funded by the 77th Texas Legislature, but not at the levels initially requested for this new effort to develop better ways to share and analyze student data maintained by several Texas state agencies. The Information Access Initiative provides stakeholders in education with ready access to data from the Coordinating Board, the Texas Education Agency (TEA), and the State Board for Educator Certification for research, planning, and decision-making to help students succeed in their education. The Information Access Initiative was initially proposed by the Coordinating Board with the goal to follow the progress of 12th-graders in Texas public high schools through college graduation. The expanded scope, which now includes data from Pre-K through college graduation, resulted from legislative support for an active information partnership among the three participating agencies. The ongoing partnership between the agencies means data will extend from public colleges and universities down to Pre-K rather than to only high school graduates.

A website known as the Texas Public Education Information Resource (TPEIR) is the face of the initiative. It became available in January 2003, and has been continually updated to provide additional data and reports. TPEIR is the most comprehensive P-16 information system currently online in the United States. The public availability of this resource is vital to better understand student participation and success trends from pre-kindergarten through college. No other programs or projects in the state offer the potential benefits of this data sharing and analysis initiative.

TPEIR has been used frequently since its introduction to respond more rapidly to information requests by the Legislature, Texas Education Agency, school districts, higher education institutions, and others. As importantly, TPEIR has provided an important resource in developing the public awareness and motivational campaign,

and as a critical tool in its evaluation. Feedback from the user community has been highly favorable. One area not yet tapped is the Texas workforce data and its potential when matched with public high school and higher education graduates.

In addition to the Information Access Initiative and TPEIR, there are increasingly more opportunities for the agency to collect and analyze data connected to staff activities and to evaluate program success, such as that generated by the *College for Texans* Campaign (below).

**Public School Coordination.** Increased cooperation between the Coordinating Board and other state agencies that regulate or oversee public education can help ensure progress towards the student participation and success goals of *Closing the Gaps*, specifically in efforts to streamline the P-16 process to make it easier for students to participate and succeed in higher education. For example, the P-16 Council provides a forum for the Commissioner of Higher Education, the Commissioner of Education, the Executive Director of the State Board for Educator Certification, the Executive Director of the Texas Workforce Commission, and other representatives of the public education and higher education communities to meet regularly and discuss issues of common concern. This council, originally created by the Commissioner of Higher Education and the Commissioner of Education, is now legislatively mandated. In addition, the Commissioner of Higher Education is represented on the State Board for Educator Certification, which meets quarterly. Collaboration with public schools also includes work with SREB on the American Diploma Program, the administration of the Teacher Quality Grants, GO Centers and other *College for Texans* Campaign activities, and the TAKS College Readiness Standard.

**Teacher Quality Professional Development Program.** From 1984 to 2001, the federally funded Eisenhower Professional Development Program supported teacher development grants to institutions of higher education in Texas through the Coordinating Board. Congress passed the “No Child Left Behind (NCLB) Act” on January 9, 2002, which replaced the former Eisenhower program with a new Teacher Quality Program, which emphasizes –P-16 partnerships to provide professional development for teachers in core academic subject areas in high-need school districts. In 2002, the U.S Department of Education published Teacher Quality Grants regulations, which include the expectation that state agencies of higher education administer the competitive grant funds dedicated to colleges and universities. In 2003, the 78th Legislature’s General Appropriations Act included a rider requiring that prior to the awarding of federal Teacher Quality Grants, the Texas Education Agency (TEA) and the Texas Higher Education Coordinating Board (THECB) develop and submit to the Governor’s Office and the Legislative Budget Board a joint plan for awarding these grants. The requirements of the rider have been met, with joint Requests For Proposals (RFPs) from TEA and the THECB in 2003-2004 focusing on professional development for mathematics and science teachers in grades 6- 2, and assisting those teachers in meeting the definition of being “highly qualified” under NCLB. It is expected that on-going joint Teacher Quality RFPs from TEA and THECB will continue to address teacher professional

development in mathematics and science for secondary school teachers in high-needs school districts, and will provide services to those secondary teachers who can most benefit from high-quality professional development in mathematics and science.

