



OVERVIEW

Request for New Funding 2010-2011 Legislative Appropriation Request

The Texas Higher Education Coordinating Board makes funding recommendations to the Texas Legislature through two key vehicles:

- 1) Formula funding recommendations. This is the primary means for state funding of public higher education *institutions*. The Coordinating Board formula funding recommendations are directed toward improving educational outcomes at the institutions. The recommendations for 2010-2011 may be found at: <http://www.thecb.state.tx.us/reports/pdf/1511.pdf>
- 2) Legislative appropriation's request (LAR). This is the primary vehicle for providing financial and educational support to *students*. While some funding in the LAR goes to institutions' research and other programs, the bulk of the funding in the LAR regards financial aid and other student-focused initiatives. The entire Coordinating Board 2010-2011 LAR may be found at: <http://www.thecb.state.tx.us/reports/PDF/1561.PDF>.

This overview discusses the Board's requests for new or additional funding referred to in the LAR as "exceptional items." The Board has requested 24 exceptional items for new funding, primarily to support students through two major Board priorities:

- **Financial aid:** helping students and their families pay for college. The Board has long considered financial aid the top priority in its funding requests, and this biennium is no different. While tuition and fees at universities are still at the national average, the median income for Texas families falls well below the national average. The availability of financial aid for these families and others is a key determinant of whether or not the state can meet the participation and success goals of *Closing the Gaps by 2015*.
- **College-readiness:** preparing students for success in entry-level college courses or for entry into the skilled workforce by aligning higher education courses with high school preparation courses. During the third special session in 2005, the Texas Legislature enacted the College Readiness Initiative "to reduce the need for developmental education and to increase student success." Key components of that directive have been successfully implemented, including adoption of the Texas College Readiness Standards (CRS) in early 2008. While it is unusual to request large funding increases so soon after new legislation has been adopted, aggressive but planned action will be needed on the part of the Board to take the initiative to the next level.

In addition to new funding for financial aid and college readiness initiatives, new funding is requested for other initiatives that address critical education needs in Texas, especially in the areas of health care and research. The Board also seeks new funding for two administrative issues that will seriously affect agency operations in the coming biennium.

Exceptional items for new or additional funding, in rank order, include:

- **TEXAS EDUCATIONAL OPPORTUNITY GRANT (TEOG)** This financial aid program was created in 1999 to support students attending community colleges and other two-year institutions. Current funding of \$7 million per year is woefully inadequate given the fact that the vast majority of students will begin their postsecondary education at a community college. Only 4 percent of eligible students currently receive TEOG, and the Board recommends raising this to at least 33 percent of eligible students. An additional \$193,586,082 for the 2010-2011 biennium will make TEOG available for an additional 98,425 students.
- **TEXAS GRANT** The State's premier grant program has helped over 180,000 students since its creation in 1999. TEXAS Grant students persist and succeed at virtually the same rate as students who do not meet need requirements for aid – a remarkable statistic considering so many of these students come from low-income families and communities. Current funding provides assistance to a little more than 50 percent of eligible students. The Board requests an additional \$367,563,087 in the next biennium so that at least 67 percent of eligible students (63,977 more) may receive a grant.
- **TEXAS COLLEGE WORK-STUDY PROGRAM** Currently, most work-study jobs are on campus and are not directly relevant to a student's career choice. The Board requests an additional \$2.5 million each fiscal year of the biennium to develop off-campus jobs in industry that can lead to careers for participating students. Funds will enable the program to assist an additional 5,314 students.
- **B-ON-TIME STUDENT LOAN PROGRAM** The Texas Legislature enacted this innovative loan program in 2003. B-On-Time loans are forgiven if students graduate from college with at least a B average within four years (or other timeframes depending on degree program). The loans provide an incentive to students to succeed and to graduate on time, making the best use of the state's investment in them. Since a significant amount in tuition set-asides will be available in unexpended balances from FY 2009 and new collections in FY 2010, the Board is requesting only a small amount of general revenue (\$2.6 million) to continue 3,500 loan renewals for students and fund 17,500 new student loans in FY 2010. The amount of set-asides that accumulate in the last part of FY 2010 and roll over into FY 2011 will be relatively small, so almost \$98 million in general revenue will be needed to continue 15,000 renewal students and fund 14,000 new recipients in FY 2011.

