

Testimony on HB 1 (Introduced)



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February 14, 2019

60x30TX Is the Driver for ALL Coordinating Board Funding Recommendations



THE OVERARCHING GOAL: 60x30 EDUCATED POPULATION

At least 60 percent of Texans ages 25-34 will have a certificate or degree.

- *Supports the economic future of the state*



THE SECOND GOAL: COMPLETION

At least 550,000 students in 2030 will complete a certificate, associate, bachelor's, or master's from an institution of higher education in Texas.

- *Requires large increases among targeted groups*



THE THIRD GOAL: MARKETABLE SKILLS

All graduates from Texas public institutions of higher education will have completed programs with identified marketable skills.

- *Emphasizes the value of higher education in the workforce*



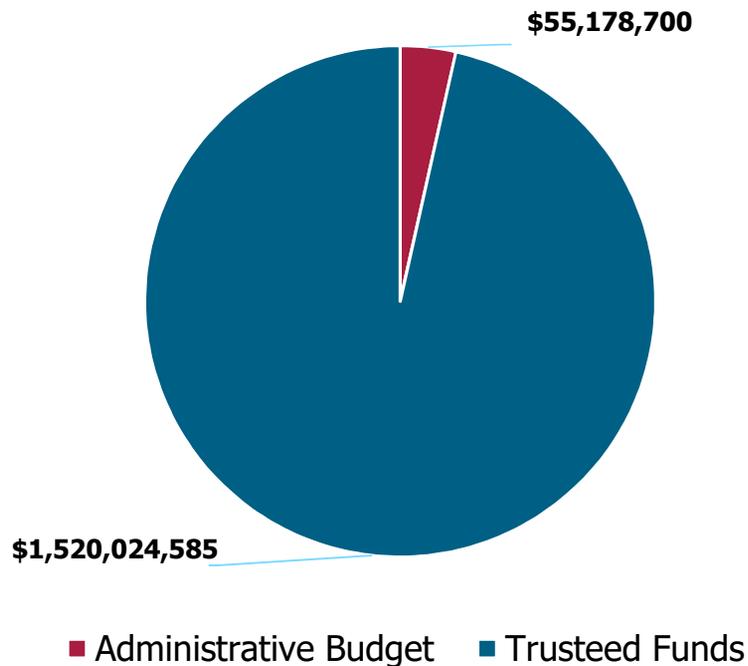
THE FOURTH GOAL: STUDENT DEBT

Undergraduate student loan debt will not exceed 60 percent of first-year wages for graduates of Texas public institutions.

- *Helps students graduate with manageable debt*

Administrative Costs Represent less than 4% of THECB Budget but are Critical to *60x30TX* Success

FY18-19 Appropriated Budget



Sample Duties Funded through Administrative Budget

- Review of all Degree Programs for Quality Assurance
- Oversight of Career Colleges
- Supporting Returning Adult Students
- Collection and Analysis of Higher Education Data
- Administration of State Financial Aid Programs
- Compliance Monitoring
- Facilitating Efficient Student Transfer

Request: Increase Funding to Agency Operations Budget to Support Key *60x30TX* Responsibilities

In FY18-19, the Coordinating Board administrative budget was reduced by \$1.25 million despite growth in statutory responsibilities and workload.

For FY20-21, the agency is requesting **an additional \$2.25 million** for critical agency operations in support of 60x30TX. The functions supported through this request include:

- Review of undergraduate and graduate degree programs
- Support of the marketable skill goal of *60x030TX*
- Enhancing agency data analysis capacity and improving the higher education Accountability System
- Providing increased IT security, improving web programming, and supporting critical technology
- Providing budget information and analysis and other support to the Legislature
- Supporting the Board-directed annual external audit of agency financial statements

Request: Increase Funding to TEXAS Grants to maintain Current Service Levels

TEXAS Grant is the state's premiere financial aid program for needy students at Texas public universities. For FY18-19, the program served all renewal students and **about 70% of newly eligible students**.

However, because 60% of the students coming through the K-12 pipeline are poor, demand for the program continues to grow each biennium. At flat funding levels, TEXAS Grant will serve all renewal students and about 58% of newly eligible students.

The Coordinating Board is requesting an additional \$112.6M in FY20-21 to continue to serve 70% of newly eligible students during the biennium, and to increase the target award amount by 2.5% each year of the biennium.

The Coordinating Board also recommends that lifetime eligibility for TEXAS Grant be reduced from 150 hours to 135 hours, or 15 hours beyond degree requirements.

Request: Increase Funding to Help Adults with Significant College Credit Return and Complete Their Degree

Working adults who accumulated significant college credit (at least 90 hours toward a Baccalaureate or 45 hours toward an Associate Degree) but did not complete a degree represent a significant opportunity for Texas to meet our *60x30TX* attainment and completion goals as well as to help these individuals increase their job opportunities.

The Coordinating Board is requesting an additional \$500,000 for a Grad TX Consortium to work with 3-5 institutions of higher education around the state to support returning adult students. Funding would cover the cost of a transcribing tool, outreach to potential returners, and associated technology. The Consortium will focus on providing flexible pathways and options to help working adults complete a degree quickly and efficiently.

Request: Increase Funding to Encourage the Adoption of Open Educational Resources

The price of books and supplemental materials represents a significant cost to students in higher education – the average estimated cost of books and supplies at Texas public universities for the 2018-19 school year is \$1,237.

Open Educational Resources (OER) allow faculty to utilize free or nearly-free educational materials for students.

The Coordinating Board is requesting an additional \$200,000 for grants to faculty for the development of OER course materials, and an additional \$250,000 to support an OER repository that would leverage the existing OER Commons and create a resource for faculty at all Texas institutions of higher education to deposit or obtain OER materials.

Texas must ensure that Formula Funding is both Sufficient and Properly Structured to Achieve *60x30TX* goals

Each interim, the Coordinating Board is statutorily charged to work with institutions to develop formula funding recommendations for the coming biennium.

Ultimately, the Board recommended a **6.6% increase in overall formula funding** for FY20-21, based on three principles:

- Increase funding to account for **inflation**
- Increase funding to account for **growth in enrollments**,
- Increase funding for **performance-based funding formulas**, including the community college Student Success Formula and the Texas State Technical College (TSTC) Value-Added Formula, and create a public university Graduation Supplement.

While HB 1 (Introduced) increased funding for growth, adjustments for inflation and performance-funding were not included.

Recommendation: Increase and Restructure Funding Formulas to Align with Coordinating Board Recommendations

The Coordinating Board recommends that formula funding for all sectors be increased to reflect the rate of inflation, as measured by the CPI. This recognizes the increasing costs over which the institutions have little if any control.

The Legislature should invest in performance-based funding models for three sectors:

- The community college Student Success Points should be funded at \$215 per point, up from \$172 currently.
- The Texas State Technical College Returned Value Model should be funded at 35%.
- The Legislature should fund \$165 million in the biennium for a Graduation Supplement at public universities. Under the Coordinating Board proposal, the supplement would award institutions \$500 for each undergraduate degree awarded, except that degrees earned by academically or financially “at-risk” students would earn \$1,000.