**The Priority Plan to Strengthen Education at Prairie View A&M University and at Texas Southern University.** The Priority Plan is a six-year initiative to enhance and strengthen education at Prairie View A&M University and Texas Southern University by improving retention and graduation rates; adding unique, high quality academic programs; and improving facilities, systems, and infrastructure necessary to deliver top quality educational services. The Priority Plan includes an implementation schedule, benchmarks for success, and cost estimates. The 77th Texas Legislature appropriated \$25 million to Prairie View A&M University and \$25 million to Texas Southern University to begin implementation, and the 78th Texas Legislature added \$22 million for each university. At the completion of the Plan, the federal Office for Civil Rights (OCR) will determine if Texas has fulfilled its obligation under the *Texas Commitment*.<sup>3</sup> If so, OCR will acknowledge in writing that Texas has eliminated vestiges of segregation in its public higher education system and end the review.

Prairie View A&M University and Texas Southern University are required to work with the Coordinating Board and other parties to accomplish the goals of the Priority Plan and report their progress semiannually. The Coordinating Board is responsible for assisting the institutions as they implement the Plan and must report progress to the OCR annually. Successful implementation of the Priority Plan is one of the targets identified in *Closing the Gaps*.

**Improve Developmental Education Success Rates.** As more students enroll in college, the need for developmental education programs might increase. This conclusion is based upon a review of current outreach efforts to enroll more first-generation college students and students from low-performing high schools, along with efforts to re-enroll adults in college programs. Requiring students to take the Recommended High School Program in high school is expected to alleviate much of the need for developmental education, but the demand is expected to continue, particularly as the Recommended program is initially implemented throughout the state and as more adults decide to go to college.

The Coordinating Board is committed to improving the success and retention rates of students enrolled in developmental education programs. For example, the Community and Technical Colleges Division is studying and sharing ideas on successful developmental education programs funded through Perkins grant monies awarded to identify innovative and successful teaching approaches in developmental education mathematics classrooms. Identification of successful developmental education programs will be a key factor in adjusting to the potential impact of

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<sup>3</sup> The legal framework for addressing Office for Civil Rights concerns regarding Title VI of the Civil Rights Act of 1964.

enrolling more under-prepared students. A key role of the Coordinating Board staff will be to communicate with institutions, students, and their parents the intent of the Texas Success Initiative, established by the 78th Legislature to replace the Texas Academic Skills Program (TASP). The Success Initiative is a two-component program involving the assessment of a student's reading, writing, and mathematics skills and corresponding advising, which may include having the student enroll in developmental instruction designed to strengthen any skills that need improvement.

**Technology Workforce Development** The 77th Texas Legislature adopted the Technology Workforce Development Act, which directs the Coordinating Board to provide grants to institutions to increase the number and quality of baccalaureate-level engineers and computer scientists. The state funds for the grants must be matched by funds from other sources. The initial awards were announced in April 2002 and awards for a second competition were announced in October 2003.

#### Threats Related to Participation and Success:

**Carl D. Perkins Act Funding.** Under the Bush Administration's proposed budget for FY 2005-2006, programs funded through the federal Carl D. Perkins would be eliminated. Although the same proposal was made for the 2004-2005 fiscal year, Congress increased Perkins Act funding.

Elimination of Perkins funding would remove approximately \$34 million in basic grants to the two-year colleges for improvement of workforce programs and support of students in these programs, approximately \$8.4 million that the Coordinating Board administers for the development of Tech Prep programs to create formal linkages between secondary and postsecondary programs, and approximately \$3 million that is awarded in competitive state leadership grants to the colleges. In addition, the Coordinating Board would lose approximately \$1.2 million in related administrative funds that provide most of the fiscal support for the Community and Technical Colleges Division at the Coordinating Board.

While the Bush Administration is proposing other legislation, such as the Secondary and Technical Excellence Education Act and the Jobs for the 21st Century Act, Texas might face a net loss in federal funding for Perkins-type activities in the state.

**Creation and Expansion of Higher Education Institutions.** The Coordinating Board pursues its mission of coordinating the Texas higher education system through efficient and effective utilization of all available resources, including the elimination of costly duplication in program offerings, faculties, and physical plants. In 2003, the 78th Legislature authorized the expansion of Texas A&M University-Texarkana (House Bill 1566), the establishment of Texas A&M University-Kingsville System Center-San Antonio as Texas A&M University-San Antonio (Senate Bill 800), and the establishment of the University of North Texas at Dallas (Senate Bill 1652). As he signed these bills into law, the Governor issued a statement expressing his concern that, to improve the quality of Texas higher education institutions, there

must be firm accountability regarding the education which students and taxpayers can expect. He emphasized that any further increase in the number of institutions will dilute the resources which the state provides to higher education to an unacceptable level.