- **INCENTIVE FUNDING** The 80th Texas Legislature provided \$100 million in incentive funding for the improvement in teaching and educational excellence at Texas public general academic teaching institutions. Subsequently, \$80 million was allocated to the institutions for this purpose and \$20 million was allocated to provide scholarships for undergraduate students who have graduated in the top 10 percent of the student's high school graduating class. An additional \$100 million is being requested for the 2010-2011 biennium for a total of \$200 million (including \$100 million already in the baseline request).
- **TEACH FOR TEXAS LOAN REPAYMENT PROGRAM** Teach for Texas provides incentives for teachers to teach in shortage areas through repayment of their student loans. Annual loan repayments are \$5,000 for each year of service for up to five years. The program is quite attractive to teachers and meets a critical need for the state. Funding for the last biennium (\$9 million) was sufficient for only 904 of 3,500 applicant teachers – less than 27 percent. The Board recommends raising funding level to \$15,668,475 per year to provide loan repayment for 3,000 teachers.
- **PHYSICIAN EDUCATION LOAN REPAYMENT PROGRAM** This successful program recruits physicians to serve in economically depressed or rural medically-underserved areas of the state. Of 686 physicians participating in the past 20 years, almost 60 percent still practice in health care shortage areas; almost 72 percent were retained in the Rio Grande Valley; and almost 51 percent still practice in rural areas. The current annual loan repayment of \$9,000 is not competitive with the amount offered by other states with similar programs and is not sufficient incentive for physicians who accumulate an average of \$130,000 in student loan debt. The Board recommends an increase in general revenue funding of \$1,077,953 per fiscal year to repay up to \$20,000 a year on loans to 100 physicians (part of funding is covered through tuition set asides so less general revenue is needed).
- **BUILD SUPPORT AND CAPACITY FOR IMPLEMENTATION OF THE TEXAS COLLEGE READINESS STANDARDS (CRS)** The Board is seeking an additional \$5.5 million each fiscal year to target three critical areas: 1) build support for and understanding of college readiness and the CRS among parents, educators, and communities so benefits to both individual students and the state's economy can be fully realized; 2) increase the number of educator preparation programs able to prepare teachers to understand and apply research on curriculum and instruction relative to college readiness; and 3) strengthen data pathways between public and higher education so programs can be evaluated and scaled up if proven successful.
- **COLLEGE READINESS STANDARDS (CRS) DEMONSTRATION SITES** Requested funding will support CRS demonstration sites to partner successful high school initiatives, such as Early College High School and T-STEM Academies, with colleges of education. The partnerships will develop curriculum, starting in middle school, to integrate the CRS into the Texas Essential Knowledge and Skills. Teachers will be trained in technology and a variety of instructional strategies/materials will be developed so the schools can model how students can master the CRS. The Board recommends \$1.5 million be allocated each year for a total of \$3 million for the biennium.

- **HIGHER EDUCATION TRANSITION PROGRAMS** Based on the success of Summer Bridge Programs, transition programs will enable higher education institutions to offer additional support and guidance to high school students, recent high school graduates, adults returning to higher education, or transfer students as they transition to universities or colleges. Funding of \$2 million per year is recommended for these programs that are a critical component of helping students become college ready.
- **DEVELOPMENTAL EDUCATION** The Board recommends in its April 2008 formula funding recommendations that \$30 million for developmental education be trusted to the Board. Funds will be distributed to institutions to implement programs, including non-course-based activities that prove successful in preparing students for college-level work.
- **PROFESSIONAL NURSING SHORTAGE REDUCTION PROGRAM** This program directly addresses nursing shortage by not only increasing number of graduates from nursing programs, but by increasing the number of nursing faculty through funds to create additional nurse faculty positions and other faculty support initiatives. In formula funding recommendations adopted in April 2008, the Board recommends the program be increased to \$25 million for the 2010-2011 biennium, requiring additional funds of \$5,150,000 per fiscal year.
- **HOSPITAL-BASED NURSING SHORTAGE REDUCTION PROGRAMS** Established by the 80th Texas Legislature, funding will support grants to hospitals for work-based education in partnership with one or more of the state's nursing programs. A request for \$10 million has been made for the biennium.
- **JOINT ADMISSIONS MEDICAL PROGRAM (JAMP)** This highly successful program addresses the physician shortage by supporting highly-qualified, economically-disadvantaged undergraduate students through guaranteed admission to at least one Texas medical school. Students are supported through undergraduate studies and medical school if they continue to satisfy challenging academic and non-academic requirements. Additional funding of \$10 million for the biennium will support 105 new students in the program (284 are currently participating).
- **FAMILY PRACTICE RESIDENCY PROGRAM** This program was established in 1977 to increase the number of physicians selecting family practice as a medical specialty and to encourage them to establish practices in rural and underserved communities in Texas. Since inception, the program has provided support to more than 7,100 family practice residents and achieved a 70 percent retention rate in Texas. Added funding of \$7,337,500 per fiscal year will expand programs to increase the number of participants from 650 to 850.
- **DATA CENTER SERVICES (DCS) COSTS ABOVE PRE-DCS COSTS** DCS costs will be greater next biennium than if the Board had continued to operate the data center operations area. The ability to deal effectively with massive amounts of data is essential to the agency. The Board is requesting \$1,023,342 in FY 2010 and \$801,342 in FY 2011 to avoid further