**Community College Tax Bases.** Community colleges are expected to enroll the majority of new students that will help the state meet its *Closing the Gaps* goals, placing a financial and capacity strain on most community college districts. Many community college districts might not have large enough tax bases to adequately support large enrollment growth. Only 31 of the state's 50 community college districts today would meet a statutory provision requiring a taxable property evaluation of at least \$2.5 billion for the creation of a new community college district.

**Increased Data Reliance Creates Many Concerns.** Increased reliance on data comes with a corresponding increase in issues related to timeliness, accuracy (in the data itself as well as in its analysis), and security. For example, the process of certifying data provided by each public institution in a timely manner has become a challenge as new software is introduced and some institutions have limited the number of staff available to respond to various state and federal reporting requirements. Another example involves the *College for Texans* Campaign, for which the need to measure and evaluate the effectiveness of campaign activities affective the Coordinating Board's ability to use staff, volunteers, and other resources efficiently. In another example, a growing number of students choose the "other" category when asked to identify their race/ethnicity. While not necessarily inaccurate, this may adversely impact interpretations of demographic trends.

Additional considerations include data security issues, such as who should have access to various types of data, and when Federal privacy laws, such as Family Educational Rights and Privacy Act (FERPA), affect the ability of the Coordinating Board and other groups to share data that is necessary for studying and analyzing student participation and success trends in higher education. The Coordinating Board staff must continue to develop methods that allow access to the needed data while protecting students' privacy. In addition, the Board must continue to encourage other agencies and other entities to consider using these innovative, alternative methods. Through administration of state financial aid programs for students, the Coordinating Board maintains a considerable amount of data regarding the students who participate in these programs. Federal privacy laws and rules could affect access to this information.

In addition to federal statutes and rules, the Coordinating Board and other entities in the state are subject to Texas laws protecting privacy. Frequently, federal and state regulations must be reconciled.

Information security will continue to be a major focus for Information Resources and other agency staff during this planning period. Pro-active steps, including presentations on topics such as anti-virus procedures and preventing hacker access

to home computers (conducted on March 9 and 12, 2004), will continue as needed to protect the agency and inform employees of current safeguards.

**Higher Education Affordability.** The cost of attending college (tuition, fees, books, room and board, transportation) exceeded the financial resources available to Texas students by \$779 million in Fiscal Year 2002, according to a Coordinating Board study. The state's current uncertain economy, the projected increases in the proportion of college-age students from groups that are often financially needy, and steadily rising tuition and fees suggest that the difference between financial resources and the cost of attending college will continue to grow for the state's students. Texas must eliminate or substantially reduce this discrepancy to meet the student participation and success goals of *Closing the Gaps*. The state must work to minimize tuition and fee increases, substantially increase financial aid, or do both to some degree.

- **Tuition and fees.** *Closing the Gaps* recognizes the need to maintain affordability in Texas higher education. Affordability depends on several factors, including the cost of tuition and fees and the amount of financial aid that is available to students. Tuition and fees for a full-time undergraduate student taking 30 hours per year have increased for nine consecutive years.

Students' college costs have increased as the burden of paying for higher education has shifted from the state to students and their families, as demonstrated in the table below. Although data for community/state/technical college tuition and fees are not included in the table, they have also increased – but more modestly and with a less dramatic shift from the state to the student.

Although the presence and extent of a cause-and-effect relationship regarding college costs and enrollment cannot be determined, the Coordinating Board is concerned about the effect of rising costs on college enrollment in Texas. The affordability policy strategy contained in *Closing the Gaps* can help policymakers in Texas' to ensure the appropriate balance between student financial aid and tuition and. The affordability policy includes several principles, including: ensuring state funds do not lessen the availability of federal funds available to Texas students; encouraging institutions to achieve operational efficiencies; and ensuring that revenue sources, including tuition and fees, be sufficient to ensure high quality courses and programs.

- **Financial aid.** Students attending college in Texas received more than \$2.9 billion in financial aid in Fiscal Year 2002. Primary sources of financial aid include the federal government, state government, foundations and other private entities, and higher education institutions. Although several state and federal programs provide grants and scholarships, loans account for approximately 56 percent of the aid received by students. Many students must borrow money to pay for higher education, leaving them with substantial

debt as they leave college. Student debt burdens, particularly at the state's public institutions, have risen substantially, as demonstrated below:

Median Debt Levels of Texas Borrowers  
Borrowing Federally Insured Student Loans  
Leaving College Each Academic Year

Fiscal Year	Four-Year Public Median Indebtedness	Two-Year Median Indebtedness	Total TG Borrowers (Public & Independent Institutions and Career Schools/Colleges)
1996	\$9,490	\$3,313	246,000
1997	\$10,125	\$3,425	257,000
1998	\$11,124	\$3,500	252,000
1999	\$12,350	\$3,925	265,000
2000	\$12,651	\$3,912	274,000
2001	\$12,920	\$3,999	285,000
2002	\$13,000	\$3,938	336,000

Source: Texas Guaranteed Student Loan Corporation, State of Student Aid in Texas, April 2003.

- *Federal financial aid.* Federal grant programs, including Pell Grants, Supplemental Educational Opportunity Grants, and Leveraging Educational Assistance Grants, provided \$664.7 million – 57.4 percent of the gift aid (grants and scholarships) provided students in Texas in Fiscal Year 2002.
- *State financial aid.* The TEXAS Grant program, created in 1999, offers additional grants to academically prepared and financially needy Texas students. Recipients must have completed the Recommended or Distinguished High School Program (college-preparatory courses) in high school. Funds awarded through the program significantly increased from \$20 million in Fiscal Year 2000 to \$164 million in Fiscal Year 2003. Approximately 68,000 students benefited from the program in Fiscal Year 2003. Funding for the program was increased to \$324 million for the 2004-2005 biennium.

The state's Hinson-Hazlewood College Student Loan Program, also administered by the Coordinating Board, provides approximately \$50 million in loans to approximately 8,000 students annually. The program, vital to the state because it ensures a continuing, stable source of financial aid for students, is funded through the sale of general obligation bonds authorized by the Texas Legislature and subsequently approved by Texas voters.

*Goal 3: Close the Gaps in Excellence – By 2015, substantially increase the number of nationally recognized programs or services at colleges and universities in Texas.* The need for every institution to develop its greatest potential within its mission is a key *Closing the Gaps* concept for ensuring that higher education programs and services are provided in every part of the state. All institutions – of every level and type – contribute to the state’s economic, social, and cultural prosperity, and their contributions must be recognized and enhanced.

Opportunities Related to Excellence:

**Peers and Benchmarks System.** Texas has a variety of institutions with different missions to serve the different needs of the state’s population. These different missions must be recognized as institutions are held accountable for their performance in pursuit of closing the gaps in excellence. In January 2004, the Coordinating Board was updated on a system that would place each public university in a group with peer institutions sharing similar characteristics, including service to a population of students with similar needs. Each institution will work with the Coordinating Board in identifying key measurable objectives which best define the distinctiveness of the institutions within that group and that will be most helpful in achieving the goals of *Closing the Gaps*.

For example, public two-year colleges may be grouped in two ways: (1) by region and (2) by enrollment size and location. Peer institutions from other states will be identified to reflect the group’s characteristics and serve as a measure of excellence for that group at the national level. Current efforts requiring a higher education accountability system by the Legislature and the Governor’s office may effect the development and implementation of the Peers and Benchmarks system.

**Service as an Information Resource.** The Coordinating Board is increasingly involved in statewide planning issues, as illustrated through the development, adoption, and implementation of *Closing the Gaps*; development of methodologies for determining when and where new professional schools might be needed; and increased collaboration and cooperation with public schools to develop a more seamless education system in the state. The Coordinating Board also takes seriously its role and responsibilities for providing accurate and reliable information, and is one of the state’s top resources of data and analyses of higher education issues. These abilities were recognized by the 77th Legislature, which directed the Coordinating Board develop a comprehensive statewide plan that provides information and guidance to policymakers to ensure current and future higher education services are met in each region of the state. An updated plan is scheduled for completion in fall 2004. As this and other planning efforts – such as *Closing the Gaps* – are developed, implemented, and evaluated, the Coordinating Board anticipates that the Legislature will continue its history of assigning an increasing number of duties and responsibilities to the agency.