service degradation and serious shortfalls in basic IT staffing, equipment upgrades, software upgrades and normal application growth.

- **DRAMATIC ENROLLMENT GROWTH FOR GENERAL ACADEMIC INSTITUTIONS** A request for \$1.75 million per fiscal year has been made to reflect the Board's April 2008 formula funding recommendations.
- **STATEWIDE PRECEPTORSHIP PROGRAM** This program provides direct funding to Texas medical students to encourage them to choose careers in primary care which includes family practice, general internal medicine, and general pediatrics. Funding of \$518,573 per fiscal year is requested to add 100 students to the program each year.
- **ADVANCED RESEARCH PROGRAM (ARP)** Created by the Texas Legislature in 1987, ARP supports basic research at Texas higher education institutions through rigorous peer review competition. The ARP attracts the best students and researchers to Texas and provides the knowledge base needed for innovation. Additional funding of \$25.5 million for the biennium will further enable researchers to engage in the basic research essential for innovation.
- **COLLEGE READINESS RESEARCH AND EVALUATION** A request for \$380,000 for FY 2010 and \$356,500 for FY 2011 has been made to collect and research essential longitudinal data related to college readiness and other education issues.
- **TEXAS GOVERNOR'S SCHOOLS** Funding for these summer programs for high-achieving high school students resides at TEA, but program administration resides at THECB. The Board requests \$750,000 each fiscal year to fund these programs at THECB (TEA will not seek funding).
- **ALTERNATIVE CERTIFICATION TEACHING PROGRAMS (ATC)** These programs are fully subscribed and self-supporting, often have waiting lists, and have pass rates similar to traditional programs. Currently, community colleges receive no state funding for alternative teacher certification, causing students to cover the entire cost through higher tuition. Through formula funding recommendations adopted in April 2008, the Board recommends the state provide funding for these programs at community colleges. The Board requests \$4.5 million be trusted to the Board for the biennium to fund ATC programs, with allocations based on the number of teaching certificates awarded.
- **ENGINEERING RECRUITMENT PROGRAM** Texas is well below targets of *Closing the Gaps* in the number of students enrolling in and graduating from science, technology, engineering, and math fields – all of which are critical for the state and for the nation. This program directly addresses this issue by funding summer programs for middle and high school students and providing merit-based scholarships. An additional \$2 million for the biennium is sought to support 1,026 more students in the scholarship program and an additional 2,200 students in summer programs.

- **TECHNOLOGY WORKFORCE DEVELOPMENT GRANT** This industry and government partnership was designed to increase baccalaureate graduates in engineering and computer science. Funding of \$2 million per fiscal year is requested to provide a state match for the non-state donations from private industry required for this program.
- **SPACE PLANNING/NEW LEASE** The agency lease expires June 2010. A new lease and/or moving will be necessary and will require additional funding in the latter part of 2010 and for all of 2011. The Board estimates and is requesting \$800,000 in 2010 and \$1.2 million in 2011 for this purpose.

Most new funding is in the form of exceptional items as described above. It should be noted that almost \$6.3 million was recently added to the base reconciliation for FY 2009 of the current biennium reflecting a new federal grant, the College Access Challenge Grant (CACG). The same amount will be available in FY 2010 of the next biennium.

College Access Challenge Grant projects align closely with Board activities and *Closing the Gaps* goals including such efforts as providing information to students and families regarding postsecondary education and career preparation, assisting students complete the Free Application for Federal Student Aid (FAFSA), and conducting professional development for counselors.

The Board will ensure CACG activities are aligned and coordinated with existing state-funded efforts to help students and families in Texas learn about, prepare for, and finance a postsecondary education.

For more information: Office of External Relations
Texas Higher Education Coordinating Board
er@thehb.state.tx.us
www.thehb.state.tx.us/Agency/Topics.cfm
(512) 427-6111