**Excellence Begins with Faculty.** Highly qualified, talented faculty are the foundation of excellence. As part of its review of proposals for new degree programs, the Coordinating Board ensures that institutions employ appropriately educated, high quality faculty. Additionally, funding formulas could be revised to reward institutions for hiring excellent faculty and offering outstanding degree programs. Texas should review its faculty salaries to ensure that the state remains competitive in the national market for the best faculty. In addition, two-year colleges could offer different faculty salaries – instead of a single salary schedule for all faculty at an institution – to reflect the inherent differences among different academic disciplines.

**Promote Statewide Excellence.** Each public institution identified for the Coordinating Board areas in which national recognition has been achieved. To further recognize these and other exemplary contributions to one or more *Closing the Gaps* goals, the Coordinating Board established the Texas Higher Education Star Award in 2001. Each year, a maximum of 12 awards are made to institutions, organizations, groups, or individuals. In the first three years of the competition, 249 applications produced 54 finalists, from which 20 Star Awards have been presented. The winners from 2003, the most recent competition, are listed in the table below.

2003 Texas Higher Education Star Award Winners

Institution and Partners	Program Title
Alamo Community College District	Community Education Centers
Alamo Community College District—San Antonio College	Strategies for Success
Dallas County Community College District	Rising Star Program
Prairie View A&M University	The Academy for Collegiate Excellence and Student Success
Texas A&M University-Corpus Christi	Pathways to Success in Science
Texas Tech Health Science Center, South Plains College, Lubbock Christian University, and Covenant School of Nursing, in partnership with University Medical Center, Covenant Health System, WorkSource of the South Plains, and American State Bank	South Plains Nursing Education Community Coalition
The University of Texas at El Paso	Entering Student Program
West Texas A&M University	Increasing the Success of the Most Economically Disadvantaged Students

Threats Related to Excellence:

**Institutions Operating Without Coordinating Board Authority.** The Coordinating Board protects the public and employers by requiring certain academic standards to be met before an institution – unless otherwise exempt – can offer degrees and other academic credentials to students in Texas. Although the growth of distance education opportunities has significantly increased access to higher education in the state, it has also increased the ability of fraudulent or unaccredited institutions to enroll Texas students. As a result, the need to identify institutions that are operating illegally, seek their cooperation or document their continued violations, and pursue possible legal action against them has expanded significantly.

Institutions that violate the Board's academic standards and offer degrees are subject to administrative penalties, civil penalties, and injunctive relief. The Coordinating Board works closely with the Office of the Attorney General to enforce existing academic standards.

*Goal 4: Close the Gaps in Research – By 2015, increase the level of federal science and engineering research funding to Texas institutions by 50 percent to \$1.3 billion.* Texas ranks sixth among the states in the amount of federal research and development funding it receives, and no Texas higher education institution ranks among the nation's top 20 institutions in federal research and development grants received. At least 10 institutions outside of Texas individually earn more intellectual property income – income generated by research discoveries and applications – than all Texas higher education institutions combined. More federal funds are needed to enhance research on the state's higher education campuses.

#### Opportunities Related to Research:

**Commitment by the Texas Legislature to Support Research.** In surveys conducted by the National Science Foundation (NSF), Texas ranked second among states in total research expenditures derived from state sources since 1999. From 1972 to 1998, Texas ranked first in state funding for research.

In 2001, Texas rose from sixth to third place among states in federal obligations for science and engineering. This is Texas' best performance in the highly competitive search for federal funding for science and engineering research and training programs.

In consideration of state revenue shortfalls, the 78th Texas Legislature recommended reduced funding for the Advanced Research Program (ARP) and Advanced Technology Program (ATP) to approximately half the level of funding that had been appropriated biennially since the programs' inception in 1987. A veto of ARP funding reduced the total funding level for the programs to one-third of the amount for previous bienniums. The opportunity remains to restore funding to the ARP and ATP. These programs provide competitive, peer-reviewed grants for scientific and engineering research projects of faculty at Texas higher education institutions. They also provide state-of-the-art research opportunities for students, help attract and retain the best faculty, and provide opportunities for technology transfer to industry. Industries partner with higher education institutions by providing matching funds for commercialization projects. Several former students who worked on ARP- or ATP-funded projects and who are now working in Texas industry have served on peer review panels to determine recommendations for funding ARP and ATP research proposals.

The Texas Legislature created the Research Development Fund to replace the Texas Excellence Fund and the University Research Fund, beginning Fiscal Year 2005. These funds will promote increased research capacity at eligible general academic teaching institutions by providing additional support to those institutions that actively secure federal research funds.

The 78th Texas Legislature allowed universities to retain 100 percent of indirect cost income from research grants and contracts. In the past, universities retained only 50 percent of indirect costs collected from external granting entities. Full retention of indirect costs will allow more resources for research efforts.

**Projected Increases in Research Expenditures Depend on Federal Spending for Research.** Because a large part of research funding to Texas higher education institutions is provided by the federal government, the state's ability to reach its research goals is largely determined by the funding available for research at the federal level. According to the National Science Foundation's compilation of federal obligations by the states in science and engineering, Texas now (2001) ranks third among the states. Scientists regularly report that seed funding from the state's Advanced Research Program and Advanced Technology Program (see previous section) has been instrumental in allowing them to secure additional research funding from federal sources.

**Vigorous Growth by Texas Technology Companies.** Texas has seen a dramatic growth in technology companies during the past decade, especially in areas related to microelectronics and telecommunications. These companies tend to support state efforts to attain research goals. For example, many of these companies provide financial support for research at Texas institutions. They also tend to lobby for additional legislative support for research and other education-related activities. . In addition, their presence makes it easier for institutions to attract research-oriented faculty.

**Success Leads to Success.** Research programs funded by the state deserve increased recognition, not only to provide credit to the individuals responsible for outstanding research efforts, but with the hope that increased publicity will generate additional funding opportunities. Awareness of successes through state-sponsored research and development will increase industry interest in funding research geared for technology transfer.

#### Threats Related to Research:

**Declining Support for Existing Research Programs.** The state's Advanced Research Program (ARP) and Advanced Technology Program (ATP) are losing their impact on the state's economy. Funding for them was never increased after the programs were created in 1987, and in 2003 the 78th Legislature reduced funding

for them by 50 percent. A subsequent gubernatorial veto eliminated all funding for ARP altogether for the 2004-2005 biennium.

State and federal support for research on higher education campuses could be affected by the continuing uncertain economy, which tends to call on the state and federal governmental to apply their limited resources to other, more direct and immediate needs.

**Dilution of Research Resources.** State-of-the-art facilities, whether newly constructed or updated through periodic renovations, are key to attracting top-flight research efforts. However, relatively few institutions have the human resources and research infrastructure to successfully compete for large grants for major research projects. Efforts to broaden the state's research base could dilute research resources in such a way that institutions that currently are competitive nationally for major research grants will lose their competitive advantages. Large, multi-disciplinary, multi-institutional research centers may attract faculty and students to large and smaller Texas institutions by offering access to super-expensive laboratories and equipment that individual institutions do not have the resources to build or support.

## **Other Opportunities and Threats to the Coordinating Board's Success**

### Opportunities:

**Sunset Review.** In 2003, the Sunset Advisory Commission completed a review of the operations of the Coordinating Board, as required for each state agency every 12 years. The 78th Texas Legislature included several of the Commission's recommendations in legislation that reauthorized the Coordinating Board. Many of the changes provide the agency with new opportunities, including an increasing agency focus on the most effective strategies of *Closing the Gaps* and identification of funding strategies that would support the higher education plan. An additional recommendation is that of reducing the size of the board from 18 to 15, then 13, and ultimately to 9 members by Fiscal Year 2007. The agency is in the process of incorporating each of the required recommendations.

**Increased Use of Automation/Technology.** New information-processing technologies continue to improve the Coordinating Board's ability to collect and maintain data effectively and efficiently. For example, a recent focus on automating routine human resources-related functions contributed to increased staff efficiencies throughout the agency. Additional functions are targeted for automation, allowing the Board to respond as more duties are added to the agency's responsibilities without a corresponding increase in resources. Efficiencies gained through automation are reaching their limits, however, and the need for computer-related support is stretching the Board's technology resources.

**Increased Information Technology Applications.** As the agency converts to a server-based mainframe, new application opportunities will be presented in terms of

easier data access and related efficiencies. Web-based reporting will most likely be maximized, both for institutional submission of data and access to data. For example, development of one web portal for financial aid programs will offer administrators a convenient process for submitting and retrieving information. This portal would also provide the public with access to financial aid information.

The Board continually focuses on ensuring that its data is accurate, reliable, and accessible. Corresponding information technology directives will seek opportunities to ensure data accuracy and reliability and become more user-friendly, making data more readily available and easier to find. As the agency examines current procedures and identifies opportunities for improvement, customer service will also increase.

**Additional Outreach Opportunities.** The agency is positioned to benefit from outreach efforts conducted through the *College for Texans* Campaign and the College for All Texans Foundation, as well as to conduct outreach not formally associated with these two activities. For example, promotion of *Closing the Gaps* provides a unifying force among the state's public institutions and provides many opportunities for the state's public institutions to interact with independent colleges and universities. The Coordinating Board and the state will benefit from staff participation in national conferences showcasing Texas' success and encouraging the exchange of ideas with other states. Likewise, increased opportunities for staff to visit with faculty and administrators of higher education institutions throughout the state will also improve the exchange of information and best practices. In particular, outreach efforts by agency staff will focus on accreditation agencies interested in increasing the educational requirements for individual professions. Continued dialogue with legislators will assist in the development of programs and corresponding priorities.

#### Threats:

**Recruiting and Retaining Qualified Employees.** The agency is concerned that many Coordinating Board staff members may be underpaid when compared to employees in similar positions at other Texas state agencies, institutions of higher education, and in the private sector. A related concern was raised in a recent State Auditor's Office report describing the need for competitive state employee salary levels, particularly in Austin, where the cost of living is higher than in many other parts of the state.

In particular, the Coordinating Board's Information Resources and Business Services program faces challenges in competing with the private sector for qualified technical staff.

**Coordinating Board Staff Workload.** The Legislature authorized and increased the Full-Time Equivalent (FTE) positions at the Coordinating Board in 1999, 2001 and 2003. Although these new positions will help implement the many new responsibilities assigned by the Legislature over the past decade, including the B-

on-Time program and other financial aid programs, these new responsibilities threaten the ability of the staff to carry out existing programs effectively and efficiently.

Staff in the information technology and student services areas, in particular, face inadequate time, resources, and office space to perform their duties effectively and efficiently. Staff are concerned that they do not have adequate time to devote to special projects while simultaneously performing more routine duties and responsibilities.

Related to this is the necessity of balancing workflow surges with routine operations. As new programs and assignments are added, existing programs risk becoming diluted or excluded. Thus, additional sources of motivation to encourage staff buy-in at the agency and institutional-level are necessary; one approach is to ask the state to provide assistance in setting priorities for the Coordinating Board and institutions. Appendix E reflects the agency's workforce plan and staffing strategies, as required by the State Auditor. Results of the Survey of Organizational Excellence are provided in Appendix F.

**Expanding Demands on Client/Server Resources to Meet Division Obligations and Automation Needs.** The Coordinating Board's information resources staff has in the past focused on supporting the agency's mainframe data systems, such as those used to support financial aid and other higher education data needs. More recently, however, the need for client/server resources has increased and, as a result, more staff have been assigned to this area.

Additional client/server resources are needed for various reasons. For example, the number of financial aid programs assigned to the Coordinating Board have increased over recent years – often\without the appropriation of sufficient funds to carry out the new duties. Client/server processes are used to implement the new financial aid programs instead of traditional manual or mainframe-based processes. These resources are also needed to support other agency automation efforts in areas such as legacy mainframe-based application migration and further automating administrative functions associated with purchasing and personnel services.

A description of agency priority information technology initiatives and the complete strategic plan for Information Resources activities is available upon request.

**Office Space.** When the agency's lease expires in 2010, the state standard will be 135 square feet per full-time-equivalent employee, a 12 percent decrease from the current policy of 153 square feet per full-time-equivalent employee. As a result, the agency is learning to make better use of existing office space.